



RCI Reports 2Q22 Results: Total Revenues \$63.7M, GAAP EPS \$1.15, Non-GAAP EPS \$1.19
First Company to Use Twitter Spaces for Earnings Call – Today at 4:30 PM ET

HOUSTON—May 9, 2022—RCI Hospitality Holdings, Inc. (Nasdaq: RICK) today reported results and filed its Form 10-Q for the fiscal 2022 second quarter and six months ended March 31, 2022.

Summary Financials	2Q22	Change YoY	6M22	Change YoY
Total Revenues	\$63.7M	+44.6%	\$125.5M	+52.2%
EPS	\$1.15	+69.1%	\$2.28	+30.3%
Non-GAAP EPS*	\$1.19	+58.0%	\$2.29	+100.1%
Net Cash from Operating Activities	\$11.6M	+5.7%	\$27.9M	+61.6%
Free Cash Flow*	\$11.1M	+23.3%	\$26.3M	+79.8%
Net Income Attributable to RCIHH Common Stockholders	\$11.0M	+79.8%	\$21.5M	+36.8%
Adjusted EBITDA*	\$19.9M	+46.8%	\$37.9M	+70.2%
Diluted Shares	9.489M	+5.4%	9.448M	+4.9%

* See “Non-GAAP Financial Measures” below.

Eric Langan, President and CEO of RCI Hospitality Holdings, Inc., stated: “We had an outstanding quarter across the board. We ended the quarter with \$38.1 million in cash, and favorable trends are continuing, with total revenues in April exceeding March. Thanks to all our teams for making all of this possible.”

Expansion efforts are moving ahead. This includes continuing to improve the performance of clubs acquired in 1Q22, acquiring new ones, harnessing new technology to drive club traffic, and expanding Bombshells. Recent developments:

Nightclubs

- South Florida club acquired last week
- Fort Worth club under contract to buy
- New Rick’s Steakhouse & Lounge opened in Miami
- Reformatted club opening soon in San Antonio
- [AdmireMe.com](https://www.admireme.com) social media fan site in full beta
- Tip-N-Strip non-fungible token (NFT) guest benefits program on track to mint in June

Bombshells

- Property acquired for a 12th Bombshells (Houston)
- Two other locations (Dallas and Lubbock, TX) under contract to buy
- Bombshells’ first franchisee expected to open its first location in San Antonio this quarter
- Bombshells’ second franchisee (announced last week) planning its first location for Huntsville, Alabama

Conference Call Today at 4:30 PM ET

Participants need to use Twitter Spaces on their mobile phones to ask questions during the Q&A

Twitter	Telephone	Webcast
<ul style="list-style-type: none"> • To participate in the RCI 2Q22 Earnings Call Twitter Space, follow @RicksCEO and go to this link: https://twitter.com/i/spaces/1mrGmanekZQGy 	<ul style="list-style-type: none"> • Live: Toll Free 888-506-0062, Intl. 973-528-0011, Passcode: 384318 • Replay: Toll Free 877-481-4010, Intl. 919-882-2331, Passcode: 45285 	<ul style="list-style-type: none"> • Live webcast, slides & replay: https://www.webcaster4.com/Webcast/Page/2209/45285

Meet Management Tonight at 8:00 PM ET

- Investors are invited to meet management at RCI's top revenue generating club
- Tootsie's Cabaret Miami, 150 NW 183rd St., Miami, FL 33169
- To be on the guest list, RSVP your contact information to gary.fishman@anreder.com by 5:00 PM ET today

2Q22 Segments

Nightclubs

- Revenues of \$48.2 million increased by 56.5% compared to the prior-year quarter, when COVID-19 related government restrictions were just starting to ease.
- Newly acquired clubs contributed 50% of the \$17.4 million increase in segment revenues. Same-store sales growth contributed 20%, and eight northern clubs (not open enough days in 2Q21 to qualify for same-store sales) contributed 30%.
- Operating margin was 39.7% vs. 34.0% in 2Q21 and 39.5% vs. 38.8% non-GAAP. Operating margin expanded primarily due to an 88% year-over-year increase in high-margin service revenues.

Bombshells

- Revenues of \$15.3 million increased by 16.7% compared to the prior-year quarter.
- Bombshells Arlington, which opened in December, contributed 85% of the \$2.2 million segment revenue increase. Same-store sales growth contributed 14%.
- Operating margin was 22.6% vs. 23.9% in the year ago quarter and 19.0% in the previous quarter, which was negatively affected by Arlington's pre-opening costs without the benefit of a full quarter of sales.

2Q22 Consolidated

Comparisons are to 2Q21 and % are of total revenues unless indicated otherwise

- Cost of goods sold improved (13.8% vs. 15.4%), reflecting the increase in sales mix of higher-margin service revenues (33.8% vs. 26.1%).
- Salaries and wages (26.0% vs. 25.4%) and SG&A (28.9% vs. 28.6%) were approximately level, reflecting new employees from new units and increased variable expenses related to sales in 2Q22.
- Operating margin was 26.8% vs. 22.3% and 26.9% vs. 25.9% non-GAAP.
- Interest expense increased \$500,000 primarily due to higher debt related to the 1Q22 acquisitions, but declined to 4.5% from 5.4% of revenues.
- Income tax expense was \$3.4 million compared to \$1.9 million. The effective tax rate was 23.4% vs. 24.3%.
- Weighted average shares outstanding increased 5.4% due to shares issued for clubs acquired in 1Q22.
- 83,343 shares were bought back in the open market 2Q22 and 3Q22 through May 6, 2022, for \$5.2 million, or an average of \$62.37 per share.
- Debt was \$178.1 million at 3/31/22 compared to \$161.9 million at 12/31/21. The increase primarily reflected the January 2022 bank loan secured by real estate, most of which was acquired for cash in acquisitions.

Note

As of the release of this report, we do not know the future extent and duration of the impact of COVID-19 on our businesses. We will continually monitor and evaluate our cash flow situation to determine whether any measures need to be instituted. All references to the "company," "we," "our," and similar terms include RCI Hospitality Holdings, Inc., and its subsidiaries, unless the context indicates otherwise.

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, and (d) settlement of lawsuits. 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 gains or losses on equity securities, (f) settlement of lawsuits, (g) gain on debt extinguishment, and (h) 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 21.8% and 24.2% effective tax rate of the pre-tax non-GAAP income before taxes for the six months ended March 31, 2022 and 2021, 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) impairment of assets, (h) settlement of lawsuits, and (i) gain on debt extinguishment. 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.

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

With more than 50 units, RCI Hospitality Holdings, Inc., through its subsidiaries, is the country's leading company in adult nightclubs and sports bars/restaurants. Clubs in New York City, Chicago, Dallas-Fort Worth, Houston, Miami, Minneapolis, Denver, St. Louis, Charlotte, Pittsburgh, Raleigh, Louisville, 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.

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 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 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, 2021, 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

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RCI HOSPITALITY HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share, number of shares and percentage data)

	For the Three Months Ended March 31,				For the Six Months Ended March 31,			
	2022		2021		2022		2021	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenues								
Sales of alcoholic beverages	\$ 27,335	42.9%	\$ 20,273	46.0%	\$ 53,766	42.8%	\$ 37,633	45.6%
Sales of food and merchandise	11,160	17.5%	9,538	21.6%	22,054	17.6%	18,147	22.0%
Service revenues	21,501	33.8%	11,502	26.1%	42,377	33.8%	21,562	26.1%
Other	3,696	5.8%	2,746	6.2%	7,331	5.8%	5,115	6.2%
Total revenues	<u>63,692</u>	100.0%	<u>44,059</u>	100.0%	<u>125,528</u>	100.0%	<u>82,457</u>	100.0%
Operating expenses								
Cost of goods sold								
Alcoholic beverages sold	4,896	17.9%	3,730	18.4%	9,730	18.1%	6,992	18.6%
Food and merchandise sold	3,840	34.4%	3,029	31.8%	7,797	35.4%	5,918	32.6%
Service and other	24	0.1%	43	0.3%	124	0.2%	96	0.4%
Total cost of goods sold (exclusive of items shown below)	8,760	13.8%	6,802	15.4%	17,651	14.1%	13,006	15.8%
Salaries and wages	16,530	26.0%	11,200	25.4%	33,035	26.3%	22,686	27.5%
Selling, general and administrative	18,437	28.9%	12,618	28.6%	36,923	29.4%	24,770	30.0%
Depreciation and amortization	2,877	4.5%	2,117	4.8%	5,071	4.0%	4,140	5.0%
Other charges (gains), net	7	0.0%	1,481	3.4%	(144)	-0.1%	1,431	1.7%
Total operating expenses	<u>46,611</u>	73.2%	<u>34,218</u>	77.7%	<u>92,536</u>	73.7%	<u>66,033</u>	80.1%
Income from operations	17,081	26.8%	9,841	22.3%	32,992	26.3%	16,424	19.9%
Other income (expenses)								
Interest expense	(2,864)	-4.5%	(2,364)	-5.4%	(5,468)	-4.4%	(4,798)	-5.8%
Interest income	112	0.2%	62	0.1%	218	0.2%	122	0.1%
Non-operating gains, net	-	0.0%	431	1.0%	84	0.1%	5,347	6.5%
Income before income taxes	14,329	22.5%	7,970	18.1%	27,826	22.2%	17,095	20.7%
Income tax expense	3,356	5.3%	1,938	4.4%	6,289	5.0%	1,554	1.9%
Net income	10,973	17.2%	6,032	13.7%	21,537	17.2%	15,541	18.8%
Net loss (income) attributable to noncontrolling interests	(21)	0.0%	59	0.1%	(10)	0.0%	193	0.2%
Net income attributable to RCIHH common shareholders	<u>\$ 10,952</u>	17.2%	<u>\$ 6,091</u>	13.8%	<u>\$ 21,527</u>	17.1%	<u>\$ 15,734</u>	19.1%
Earnings per share								
Basic and diluted	\$ 1.15		\$ 0.68		\$ 2.28		\$ 1.75	
Weighted average shares outstanding								
Basic and diluted	9,489,085		8,999,910		9,447,854		9,009,604	
Dividends per share	\$ 0.05		\$ 0.04		\$ 0.09		\$ 0.08	

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,	
	2022	2021	2022	2021
Reconciliation of GAAP net income (loss) to Adjusted EBITDA				
Net income attributable to RCIHH common stockholders	\$ 10,952	\$ 6,091	\$ 21,527	\$ 15,734
Income tax expense (benefit)	3,356	1,938	6,289	1,554
Interest expense, net	2,752	2,302	5,250	4,676
Settlement of lawsuits	385	1	577	153
Impairment of assets	-	1,401	-	1,401
Loss (gain) on sale of businesses and assets	(58)	91	(400)	86
Gain on debt extinguishment	-	(380)	(85)	(5,329)
Unrealized loss on equity securities	-	34	1	67
Gain on insurance	(320)	(12)	(321)	(209)
Depreciation and amortization	2,877	2,117	5,071	4,140
Adjusted EBITDA	<u>\$ 19,944</u>	<u>\$ 13,583</u>	<u>\$ 37,909</u>	<u>\$ 22,273</u>
Reconciliation of GAAP net income (loss) to non-GAAP net income				
Net income attributable to RCIHH common stockholders	\$ 10,952	\$ 6,091	\$ 21,527	\$ 15,734
Amortization of intangibles	49	79	99	158
Settlement of lawsuits	385	1	577	153
Impairment of assets	-	1,401	-	1,401
Loss (gain) on sale of businesses and assets	(58)	91	(400)	86
Gain on debt extinguishment	-	(380)	(85)	(5,329)
Unrealized loss on equity securities	-	34	1	67
Gain on insurance	(320)	(12)	(321)	(209)
Net income tax effect	291	(522)	253	(1,741)
Non-GAAP net income	<u>\$ 11,299</u>	<u>\$ 6,783</u>	<u>\$ 21,651</u>	<u>\$ 10,320</u>
Reconciliation of GAAP diluted earnings (loss) per share to non-GAAP diluted earnings per share				
Diluted shares	9,489,085	8,999,910	9,447,854	9,009,604
GAAP diluted earnings per share	\$ 1.15	\$ 0.68	\$ 2.28	\$ 1.75
Amortization of intangibles	0.01	0.01	0.01	0.02
Settlement of lawsuits	0.04	0.00	0.06	0.02
Impairment of assets	-	0.16	-	0.16
Loss (gain) on sale of businesses and assets	(0.01)	0.01	(0.04)	0.01
Gain on debt extinguishment	-	(0.04)	(0.01)	(0.59)
Unrealized loss on equity securities	-	0.00	0.00	0.01
Gain on insurance	(0.03)	(0.00)	(0.03)	(0.02)
Net income tax effect	0.03	(0.06)	0.03	(0.19)
Non-GAAP diluted earnings per share	<u>\$ 1.19</u>	<u>\$ 0.75</u>	<u>\$ 2.29</u>	<u>\$ 1.15</u>
Reconciliation of GAAP operating income to non-GAAP operating income				
Income from operations	\$ 17,081	\$ 9,841	\$ 32,992	\$ 16,424
Amortization of intangibles	49	79	99	158
Settlement of lawsuits	385	1	577	153
Impairment of assets	-	1,401	-	1,401
Loss (gain) on sale of businesses and assets	(58)	91	(400)	86
Gain on insurance	(320)	(12)	(321)	(209)
Non-GAAP operating income	<u>\$ 17,137</u>	<u>\$ 11,401</u>	<u>\$ 32,947</u>	<u>\$ 18,013</u>
Reconciliation of GAAP operating margin to non-GAAP operating margin				
GAAP operating margin	26.8%	22.3%	26.3%	19.9%
Amortization of intangibles	0.1%	0.2%	0.1%	0.2%
Settlement of lawsuits	0.6%	0.0%	0.5%	0.2%
Impairment of assets	0.0%	3.2%	0.0%	1.7%
Loss (gain) on sale of businesses and assets	-0.1%	0.2%	-0.3%	0.1%
Gain on insurance	-0.5%	0.0%	-0.3%	-0.3%
Non-GAAP operating margin	<u>26.9%</u>	<u>25.9%</u>	<u>26.2%</u>	<u>21.8%</u>
Reconciliation of net cash provided by operating activities to free cash flow				
Net cash provided by operating activities	\$ 11,597	\$ 10,972	\$ 27,861	\$ 17,246
Less: Maintenance capital expenditures	518	1,986	1,516	2,591
Free cash flow	<u>\$ 11,079</u>	<u>\$ 8,986</u>	<u>\$ 26,345</u>	<u>\$ 14,655</u>

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

	For the Three Months		For the Six Months	
	Ended March 31,		Ended March 31,	
	2022	2021	2022	2021
Revenues				
Nightclubs	\$ 48,174	\$ 30,787	\$ 94,955	\$ 55,984
Bombshells	15,333	13,135	30,104	26,141
Other	185	137	469	332
	<u>\$ 63,692</u>	<u>\$ 44,059</u>	<u>\$ 125,528</u>	<u>\$ 82,457</u>
Income (loss) from operations				
Nightclubs	\$ 19,126	\$ 10,468	\$ 37,862	\$ 18,963
Bombshells	3,468	3,142	6,270	5,859
Other	(34)	(139)	(77)	(214)
General corporate	(5,479)	(3,630)	(11,063)	(8,184)
	<u>\$ 17,081</u>	<u>\$ 9,841</u>	<u>\$ 32,992</u>	<u>\$ 16,424</u>

RCI HOSPITALITY HOLDINGS, INC.
NON-GAAP SEGMENT INFORMATION

(\$ in thousands)

	For the Three Months Ended March 31, 2022					For the Three Months Ended March 31, 2021				
	Nightclubs	Bombshells	Other	Corporate	Total	Nightclubs	Bombshells	Other	Corporate	Total
Income (loss) from operations	\$ 19,126	\$ 3,468	\$ (34)	\$ (5,479)	\$ 17,081	\$ 10,468	\$ 3,142	\$ (139)	\$ (3,630)	\$ 9,841
Amortization of intangibles	47	1	-	1	49	47	3	29	-	79
Settlement of lawsuits	277	-	-	108	385	(4)	-	5	-	1
Impairment of assets	-	-	-	-	-	1,401	-	-	-	1,401
Loss (gain) on sale of businesses and assets	(125)	4	-	63	(58)	14	47	-	30	91
Gain on insurance	(320)	-	-	-	(320)	32	-	-	(44)	(12)
Non-GAAP operating income (loss)	<u>\$ 19,005</u>	<u>\$ 3,473</u>	<u>\$ (34)</u>	<u>\$ (5,307)</u>	<u>\$ 17,137</u>	<u>\$ 11,958</u>	<u>\$ 3,192</u>	<u>\$ (105)</u>	<u>\$ (3,644)</u>	<u>\$ 11,401</u>
GAAP operating margin	39.7%	22.6%	-18.4%	-8.6%	26.8%	34.0%	23.9%	-101.5%	-8.2%	22.3%
Non-GAAP operating margin	39.5%	22.7%	-18.4%	-8.3%	26.9%	38.8%	24.3%	-76.6%	-8.3%	25.9%

	For the Six Months Ended March 31, 2022					For the Six Months Ended March 31, 2021				
	Nightclubs	Bombshells	Other	Corporate	Total	Nightclubs	Bombshells	Other	Corporate	Total
Income (loss) from operations	\$ 37,862	\$ 6,270	\$ (77)	\$ (11,063)	\$ 32,992	\$ 18,963	\$ 5,859	\$ (214)	\$ (8,184)	\$ 16,424
Amortization of intangibles	94	4	-	1	99	94	7	57	-	158
Settlement of lawsuits	454	10	-	113	577	114	34	5	-	153
Impairment of assets	-	-	-	-	-	1,401	-	-	-	1,401
Loss (gain) on sale of businesses and assets	(80)	17	-	(337)	(400)	14	47	-	25	86
Gain on insurance	(321)	-	-	-	(321)	(165)	-	-	(44)	(209)
Non-GAAP operating income (loss)	<u>\$ 38,009</u>	<u>\$ 6,301</u>	<u>\$ (77)</u>	<u>\$ (11,286)</u>	<u>\$ 32,947</u>	<u>\$ 20,421</u>	<u>\$ 5,947</u>	<u>\$ (152)</u>	<u>\$ (8,203)</u>	<u>\$ 18,013</u>
GAAP operating margin	39.9%	20.8%	-16.4%	-8.8%	26.3%	33.9%	22.4%	-64.5%	-9.9%	19.9%
Non-GAAP operating margin	40.0%	20.9%	-16.4%	-9.0%	26.2%	36.5%	22.7%	-45.8%	-9.9%	21.8%

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

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 10,973	\$ 6,032	\$ 21,537	\$ 15,541
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	2,877	2,117	5,071	4,140
Loss (gain) on sale of businesses and assets	(185)	91	(708)	86
Impairment of assets	-	1,401	-	1,401
Unrealized loss on equity securities	-	34	1	67
Amortization of debt discount and issuance costs	85	50	136	101
Gain on debt extinguishment	-	(378)	(83)	(5,298)
Noncash lease expense	609	427	1,238	848
Gain on insurance	(321)	(44)	(321)	(294)
Doubtful accounts expense (reversal) on notes receivable	36	35	53	(58)
Changes in operating assets and liabilities:				
Accounts receivable	(279)	1,704	1,065	3,137
Inventories	169	(9)	(276)	(31)
Prepaid expenses, other current assets and other assets	1,159	369	(5,360)	1,494
Accounts payable, accrued and other liabilities	(3,526)	(857)	5,508	(3,888)
Net cash provided by operating activities	<u>11,597</u>	<u>10,972</u>	<u>27,861</u>	<u>17,246</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of businesses and assets	2,107	8	2,910	8
Proceeds from insurance	300	44	485	294
Proceeds from notes receivable	48	35	82	61
Payments for property and equipment and intangible assets	(4,140)	(5,429)	(13,990)	(6,718)
Acquisition of businesses, net of cash acquired	-	-	(39,302)	-
Net cash used in investing activities	<u>(1,685)</u>	<u>(5,342)</u>	<u>(49,815)</u>	<u>(6,355)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debt obligations	18,740	2,176	35,742	2,176
Payments on debt obligations	(4,802)	(4,232)	(7,290)	(5,977)
Purchase of treasury stock	(2,845)	-	(2,845)	(1,794)
Payment of dividends	(474)	(360)	(854)	(720)
Payment of loan origination costs	(418)	(25)	(418)	(25)
Net cash provided by (used in) financing activities	<u>10,201</u>	<u>(2,441)</u>	<u>24,335</u>	<u>(6,340)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>20,113</u>	<u>3,189</u>	<u>2,381</u>	<u>4,551</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>17,954</u>	<u>16,967</u>	<u>35,686</u>	<u>15,605</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 38,067</u>	<u>\$ 20,156</u>	<u>\$ 38,067</u>	<u>\$ 20,156</u>

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

	March 31, 2022	September 30, 2021	March 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	\$ 38,067	\$ 35,686	\$ 20,156
Accounts receivable, net	6,262	7,570	3,630
Current portion of notes receivable	292	220	214
Inventories	3,361	2,659	2,403
Prepaid expenses and other current assets	6,880	1,928	5,020
Assets held for sale	6,126	4,887	7,382
Total current assets	<u>60,988</u>	<u>52,950</u>	<u>38,805</u>
Property and equipment, net	203,434	175,952	175,153
Operating lease right-of-use assets, net	36,180	24,308	24,698
Notes receivable, net of current portion	5,411	2,839	2,892
Goodwill	54,484	39,379	45,686
Intangibles, net	125,284	67,824	73,070
Other assets	1,771	1,367	806
Total assets	<u>\$ 487,552</u>	<u>\$ 364,619</u>	<u>\$ 361,110</u>
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	\$ 6,255	\$ 4,408	\$ 4,021
Accrued liabilities	15,576	10,403	12,321
Current portion of debt obligations, net	11,177	6,434	16,380
Current portion of operating lease liabilities	2,306	1,780	1,692
Total current liabilities	<u>35,314</u>	<u>23,025</u>	<u>34,414</u>
Deferred tax liability, net	22,040	19,137	20,390
Debt, net of current portion and debt discount and issuance costs	166,903	118,734	116,032
Operating lease liabilities, net of current portion	35,517	24,150	24,583
Other long-term liabilities	355	350	357
Total liabilities	<u>260,129</u>	<u>185,396</u>	<u>195,776</u>
Commitments and contingencies			
Equity			
Preferred stock	-	-	-
Common stock	94	90	90
Additional paid-in capital	77,553	50,040	50,040
Retained earnings	150,366	129,693	115,811
Total RCIHH stockholders' equity	<u>228,013</u>	<u>179,823</u>	<u>165,941</u>
Noncontrolling interests	(590)	(600)	(607)
Total equity	<u>227,423</u>	<u>179,223</u>	<u>165,334</u>
Total liabilities and equity	<u>\$ 487,552</u>	<u>\$ 364,619</u>	<u>\$ 361,110</u>