



# RCI HOSPITALITY HOLDINGS INC

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

# Today's Speakers



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President & CEO  
RCI Hospitality Holdings, Inc.

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Chief Financial Officer  
RCI Hospitality Holdings, Inc.

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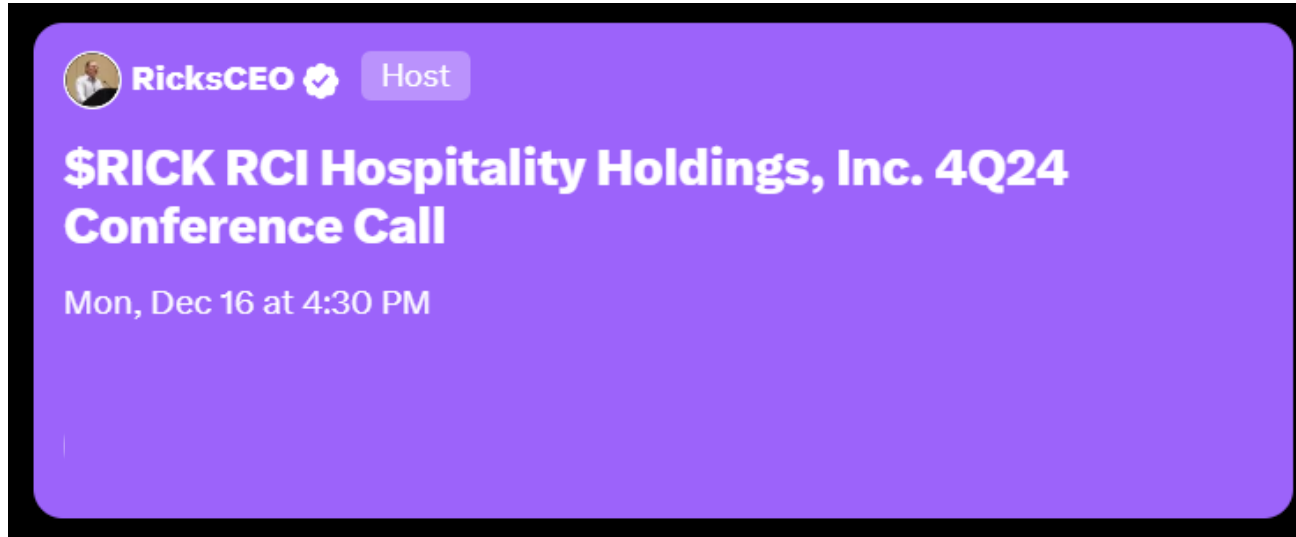


**Mark Moran**  
CEO  
Equity Animal

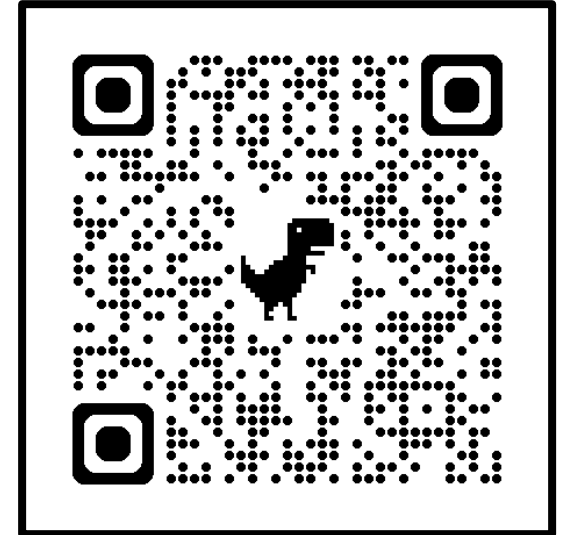
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# *X Spaces Instructions*

- Log in to: X (formerly Twitter)
- Select this X Space: <https://x.com/i/spaces/1DXGydpRRRLKM>



*Or*



- **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

# 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 U.S. 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 presentation, 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, 2024, 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, and (f) 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) settlement of lawsuits, (f) gain on debt extinguishment, (g) stock-based compensation, (h) the income tax effect of the above-described adjustments, and (i) 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 0.0%, 20.6%, and 22.8% effective tax rate of the pre-tax non-GAAP income before taxes for 2024, 2023, and 2022, 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, (c) net interest expense, (d) gains or losses on sale of businesses and assets, (e) gains or losses on insurance, (f) impairment of assets, (g) settlement of lawsuits, (h) gain on debt extinguishment, and (i) 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 FY24 10-K and December 16, 2024 earnings news release and financial tables contain additional details and reconciliation of non-GAAP financial measures for the quarter ended September 30, 2024 are posted on our website at [www.rcihospitality.com](http://www.rcihospitality.com) and filed with the US Securities and Exchange Commission.

# Key Takeaways

## 4Q24 Results (YoY)

- Nightclubs SSS up two quarters in a row – first time since first half of FY23
- Total company sales declined due to hurricane and a fire, resulting in a lower GAAP EPS
- Non-GAAP EPS, net cash provided by operating activities, and free cash flow all increased

## Capital Allocation

- Officially launched “Back-to-Basics” Five-Year Plan
- Already achieved considerable progress
- Bought back more shares in 1Q25

## Bombshells Divestment

- Divested four underperforming locations & closed Denver food hall
- Reduced related debt
- Discontinued franchising



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***“Back-to-Basics” Five-Year Capital Allocation Plan***

# FY25-29 Plan Summary\*

## Operations

- Nightclubs – focus on core business operations and new acquisitions
- Bombshells – improve performance and finish the three units currently under development

## Capital Allocation

- We expect to generate \$250M+ of cumulative FCF over the next 5 years
  - 50% of FCF allocated to club acquisitions (includes repayment of debt)
  - 50% of FCF allocated to buybacks and dividends

## FY29 Financials Targets

- Goal: Double FCF/sh by FY29
- Targeting
  - \$400M in revenue
  - \$75M in FCF
  - 7.5M shares outstanding



# FY25-29 Plan Detail

## Nightclubs

- Core business with 35%+ margins, high barriers to entry, steady and significant cash flow
- Targeting low-single-digit SSS growth, consistent with historic levels
- Evaluating every location in our portfolio and will rebrand, reformat or divest underperforming locations

## Bombshells

- Finish three units currently under development
- Targeting 15% EBIT margins and a return to SSS growth

## Club Acquisitions

- Targeting \$6M of acquired EBITDA/yr – focusing on the best clubs, base hits with occasional home runs
- Target valuation – 3-5x EBITDA for the club and fair market value for the real estate
- Typical financing – 25% cash on hand, 75% bank financing and seller notes
- Target 100% cash on cash return in 3-5 years

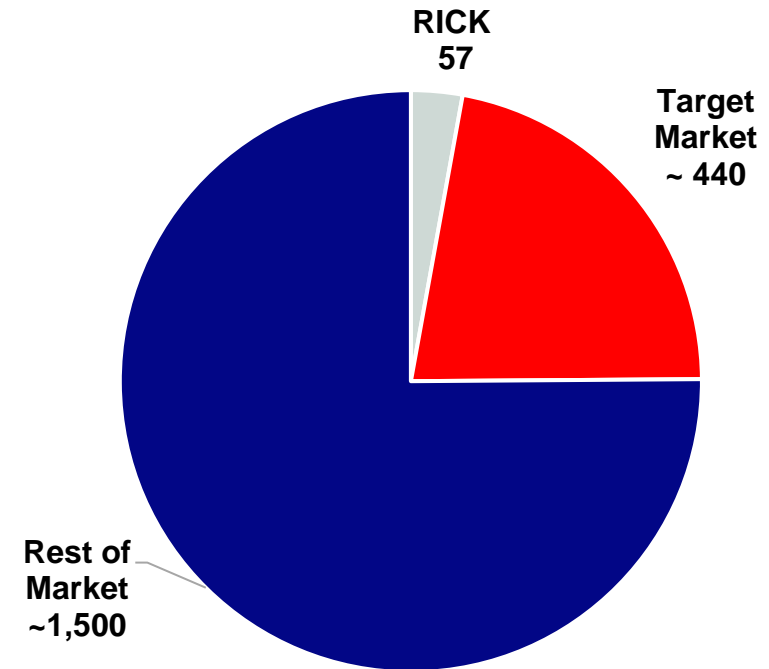
## Buybacks & Dividends

- We plan to buy back a significant amount of stock, if the price is right
- Regular buybacks, with the ability to flex up when the stock is cheap
- Planning small dividend increases annually

# Nightclub Acquisition Track Record

- \$267M of acquisitions (clubs and their related real estate) since FY16
- Track record of:
  - Staying disciplined on price
  - Improving operations and financial performance consistent with our goals
  - Deploying larger amounts of capital as we've grown
- More runway for club acquisitions
- Can't predict the size/timing of deals, but we believe our goal of \$6M/yr of acquired EBITDA is achievable on a 5-year average basis

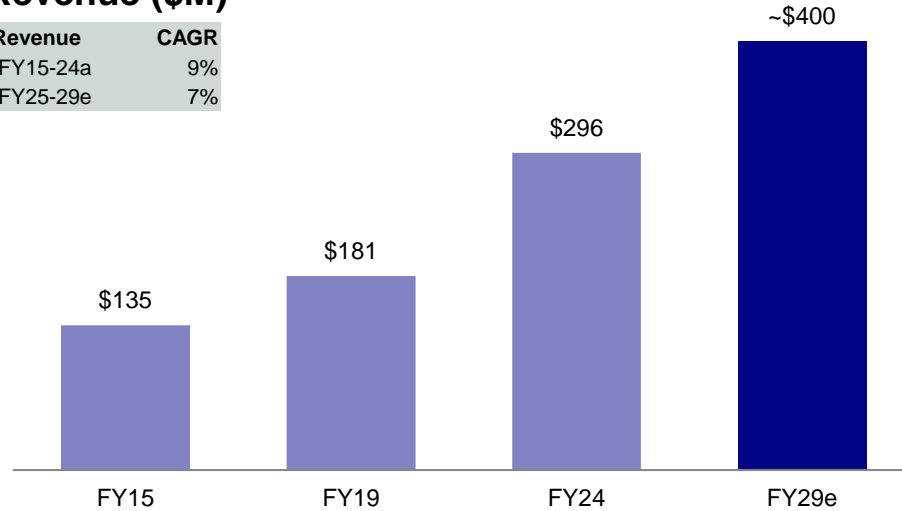
Est. Number of Licensed Adult Nightclubs in US



# FY29 Financial Targets

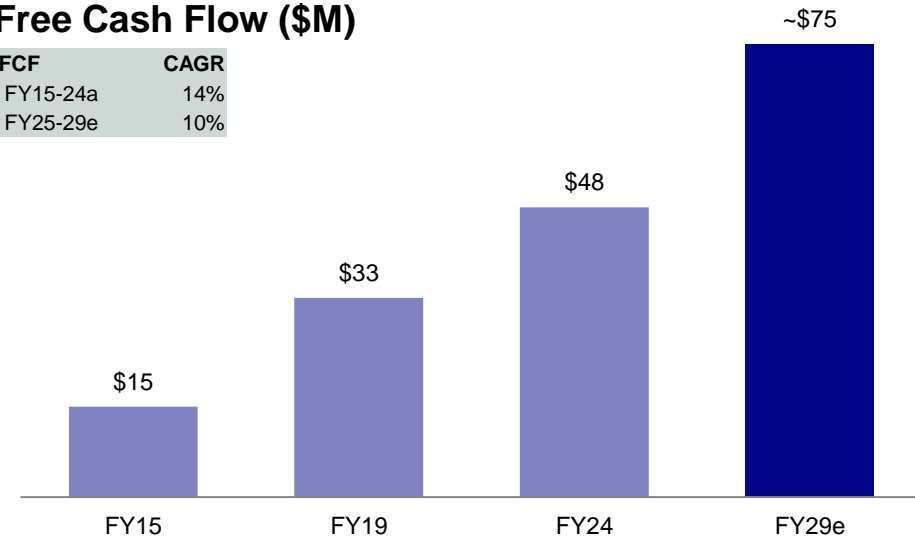
## Revenue (\$M)

Revenue	CAGR
FY15-24a	9%
FY25-29e	7%



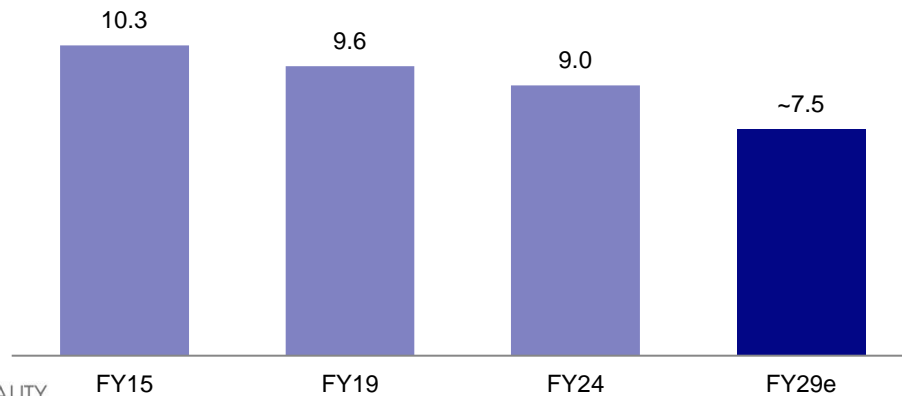
## Free Cash Flow (\$M)

FCF	CAGR
FY15-24a	14%
FY25-29e	10%

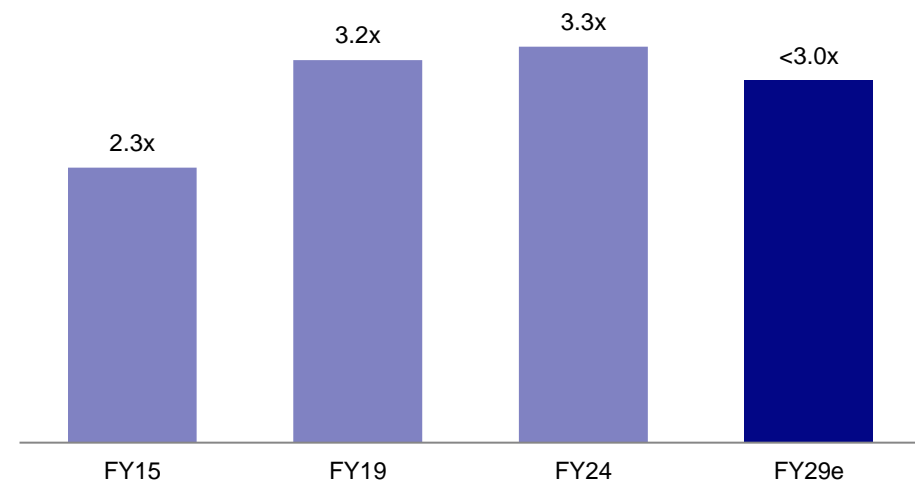


## Shares Outstanding (M)

Shares	CAGR
FY15-24a	-1.5%
FY25-29e	-3%



## Debt / Adjusted EBITDA (TTM)



# ***Already Made Considerable Progress Executing Plan***

## **Nightclubs**

- Two quarters of positive SSS growth
- Working on three potential acquisitions

## **Bombshells**

- Divestment of four underperforming locations
- Closed Denver food hall, listed property for sale
- Discontinued franchising

## **Share Buybacks**

- 4Q24: Increased share buyback program by \$25.0M
- FY24: Repurchased 442,639 shares for \$20.6 million

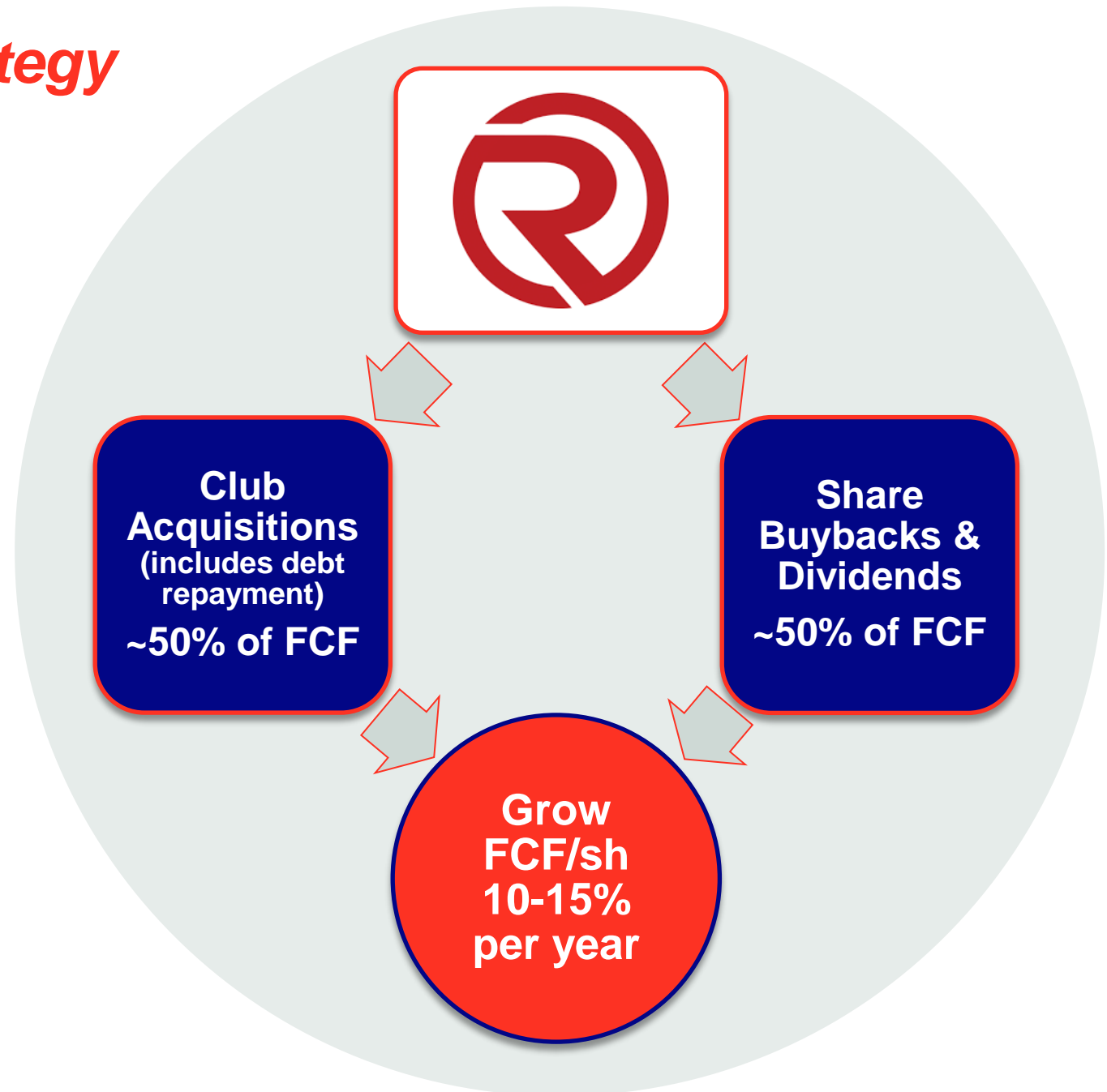
## **Cash Dividends**

- Increased 16.7% to \$0.07 / PS quarterly with 4Q24 dividend
- Just announced 1Q25 dividend – 36<sup>th</sup> consecutive quarter

# Capital Allocation Strategy

## Notes

- Targeted % annual use of FCF FY25-29
- Club acquisitions includes debt repayment
- Strategy excludes completion of club and restaurant projects already in development
- We may deviate from this strategy if other strategic rationale warrants





# RCI HOSPITALITY HOLDINGS INC

***4Q24 & FY24 Results***

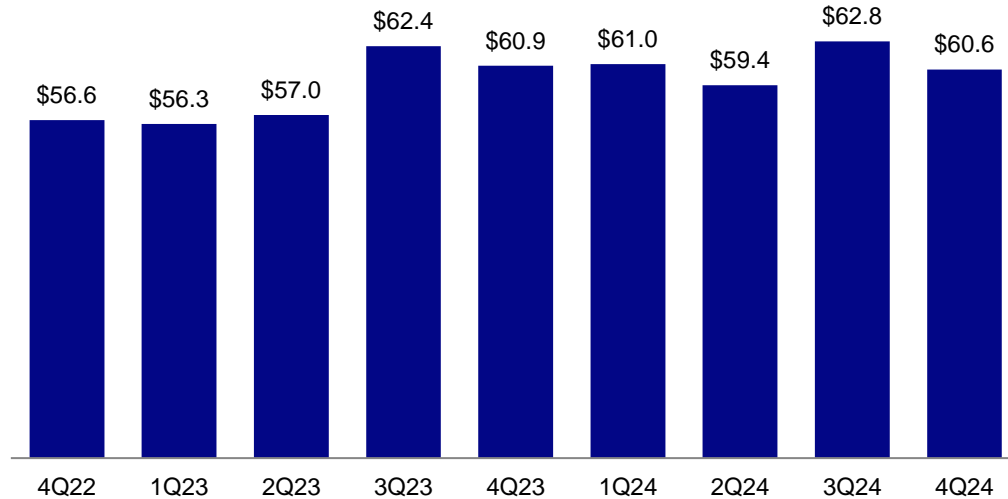
# Summary Results

In Millions Except EPS	4Q24	4Q23	FY24	FY23
Total revenues	\$73.2	\$75.3	\$295.6	\$293.8
Impairments and other charges, net	\$10.1	\$9.9	\$36.6	\$15.6
Income tax expense (benefit)	(\$0.8)	(\$0.6)	(\$0.4)	\$6.8
Net income attributable to RCIHH common shareholders	\$0.2	\$2.2	\$3.0	\$29.2
EPS	\$0.03	\$0.23	\$0.33	\$3.13
Non-GAAP EPS*	\$1.63	\$1.11	\$4.72	\$4.90
Weighted average shares used in computing EPS – basic and diluted	9.01	9.42	9.25	9.34

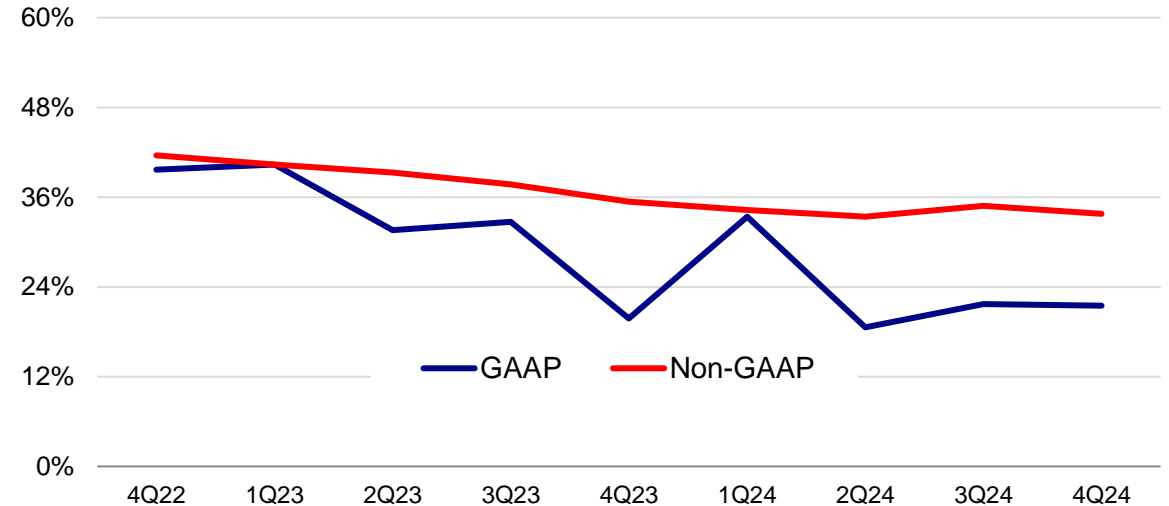
In Millions Except EPS	4Q24	4Q23	FY24	FY23
Net cash provided by operating activities	\$15.7	\$12.1	\$55.9	\$59.1
Free cash flow*	\$13.2	\$11.1	\$48.4	\$53.2
Adjusted EBITDA*	\$17.9	\$20.2	\$72.6	\$85.0

# Nightclubs Segment

## Total Revenues (\$M)



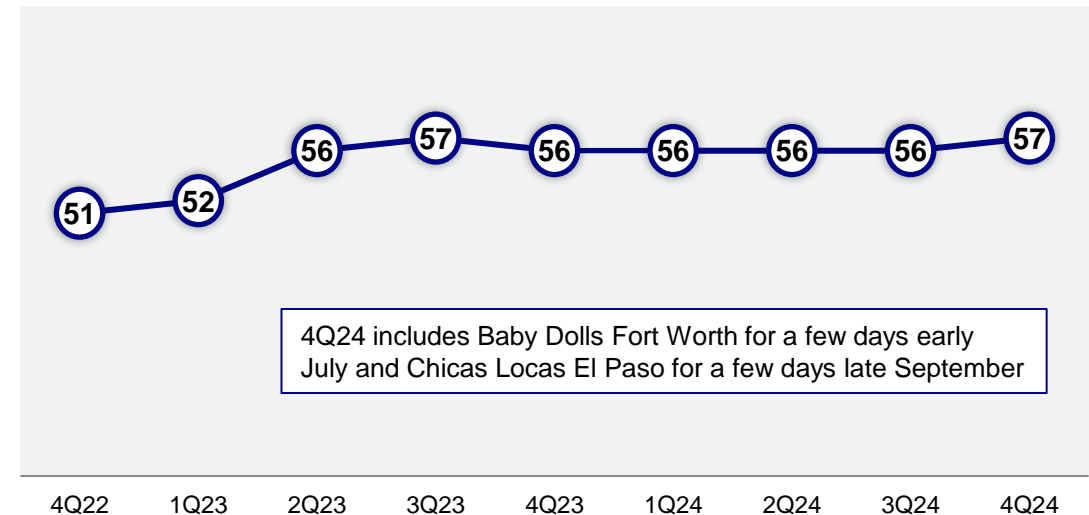
## Operating Margin As % of Segment Revenues



## 4Q24 vs. 4Q23 (\$M)

- Revenues: -\$0.3
  - +2.2% SSS negatively affected by 10 closure days at Houston area clubs due to July hurricane
  - Sales included three new and reformatted clubs, temporary closing of two clubs, and transition of two clubs to new formats/hours
  - Alcohol +0.3%; food, merchandise and other +0.9%; service -1.7%.
- Impairments and other charges: \$6.9 vs. \$8.9
- Operating Income
  - GAAP: \$13.1 vs. \$12.1 (21.5% of revenues vs. 19.8%)
  - Non-GAAP: \$20.5 vs. \$21.6 (33.8% of revenues vs. 35.4%)

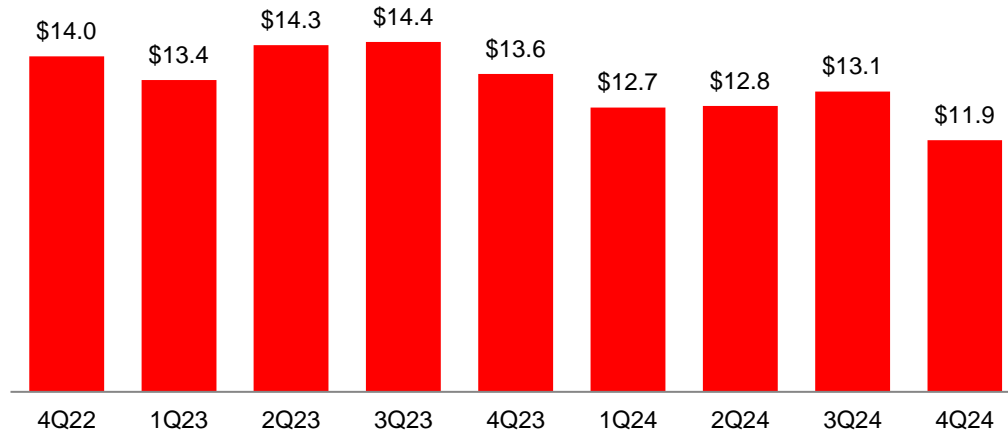
## Locations Contributing to Revenues





# Bombshells Segment

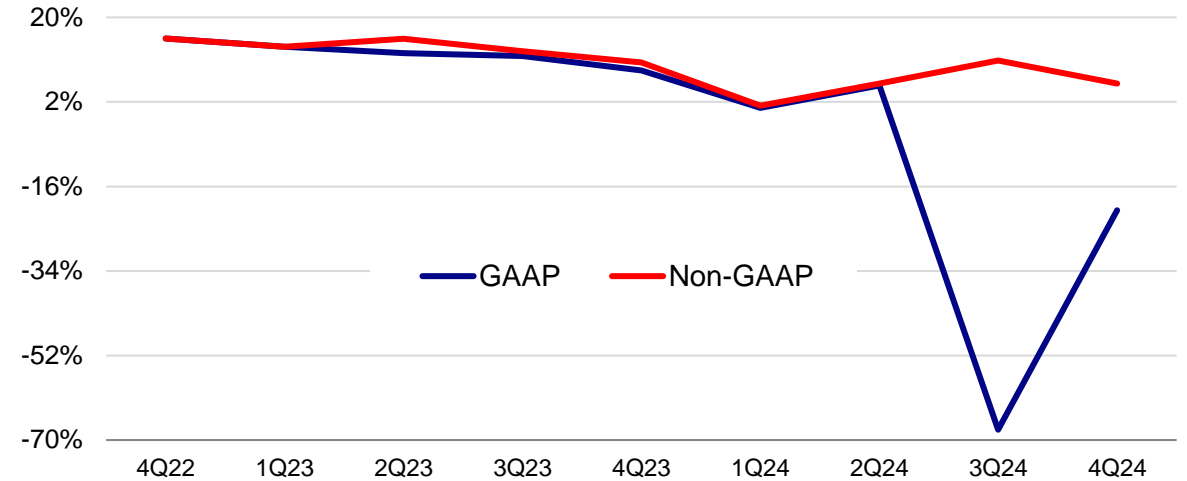
## Total Revenues (\$M)



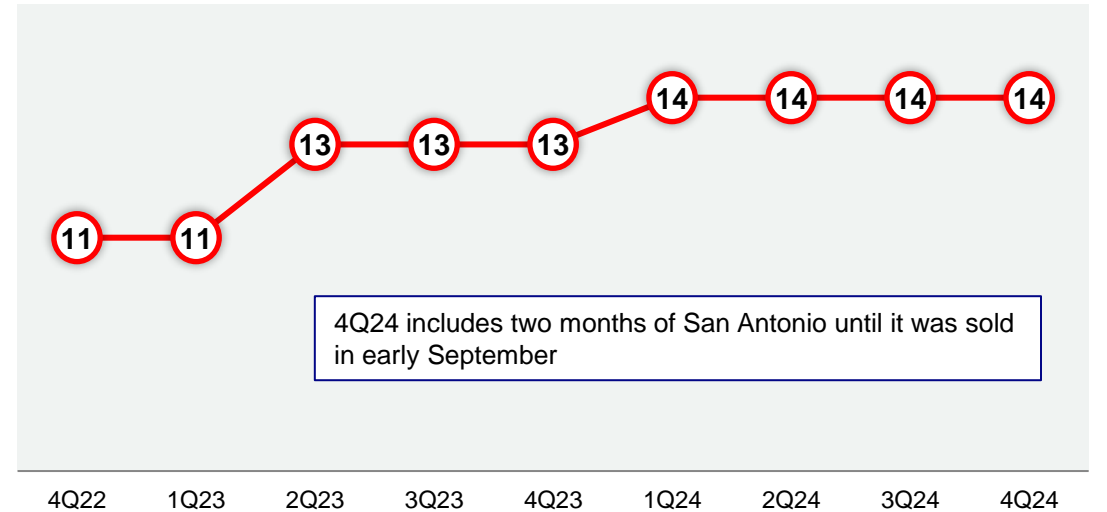
## 4Q24 vs. 4Q23 (\$M)

- Revenues: -\$1.7M
  - 16.2% SSS negatively affected by 26 closure days at Houston area locations due to July hurricane
  - New sales from Stafford (opened November 2023) partially offset lost sales from San Antonio (divested September 2024)
- Impairments and other charges (4Q24 includes gain): \$3.2 vs. \$0.2
- Operating Results
  - GAAP: Loss of \$2.5 vs. income of \$1.2 (-21.1% of revenues vs. 8.7%)
  - Non-GAAP: Income of \$0.7 vs. \$1.4 (5.9% of revenues vs. 10.4%)

## Operating Margin As % of Segment Revenues

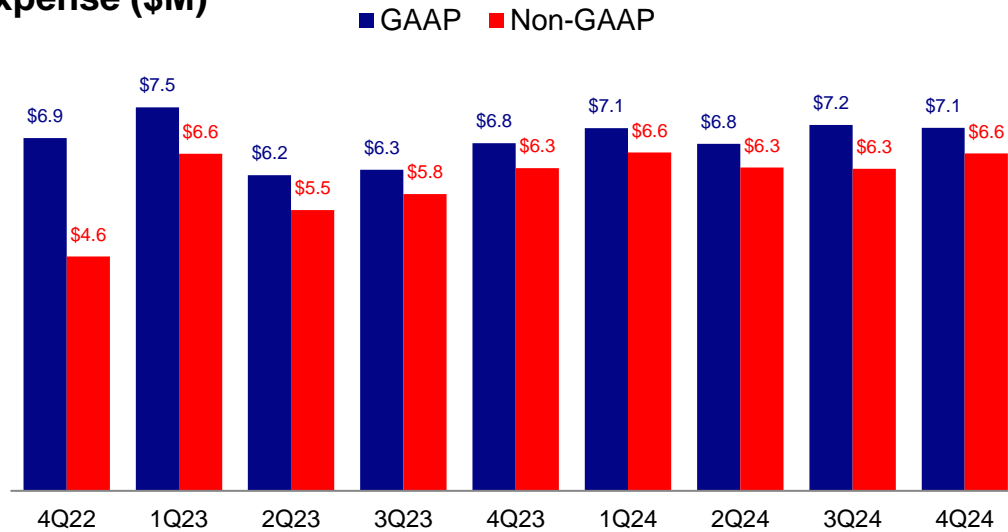


## Locations Contributing to Revenues

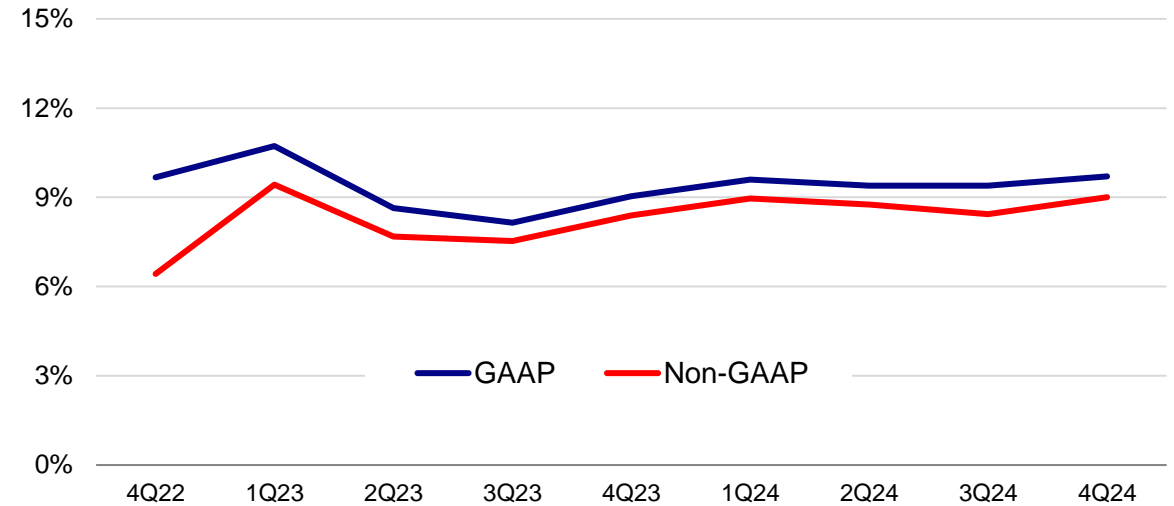


# Corporate Segment

## Expense (\$M)



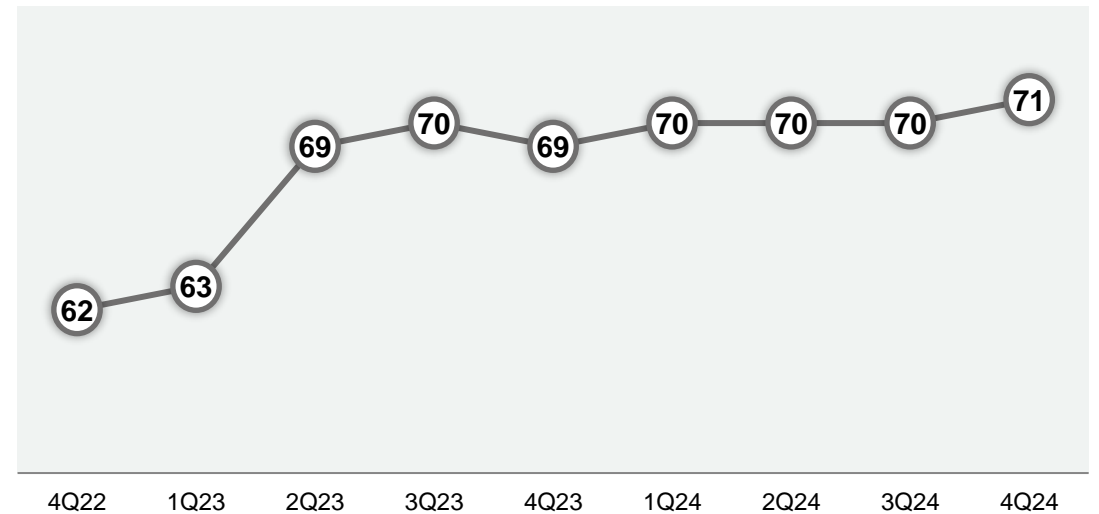
## Expense Margin As % of Total Revenues



## 4Q24 vs. 4Q23 (\$M)

- Expenses: +\$0.3 GAAP & Non-GAAP
- GAAP Expense Margin: 9.7% vs. 9.0%
- Non-GAAP Expense Margin: 9.0% vs. 8.4%

## Total Locations Contributing to Revenues



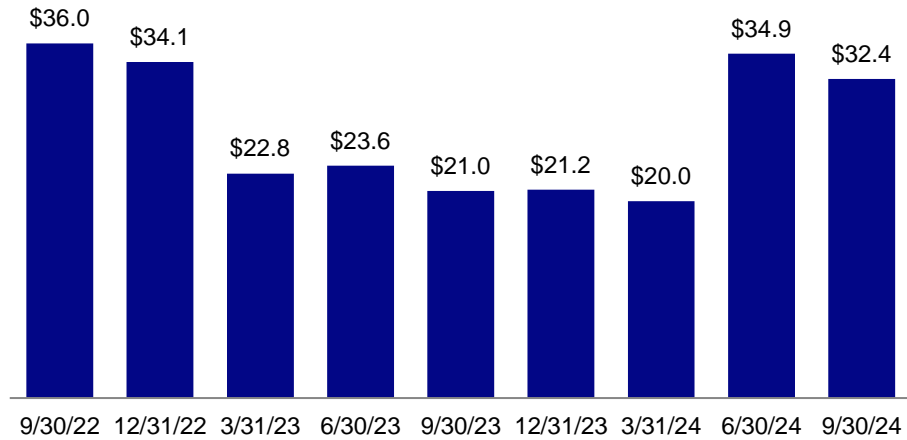
# GAAP Disclosure (\$M)

Quarter	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Operating income (loss)	\$18.0	\$16.9	\$13.4	\$15.5	\$5.6	\$13.2	\$4.7	(\$2.5)	\$3.5
Net cash provided by operating activities	\$17.8	\$14.9	\$16.8	\$15.3	\$12.1	\$13.6	\$10.8	\$15.8	\$15.7
Net income (loss)	\$10.6	\$10.2	\$7.7	\$9.1	\$2.2	\$7.2	\$0.8	(\$5.2)	\$0.2

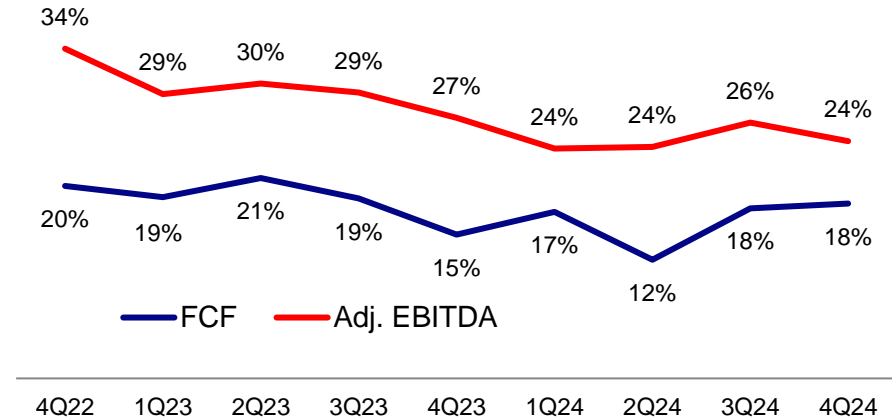
Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total revenues	\$135.4	\$134.9	\$144.9	\$165.7	\$181.1	\$132.3	\$195.3	\$267.6	\$293.8	\$295.6
Operating income	\$20.7	\$20.7	\$23.1	\$27.6	\$34.7	\$2.7	\$38.5	\$71.5	\$51.5	\$18.8
<i>% of revenues</i>	15.3%	15.3%	16.0%	16.6%	19.2%	2.1%	19.7%	26.7%	17.5%	6.4%
Net income	\$9.2	\$11.2	\$8.3	\$20.9	\$20.3	\$(6.1)	\$30.3	\$46.0	\$29.2	\$3.0
<i>% of revenues</i>	6.8%	8.3%	5.7%	12.6%	11.2%	(4.6)%	15.5%	17.2%	10.0%	1.0%

# Cash, FCF & Adjusted EBITDA (\$M)

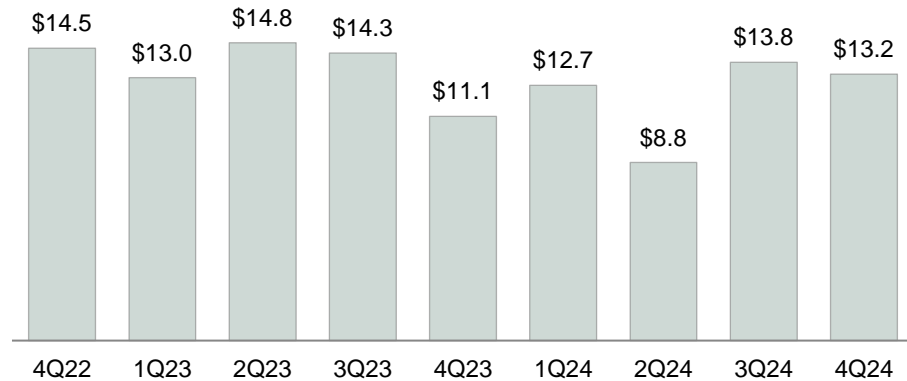
Cash



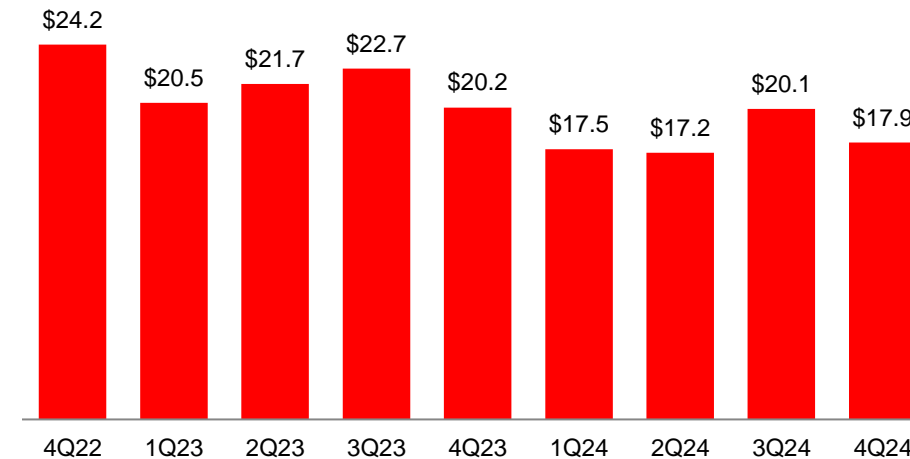
As % of Total Revenues



Free Cash Flow

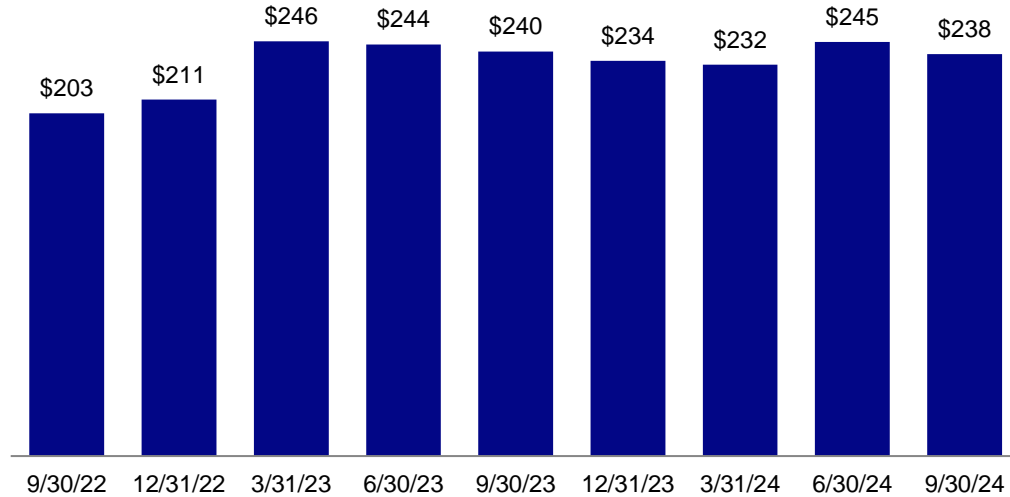


Adjusted EBITDA

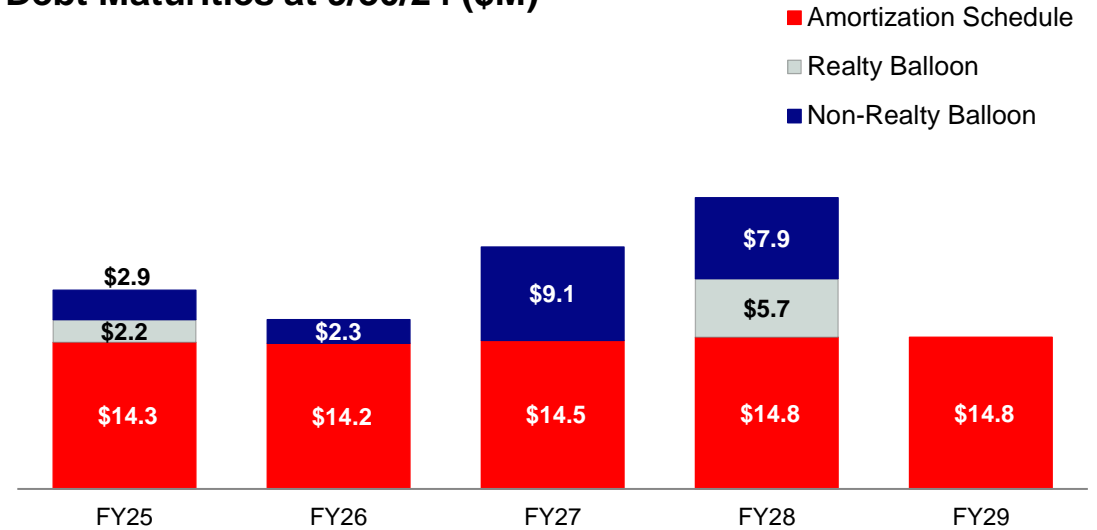


# Debt Metrics

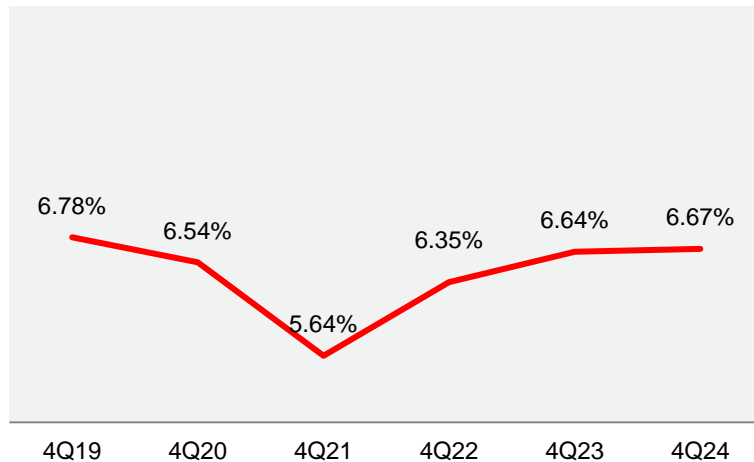
### Debt, Net of Loan Costs (\$M)



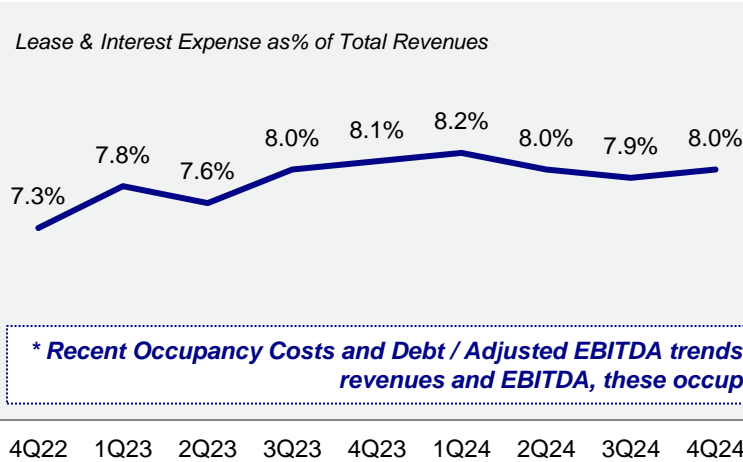
### Debt Maturities at 9/30/24 (\$M)



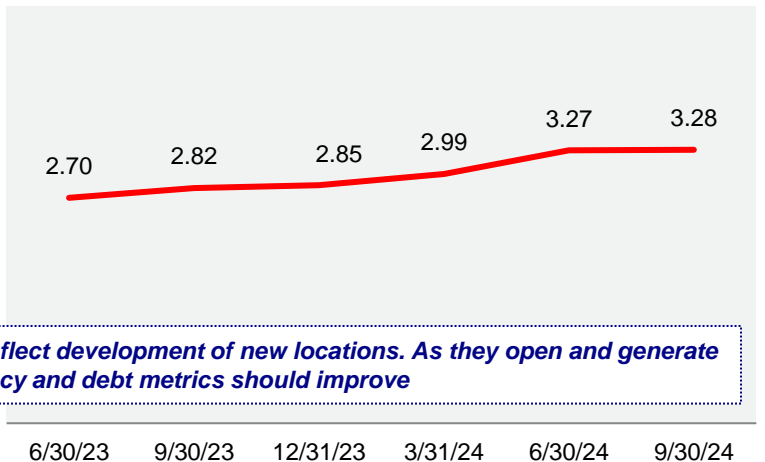
### Weighted Average Interest Rate on Debt



### Total Occupancy Costs\*



### Debt / Adjusted EBITDA (TTM)\*



\* Recent Occupancy Costs and Debt / Adjusted EBITDA trends reflect development of new locations. As they open and generate revenues and EBITDA, these occupancy and debt metrics should improve

# Development Update

Project	Location	Status
Bombshells	Denver, CO	<ul style="list-style-type: none"><li>• Awaiting final inspections</li><li>• Targeting January 2025 open</li></ul>
Chicas Locas (rebranded)	El Paso, TX	<ul style="list-style-type: none"><li>• Targeting March 2025 open</li></ul>
Rick's Cabaret & Steakhouse	Central City, CO	<ul style="list-style-type: none"><li>• Awaiting new electrical plan signoff</li><li>• Targeting April 2025 open</li></ul>
Bombshells	Lubbock, TX	<ul style="list-style-type: none"><li>• Interior construction underway</li><li>• Target opening April 2025</li></ul>
Bombshells	Rowlett, TX	<ul style="list-style-type: none"><li>• Framing and stucco underway</li><li>• Targeting May 2025 open</li></ul>
Baby Dolls	West Fort Worth, TX	<ul style="list-style-type: none"><li>• Awaiting construction permits</li></ul>
Baby Dolls	Fort Worth, TX	<ul style="list-style-type: none"><li>• Plan to rebuild following July 2024 fire</li><li>• Awaiting engineering review of plans</li></ul>



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*Appendix*

# Long-Term Performance

Fiscal Year (\$M)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	9-Year CAGR
Total revenues	\$135.4	\$134.9	\$144.9	\$165.7	\$181.1	\$132.3	\$195.3	\$267.6	\$293.8	\$295.6	<b>9.1%</b>
Adjusted EBITDA	\$34.1	\$34.5	\$37.3	\$44.4	\$46.2	\$22.4	\$60.2	\$86.7	\$85.0	\$72.6	<b>8.8%</b>
% of revenues	25.2%	25.6%	25.8%	26.8%	25.5%	16.9%	30.9%	32.4%	28.9%	24.6%	
Free cash flow	\$14.9	\$20.5	\$19.3	\$23.2	\$33.3	\$13.5	\$36.1	\$58.9	\$53.2	\$48.4	<b>14.0%</b>
% of revenues	11.0%	15.2%	13.3%	14.0%	18.4%	10.2%	18.5%	22.0%	18.1%	16.4%	
Share count (FD)	10.29	9.81	9.72	9.72	9.59	9.13	9.00	9.23	9.40	8.96	<b>-1.5%</b>

- FY16 free cash flow benefitted from \$2.0M tax credits
- FY20 reflects Covid pandemic, FY21 beginning of comeback, FY22 post-Covid bounce plus big October 2021 acquisition
- 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
- Despite challenging FY23-24, we achieved strong performance since year-end FY15 initiation of Capital Allocation Strategy



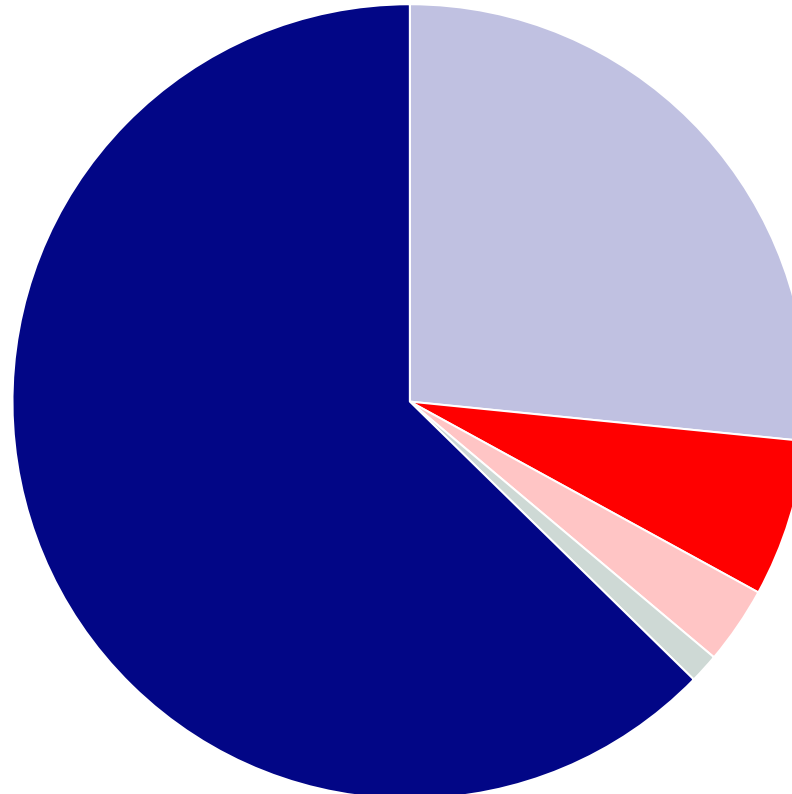
# Strategic Share Buybacks & Issuance

Fiscal Year	Repurchased Shares	Average Price Per Share	Cumulative Shares Repurchased	Shares Used for Acquisitions	Value Per Share	Value of Shares Used for Acquisitions
2015	225,280	\$10.19	225,280			
2016	747,081	\$9.79	972,361			
2017	89,685	\$12.25	1,062,046			
2018	--	--				
2019	128,040	\$22.66	1,190,086			
2020	516,102	\$18.38	1,706,188			
2021	74,659	\$24.03	1,780,847	500,000	\$60.00	\$30,000,000
2022	268,185	\$56.29	2,049,032			
2023	34,086	\$65.22	2,083,118	200,000	\$80.00	\$16,000,000
2024	442,639	\$46.55	2,525,757			
2025 as of 12/13/24	55,000	\$47.14	2,580,757			

- As of 12/13/24, we have \$18.4 million in remaining stock repurchase authorization

# Debt Analysis *(at 9/30/24, \$M)*

Total of \$241.1\*  
Weighted Average Interest Rate (WAIR): 6.67%



**\$151.1 Secured by Real Estate (62.7% of total)**

- 5.97% WAIR

**\$64.1 Seller Financing (26.5% of total)**

- Secured by the respective clubs and real estate to which it applies
- 5 Baby Dolls-Chicas Locas: \$18.6 @ 7.0% WAIR
- 11 Clubs: \$16.9 @ 6.0% WAIR
- Scarlett's: \$10.9 @ 8.0% WAIR
- Playmates: \$8.5 @ 10.0% WAIR
- Cheetah: \$8.3 @ 6.0% WAIR
- Other: \$1.2 @ 5.0% WAIR

**\$15.4 Unsecured Debt (6.4% of total)**

- 12.0% WAIR

**\$7.6 Secured by Other Assets (3.2% of total)**

- 5.57% WAIR

**\$5.0 Bank Line of Credit (1.2% of total)**

- Secured by business and assets of a subsidiary
- \$2.9 balance @ 9.0% WAIR

**\*Long-Term Debt Net of Loan Costs: \$238.2**

- -\$1.6 from 9/30/23
- -\$7.2 from 6/30/24

**Operating Lease Total Liabilities: \$34.0**

- Adoption of ASC 842, Leases, starting FY20

# Reconciliation of Non-GAAP Measures

In 000s	4Q24	4Q23	FY24	FY23
<b>Reconciliation of GAAP net income (loss) to Adjusted EBITDA</b>				
Net income attributable to RCIHH common stockholders	\$244	\$2,191	\$3,011	\$29,246
Income tax expense (benefit)	(788)	(601)	(410)	6,846
Interest expense, net	4,062	4,126	16,197	15,538
Depreciation and amortization	3,757	4,043	15,395	15,151
Impairment of assets	12,553	9,336	38,517	12,629
Settlement of lawsuits	212	576	520	3,759
Loss (gain) on sale of businesses and assets	(2,320)	10	(2,140)	(682)
Loss (gain) on insurance	(327)	14	(327)	(77)
Stock-based compensation	470	471	1,882	2,588
<b>Adjusted EBITDA</b>	<b>\$17,863</b>	<b>\$20,166</b>	<b>\$72,645</b>	<b>\$84,998</b>

# Reconciliation of Non-GAAP Measures

In 000s	4Q24	4Q23	FY24	FY23
<b>Reconciliation of GAAP net income to non-GAAP net income*</b>				
Net income attributable to RCIHH common stockholders	\$244	\$2,191	\$3,011	\$29,246
Amortization of intangibles	597	806	2,494	3,528
Impairment of assets	12,553	9,336	38,517	12,629
Settlement of lawsuits	212	576	520	3,759
Stock-based compensation	470	471	1,882	2,588
Loss (gain) on sale of businesses and assets	(2,320)	10	(2,140)	(682)
Loss (gain) on insurance	(327)	14	(327)	(77)
Change in deferred tax asset valuation allowance	143	(176)	143	(176)
Net income tax effect	3,065	(2,810)	(410)	(5,068)
<b>Non-GAAP net income</b>	<b>\$14,637</b>	<b>\$10,418</b>	<b>\$43,690</b>	<b>\$45,747</b>

# Reconciliation of Non-GAAP Measures

	4Q24	4Q23	FY24	FY23
<b>Reconciliation of GAAP diluted earnings per share to non-GAAP diluted earnings per share*</b>				
Diluted shares	<u>9,006,014</u>	<u>9,417,166</u>	<u>9,250,245</u>	<u>9,335,983</u>
GAAP diluted earnings per share	\$0.03	\$0.23	\$0.33	\$3.13
Amortization of intangibles	0.07	0.09	0.27	0.38
Impairment of assets	1.39	0.99	4.16	1.35
Settlement of lawsuits	0.02	0.06	0.06	0.40
Stock-based compensation	0.05	0.05	0.20	0.28
Loss (gain) on sale of businesses and assets	(0.26)	--	(0.23)	(0.07)
Loss (gain) on insurance	(0.04)	--	(0.04)	(0.01)
Change in deferred tax asset valuation allowance	0.02	(0.02)	0.02	(0.02)
Net income tax effect	0.34	(0.30)	(0.04)	(0.54)
<b>Non-GAAP diluted earnings per share</b>	<b>\$1.63</b>	<b>\$1.11</b>	<b>\$4.72</b>	<b>\$4.90</b>

# Reconciliation of Non-GAAP Measures

In 000s	4Q24	4Q23	FY24	FY23
<b>Reconciliation of GAAP operating income to non-GAAP operating income</b>				
Income from operations	\$3,519	\$5,644	\$18,805	\$51,484
Amortization of intangibles	597	806	2,494	3,528
Impairment of assets	12,553	9,336	38,517	12,629
Settlement of lawsuits	212	576	520	3,759
Loss (gain) on sale of businesses and assets	(2,320)	10	(2,140)	(682)
Loss (gain) on insurance	(327)	14	(327)	(77)
Stock-based compensation	470	471	1,882	2,588
<b>Non-GAAP operating income</b>	<b>\$14,704</b>	<b>\$16,857</b>	<b>\$59,751</b>	<b>\$73,229</b>

# Reconciliation of Non-GAAP Measures

Percentage of Total Revenues	4Q24	4Q23	FY24	FY23
<b>Reconciliation of GAAP operating margin to non-GAAP operating margin*</b>				
GAAP operating margin	4.8%	7.5%	6.4%	17.5%
Amortization of intangibles	0.8%	1.1%	0.8%	1.2%
Impairment of assets	17.1%	12.4%	13.0%	4.3%
Settlement of lawsuits	0.3%	0.8%	0.2%	1.3%
Loss (gain) on sale of businesses and assets	(3.2)%	--%	(0.7)%	(0.2)%
Gain on insurance	(0.4)%	--%	(0.1)%	--%
Stock-based compensation	0.6%	0.6%	0.6%	0.9%
<b>Non-GAAP operating margin</b>	<b>20.1%</b>	<b>22.4%</b>	<b>20.2%</b>	<b>24.9%</b>

# Reconciliation of Non-GAAP Measures

In 000s	4Q24	4Q23	FY24	FY23
<b>Reconciliation of net cash provided by operating activities to free cash flow</b>				
Net cash provided by operating activities	\$15,651	\$12,126	\$55,884	\$59,130
Less: Maintenance capital expenditures	2,483	1,005	7,463	5,954
<b>Free cash flow</b>	<b>\$13,168</b>	<b>\$11,121</b>	<b>\$48,421</b>	<b>\$53,176</b>



# Reconciliation of Non-GAAP Measures

\$ in 000s	Nightclubs	Bombshells	Other	Corporate	Total
<b>4Q24 Non-GAAP Segment Information</b>					
Income (loss) from operations	\$13,064	\$(2,517)	\$58	\$(7,086)	\$3,519
Amortization of intangibles	576	11	--	10	597
Impairment of assets	7,039	5,514	--	--	12,553
Settlement of lawsuits	157	25	--	30	212
Stock-based compensation	--	--	--	470	470
Loss (gain) on sale of businesses and assets	14	(2,332)	--	(2)	(2,320)
Loss (gain) on insurance	(327)	--	--	--	(327)
<b>Non-GAAP operating income (loss)</b>	<b>\$20,523</b>	<b>\$701</b>	<b>\$58</b>	<b>\$(6,578)</b>	<b>\$14,704</b>
GAAP operating margin	21.5%	(21.1)%	8.8%	(9.7)%	4.8%
Non-GAAP operating margin	33.8%	5.9%	8.8%	(9.0)%	20.1%

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