

---

---

**United States  
Securities and Exchange Commission  
Washington, D.C. 20549**

**FORM 8-K**

Current Report

Pursuant to Section 13 or 15(d) of

The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 19, 2020

**RCI HOSPITALITY HOLDINGS, INC.**

(Exact Name of Registrant as Specified in Its Charter)

Texas  
(State or Other Jurisdiction  
of Incorporation)

001-13992  
(Commission  
File Number)

76-0458229  
(IRS Employer  
Identification No.)

10737 Cutten Road  
Houston, Texas 77066  
(Address of Principal Executive Offices, Including Zip Code)

(281) 397-6730  
(Issuer's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a -12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d -2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e -4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$0.01 par value	RICK	The Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

---

---

## ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On November 19, 2020, we issued a press release announcing sales trends for the fiscal quarter ending December 31, 2020, current cash levels, and expansion plans for the Bombshells Restaurant & Bar chain. A copy of the press release is furnished as Exhibit 99.1 to this current report on Form 8-K.

Also on November 19, 2020, we will present at the Sidoti Virtual Investor Conference. The presentation will include the financial information described in the above press release, among other information. A copy of the presentation is furnished with this current report as Exhibit 99.2, which may be used in whole or in part in meetings with investors and analysts beginning on November 19, 2020.

## ITEM 7.01 REGULATION FD DISCLOSURE

The disclosure in Item 2.02 above is incorporated herein by reference.

The furnishing of the attached presentation is not an admission as to the materiality of any information therein. The information contained is summary information that is intended to be considered in the context of more complete information included in our filings with the U.S. Securities and Exchange Commission (the "SEC") and other public announcements that we have made and may make from time to time by press release or otherwise. We undertake no duty or obligation to update or revise the information contained in this report, although we may do so from time to time as management believes is appropriate. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosures. For important information about forward looking statements, see "Forward Looking Statements" in Exhibit 99.2 included herewith.

The information in this current report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2, is being furnished and will not be treated as "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

## ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Press release of RCI Hospitality Holdings, Inc. dated November 19, 2020</a>
99.2	<a href="#">Investor Presentation - November 2020</a>

---

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RCI HOSPITALITY HOLDINGS, INC.

Date: November 19, 2020

By: /s/ Eric Langan

Eric Langan

President and Chief Executive Officer

---



## **RCI Announces 1Q21 Sales Trends, Current Cash Levels, and Bombshells Expansion Plans**

HOUSTON—November 19, 2020 – RCI Hospitality Holdings, Inc. (Nasdaq: RICK) today announced first quarter Fiscal 2021 sales trends, current cash levels, and plans to double the number of company-owned locations of its Bombshells Restaurant & Bar chain.

### **Sales Trends & Cash**

October sales for clubs and restaurants totaled \$15.3 million, their best monthly performance since April when all locations were closed due to government related Covid-19 measures. October sales were up 34% compared to September and equaled 97% of year ago October sales.

During October, 47 of 48 locations were open (37 clubs and all 10 Bombshells). All locations continued to limit occupancy in accordance with coronavirus safety plans. Many clubs and restaurants continued to experience strong sales and a steady flow of business. Not all clubs operated at full schedules, in line with other restrictions. That included some of our biggest clubs in South Florida and New York City.

As of today, the latest wave of Covid is leading to increased restrictions, including reduced occupancy levels and operating hours for some clubs, causing some to close temporarily. Currently, 32 clubs and all 10 Bombshells are open. If there are no additional closings or restrictions, November revenues should total around \$11 million to \$12 million. RCI currently has approximately \$18 million cash on hand.

### **“The Next 10” Bombshells**

RCI plans to develop 10 new Bombshells over the next three years assuming it can find the right locations and structure the development of each in line with the company’s capital allocation strategy. The expansion is being launched due to the chain’s overall success since its 2013 founding, including its particularly strong performance through the coronavirus, Bombshells’ ability to easily self-fund the new units, and a significantly improved market for accessing prime locations and/or buying and leasing them at attractive prices.

For the fourth fiscal quarter ended September 30, 2020, total Bombshells sales were \$15.5 million, up more than 80% year over year and 50% on a same-store basis. Since inception of the concept through Fiscal 2020, the cash on cash return of “The First 10” has met RCI’s capital allocation objectives and more than paid back all of the cash invested in them, including the cash invested in the four most recent locations, which opened in FY19 and FY20.

RCI is currently negotiating leases or real estate purchases and bank financing for four of the proposed new locations. Target markets are Dallas-Fort Worth, where the first Bombshells is located; Houston, where there are eight Bombshells; and Miami-Fort Lauderdale, where RCI subsidiaries own two large nightclubs.

### **Sidoti Virtual Investor Conference Today**

RCI plans to discuss the above developments in its presentation today at the Sidoti Virtual Investor Conference at 12:15 PM ET / 11:15 AM CT. To access the live webcast, slides, ask questions, and replay, visit: [https://sidoti.zoom.us/webinar/register/WN\\_iSrSEJIISs-KZB1Zw0fAPQ](https://sidoti.zoom.us/webinar/register/WN_iSrSEJIISs-KZB1Zw0fAPQ). Visit the webcast link in advance to pre-register or download any necessary software.

**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) the impact and uncertainty of the coronavirus 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, 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.

**Media & Investor Contacts**

Gary Fishman and Steven Anreder at 212-532-3232 or [gary.fishman@anreder.com](mailto:gary.fishman@anreder.com) and [steven.anreder@anreder.com](mailto:steven.anreder@anreder.com)



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



NASDAQ: RICK  
Investor Presentation  
November 19, 2020  
[www.rcihospitality.com](http://www.rcihospitality.com)

---

## 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 document 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) the impact and uncertainty of the coronavirus 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, 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.

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, including refinancing several of our debt obligations.

As used herein, 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, (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 RCIH 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 25.9% and 22.8% effective tax rate of the pre-tax non-GAAP income before taxes for the nine months ended June 30, 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 RCIH 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.**

Our August 10, 2020 news release and financial tables and 3Q20 10-Q contain additional details and reconciliation of non-GAAP financial measures for the quarter ended June 30, 2020 and are posted on our website at [www.rcihospitality.com](http://www.rcihospitality.com).





## What We Do

<b>Overview</b>	<ul style="list-style-type: none"> <li>• Building a portfolio of well-managed, high cash-flowing nightclubs and restaurants</li> <li>• Founded 1983, IPO and Nasdaq listing in 1995</li> </ul>						
<b>Nightclubs</b>	<ul style="list-style-type: none"> <li>• 38 clubs – Many of the industry's best in top US markets</li> <li>• Major brands: Rick's, Tootsie's, Scarlett's, XTC, Jaguars, Club Onyx</li> <li>• % of annual revenues: 82% in FY19, ~67% in FY20</li> </ul>						
<b>Bombshells Restaurants</b>	<ul style="list-style-type: none"> <li>• Fast-growing, sports bar restaurant chain in Texas</li> <li>• 10 locations (8 open at the end of FY19)</li> <li>• % of annual revenues: 17% in FY19, ~33% in FY20</li> </ul>						
<b>Entertainment Drives Sales</b>	<ul style="list-style-type: none"> <li>• Clubs: Beautiful female entertainers attract customers</li> <li>• Bombshells: New generation sports bar and restaurant</li> </ul>						
<b>Exchange: Symbol</b>	<b>Revenues (FY19)</b>	<b>Non-GAAP EPS (FY19)<sup>1</sup></b>	<b>Free Cash Flow (FY19)<sup>1</sup></b>	<b>Total Cash Dividends (FY20)</b>	<b>Market Cap (11/17/20)</b>	<b>Shares (6/30/20)</b>	<b>Insider Ownership (11/17/20)<sup>2</sup></b>
Nasdaq: RICK	\$181M	\$2.31	\$33M	\$0.14	\$230M	8.1M	0.1%



1) For GAAP reconciliation, see page 14  
2) Source: Bloomberg

## Great Business

### Strong Cash Generation (FY19)

- High gross profit margin (86%)
- Fast inventory turnover
- Low maintenance capex (\$3.9M)

### Clubs: Barriers to Entry

- Most municipal licenses tied to physical location
- Few municipalities issue new licenses
- We have acquired ~80% of clubs we own

### Bombshells: Does Better in "Class A" Spaces

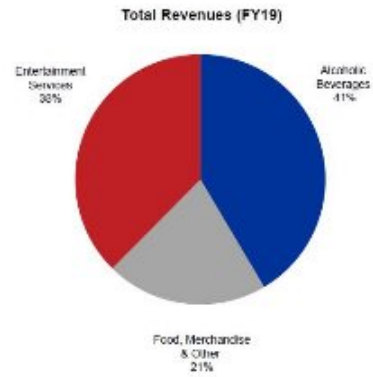
- High traffic areas where other casual dining brands are located

### Own Most of Our Real Estate

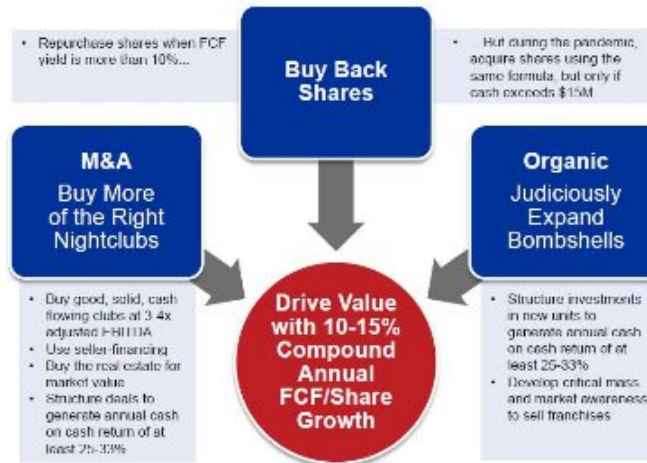
- Helped us through COVID-19 versus others in hospitality

### Access to Bank Financing

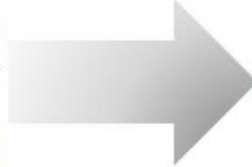
- Growth funded through debt, most of which is real estate



## Capital Allocation Strategy\*



## Major Transformation

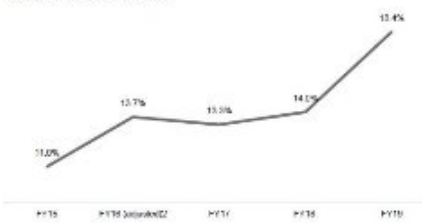


## Strong Track Record

Free Cash Flow (\$M)<sup>1</sup>



FCF as % of Revenues



Average Revenue / Club Location (\$K)



Diluted Weighted Average Shares Outstanding (M)



1) For GAAP reconciliation, see page 14  
 2) FY18 FCF of \$18.5M reflects FCF of \$20.5M less \$2.0M in tax credits

## Sales Trends Through COVID-19

### October

- Up 34% from September
- Equal to 97% of year ago revenues
- 47 of 48 locations open (37 clubs + all 10 Bombshells)

### Most Locations Re-Open to Strong Sales

- Continue to attract customers and a steadier flow of business during operating hours
- Some locations doing better than year-ago periods
- All locations limit occupancy in line with safety plans
- Hours at some locations restricted due to state/local COVID-19 regulations

### Mid-November

- Seeing increased restrictions with latest COVID-19 wave
- 42 locations open (32 clubs + all 10 Bombshells)
- If no additional restrictions, November revenues should be about ~\$11-12M

Total Revenues (\$M)



% of Year-Ago Revenues



## Bombshells: Why It's Working

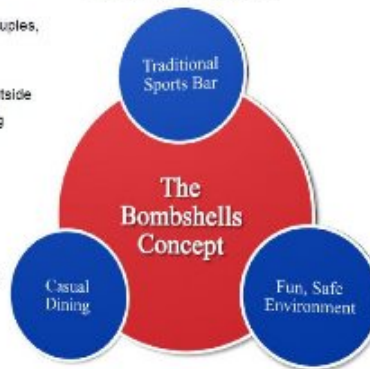
### More Upscale Than Traditional Sports Bars

- Better quality food, service and experience
- Appeals to men, women, families, friends, singles, couples, millennials
- Strong community involvement
- Large venues: ~8K sq. ft. inside + ~2K sq. ft. patio outside
- Big HDTVs, scratch kitchen, free Wi-Fi, USB charging stations, DJs

### Financial Dynamics

- Great margins and fast payback
- Long day: Lunch, happy hour, dinner, late night
- Large amount of high margin appetizer sales
- Building company-owned units to create critical mass
- Potential: 80-100 locations (owned and franchised)

### Something for Everybody



## **Bombshells Expansion Plan: “The Next 10”**

### **The Opportunity**

- COVID-19 creates unique and compelling opportunity
- “The First 10” proven to do well, particularly through COVID-19
- Can access prime locations not previously available and/or buy/lease them at significantly lower prices

### **The Plan**

- Open 10 new units over the next 36 months (calendars 2021, 2022 and 2023)...
- ...Only if we find the right locations and structure the development of each in line with capital allocation strategy
- Target markets: Dallas-Fort Worth, Miami-Fort Lauderdale, and Houston (all locations leverage existing management)

### **Status**

- Currently negotiating for leases or real estate purchases and bank financing for four locations
- More details to come





## ***“The Next 10” Bombshells Initial Models***

<b>Location Key Metric</b>	<b>Leased</b>	<b>Owned</b>
<b>Annualized store level return</b>	\$1.0-\$1.2M	\$1.3-\$1.6M
<b>Cash investment</b>	\$2.6-\$2.8M	\$2.6-\$2.8M
<b>Debt</b>	--	\$2.4-\$3.2M
<b>Total investment</b>	\$2.6-\$2.8M	\$5.0-\$6.0M
<b>Return on cash investment – unlevered</b>	36-40%	50-55%
<b>Return on cash investment – levered</b>	--	28-32%

### **Comments**

- The four potential sites we are considering could be leased and/or acquired locations
- Based on that, we have developed these two financial models
- These are based on an average of \$5.0-\$5.5M in annual revenue at ~20% operating margins
- Each new location will be evaluated on its individual lease benefits or real estate opportunities



## Key Takeaways

- RCI has gone through a major transformation
- Driven by FCF/PS growth based on disciplined capital allocation
- COVID-19 has created compelling investment opportunities for the company
- We believe our core strategies will work well as we emerge from COVID-19
- Pre-COVID-19, we believe we were on a \$35-\$38M FCF annualized run rate based on all subsidiary locations open
- We expect to generate adequate cash flow from operations for the next 12 months (assuming no additional shutdown)
- We may see increased market share in both the nightclub and restaurant segments as a result of competitors closing due to COVID-19

## Non-GAAP Reconciliations

	FY15	FY16	FY17	FY18	FY19
<b>Reconciliation of net cash provided by operating activities to free cash flow (\$ in millions)</b>					
Net Cash Provided by Operating Activities	\$ 16.4	\$ 23.0	\$ 21.1	\$ 25.8	\$ 37.2
Less: Maintenance Capital Expenditures	\$ 1.0	\$ 2.0	\$ 1.8	\$ 2.5	\$ 3.9
Less: Major Tax Credits		\$ 2.0			
Free Cash Flow	\$ 14.9	\$ 19.0	\$ 19.3	\$ 23.2	\$ 33.3
Total Revenues	\$ 130.5	\$ 134.9	\$ 144.9	\$ 165.9	\$ 191.1
FCF/Revenues	11.0%	13.7%	13.3%	14.0%	15.4%
<b>Reconciliation of GAAP diluted earnings (loss) per share to non-GAAP diluted earnings per share</b>					
Diluted shares (in thousands)					9,657
GAAP diluted earnings (loss) per share					\$ 1.99
Amortization of intangibles					\$ 0.06
Settlement of lawsuits					\$ 0.02
Impairment of assets					\$ 0.63
Loss (gain) on sale of businesses and assets					\$ (0.00)
Unrealized loss on equity securities					\$ 0.06
Gain on insurance					\$ (0.00)
Costs and charges related to debt refinancing					\$ -
Net income tax effect of adjustments above					\$ (0.00)
Non-GAAP diluted earnings per share					\$ 2.31

## 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.rclhospitality.com](http://www.rclhospitality.com)  
Nasdaq: RICK

