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**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): June 7, 2021

**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.

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## ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On June 8, 2020, we will be presenting at the LD Micro Invitational XI virtual investor conference. On June 7, 2020, we issued a press release announcing this. A copy of the press release is furnished as Exhibit 99.1 to this current report on Form 8-K, and a copy of the presentation slides is furnished with this current report as Exhibit 99.2. The presentation slides may be used in whole or in part in meetings with investors and analysts beginning on June 8, 2021.

## ITEM 7.01 REGULATION FD DISCLOSURE

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

The furnishing of the attached presentation slides is not an admission as to the materiality of any information therein. The information contained in the slides 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 the slide titled "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 June 7, 2021</a>
99.2	<a href="#">Presentation Slides - Investor Presentation, June 8, 2021</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: June 8, 2021

By: /s/ Eric Langan

Eric Langan

President and Chief Executive Officer



### **RCI to Present at LD Micro Virtual Conference Tuesday, June 8, 2021**

HOUSTON, June 7, 2021—RCI Hospitality Holdings, Inc. (Nasdaq: RICK) today announced that CFO Bradley Chhay will be presenting at the upcoming LD Micro Invitational XI virtual investor conference on Tuesday, June 8, 2021. RCI will also be inducted into LD Micro’s “Hall of Fame,” which highlights the best performing companies that have attended prior LD Micro conferences.

#### **Conference Details**

- **Date:** Tuesday, June 8
- **Time:** 10:30 AM ET / 9:30 AM CT / 7:30 AM PT
- **Track:** 1
- **Registration:** Register in advance at <https://ldmicrojune2021.mysequire.com> for the event and to watch RCI’s live videocast. There’s no cost for institutional or retail investors. Replay will also be available.

The LD Micro Invitational XI is a three-day, virtual investor conference expected to feature approximately 180 companies, presenting for 25 minutes (no Q&As), as well as several influential keynotes.

#### **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 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, 2020, 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)

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



NASDAQ: RICK  
LD Micro Presentation  
June 8, 2021  
[www.rcihospitality.com](http://www.rcihospitality.com)



## Forward-Looking Statements

This document 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").

Risks and uncertainties that could cause the company's actual results to differ materially from those indicated in this document, include, 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, 2020 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.

## 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) impairment of assets, and (e) 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) gains or losses on sale of businesses and assets, (c) gains or losses on insurance, (d) unrealized gains or losses on equity securities, (e) impairment of assets, (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 24.2% and 7.6% effective tax rate of the pre-tax non-GAAP income before taxes for the six months ended March 31, 2021 and 2020, 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.

## What We Do

### Overview

- Building a portfolio of well-managed, high cash-flowing nightclubs and restaurants
- Founded 1983, IPO and Nasdaq listing in 1995

### Nightclubs

- 38 clubs – Many of the industry's best in top US markets
- Major brands: Rick's, Tootsie's, Scarlett's, XTC, Jaguars, Club Onyx
- % of annual revenues: 82% in FY19, 67% in FY20, 68% in 6M21

### Bombshells Restaurants

- Fast-growing, sports bar restaurant chain in Texas
- 10 locations (8 open at the end of FY19), 11<sup>th</sup> unit coming
- % of annual revenues: 17% in FY19, 33% in FY20, 32% in 6M21

### Entertainment Drives Sales

- Clubs: Beautiful female entertainers attract customers
- Bombshells: New generation sports bar and restaurant

Exchange: Symbol	Market Cap (6/2/21)	Shares (6/2/21)	Insider Ownership (6/2/21) <sup>1</sup>
Nasdaq: RICK	+\$700M	8.99M	8.07%

- 1) Bloomberg
- 2) For GAAP reconciliation, see page 13

Period	Revenues	Non-GAAP EPS <sup>2</sup>	Free Cash Flow <sup>2</sup>	Total Cash Dividends
FY19	\$181M	\$2.44	\$33.3M	\$0.13
FY20	\$132M	\$0.51	\$13.5M	\$0.14
6M21	\$82M	\$1.15	\$14.7M	\$0.08





# Great Business

## Strong Cash Generation

- High gross profit margin (86.2% in FY19, 85.3% in FY20, 84.2% in 6M21)
- Fast inventory turnover
- Low maintenance capex (\$3.9M in FY19, \$2.2M in FY20, \$2.6 in 6M21)

## 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

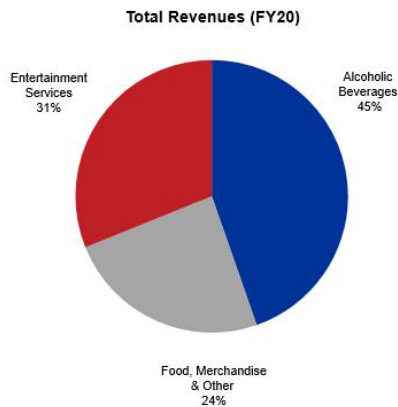
- High traffic areas where other casual dining brands are located

## Own Most of Our Real Estate

- Most of our businesses not beholden to landlords

## Access to Bank Financing

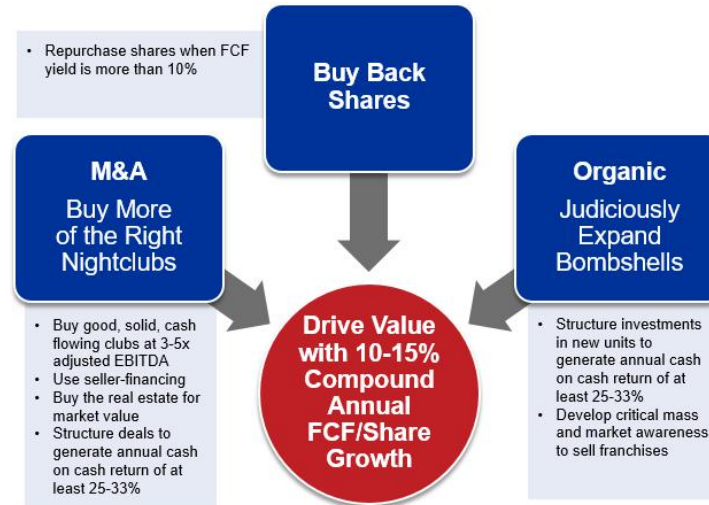
- Growth funded through debt, most of which is real estate
- Refinancing expected to increase FCF



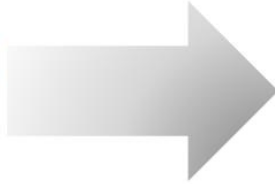
Period	Alcoholic Beverages	Entertainment Services	Food, Merchandise & Other
FY19	41%	38%	21%
FY20	45%	31%	24%
6M21	46%	26%	28%



## Capital Allocation Strategy\*



## Major Transformation

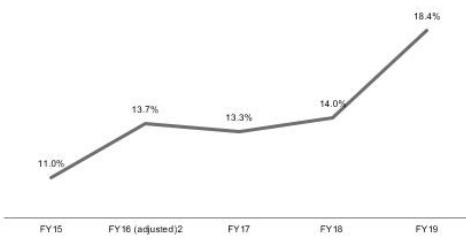


## Strong Track Record FY15-19 (Pre-Pandemic)

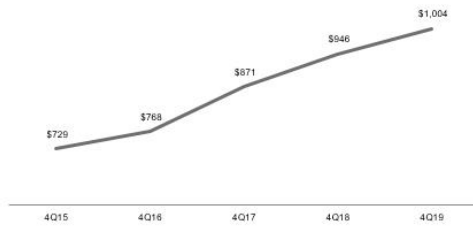
Free Cash Flow (\$M)<sup>1</sup>



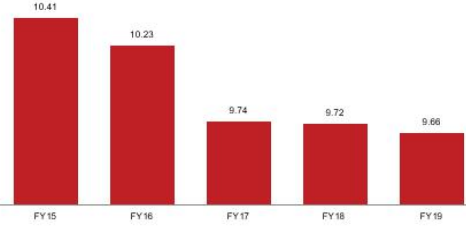
FCF as % of Revenues



Total Sales / Location (\$K)<sup>3</sup>



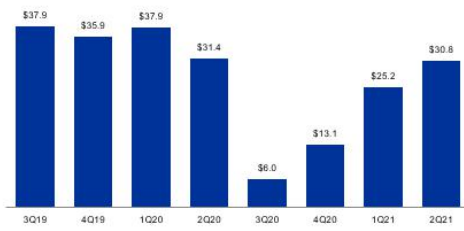
Diluted Weighted Average Shares Outstanding (M)



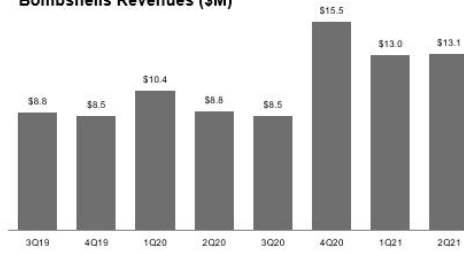
- 1) For GAAP reconciliation, see page 13
- 2) FY16 FCF of \$18.5M reflects FCF of \$20.5M less \$2.0M in tax credits
- 3) Based on unit count at quarter end

# Progress Through COVID-19

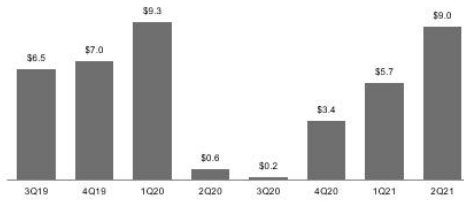
**Nightclubs Revenues (\$M)**



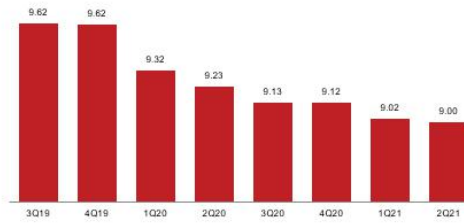
**Bombshells Revenues (\$M)**



**Free Cash Flow (\$M)**



**Diluted Weighted Average Shares Outstanding (M)**



**3Q21 Sales Update**

- **April:** Club and restaurant sales only slightly below March
- **May:** Set record for highest monthly club and restaurant sales in company history – exceeding March
- **June:** Good start



## ***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
- 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
- Potential: 80-100 locations (owned and franchised)

### **New Locations**

- Plan to open 10 "company-owned" units over next 33 months
- Acquired one location (Dallas) and doing due diligence on more in Texas, South Florida and Arizona
- Signed our first franchisee for 3 locations in and around San Antonio
- Doing due diligence on other potential franchisees









# Nightclubs: Significant Acquisition Opportunities

## Market

- 2,200 clubs / ~500 meet our acquisition criteria
- We are one of the largest, but our market share is < 2%
- Long-term owners interested in selling
- We are the acquirer of choice as the only public company in the space with access to bank financing

## Financial Dynamics

- Buy earnings accretive clubs at 3-5x adjusted EBITDA
- Purchase related real estate at market value
- Strong record paying off seller financing from acquisition cash flow

Our Top Club Brands	
	Elegant clubs with restaurants
	High-end, high-energy party club
	Nation's mega club with 74,000 square feet
	High-end clubs for African-American professionals
	Lively BYOB clubs for blue collar patrons and the college crowd
	Lively BYOB clubs for blue collar patrons and the college crowd

## Key Takeaways

### Overview

- Capital allocation / FCF strategy proven effective
- Positive net cash from operating activities and FCF during COVID
- Refinancing of real estate debt expected to increase FCF

### Bombshells

- Concept proven to work even through COVID
- Plans to double number of owned locations (from 10 to 20) by end of 2023
- First franchise agreement for 3 locations – talking to other potential franchisees

### Nightclubs

- Current club portfolio doing well
- As of June 1, all curfews ended, but some clubs still have occupancy restrictions
- Industry believes COVID has motivated more owners to sell

### Macro

- Increased employment benefiting our customer base
- Post COVID "Roaring 20s" anticipated burst of consumer spending
- 100% tax write off on entertainment expenses for two years



Please email questions to [gary.fishman@anreder.com](mailto:gary.fishman@anreder.com)



## Non-GAAP Reconciliations\*

Reconciliation of GAAP diluted earnings (loss) per share to non-GAAP diluted earnings per share	6M21	FY20	FY19
Diluted shares (in 000s)	9,010	9,199	9,657
GAAP diluted earnings (loss) per share	\$ 1.75	\$ (0.66)	\$ 2.10
Amortization of intangibles	0.02	0.07	0.06
Settlement of lawsuits	0.02	0.02	0.02
Impairment of assets	0.16	1.15	0.63
Loss (gain) on sale of businesses and assets	0.01	(0.07)	(0.30)
Gain on debt extinguishment	(0.59)	0.01	0.06
Unrealized loss on equity securities	0.01	0.05	(0.08)
Gain on insurance	(0.02)	0.14	-
Net income tax effect	(0.19)	(0.18)	(0.06)
Non-GAAP diluted earnings per share	\$ 1.15	\$ 0.51	\$ 2.44

Reconciliation of net cash provided by operating activities to free cash flow (\$K)	6M21	FY20	FY19	FY18	FY17	FY16	FY15
Net cash provided by operating activities	\$17,246	\$15,632	\$37,174	\$25,769	\$21,094	\$23,031	\$16,364
Less: Maintenance capital expenditures	2,591	2,151	3,858	2,527	1,813	2,518	1,475
Free cash flow	\$14,655	\$13,481	\$33,316	\$23,242	\$19,281	\$20,513	\$14,889



\* All non-GAAP reconciliations as reported in previously filed 10-Ks and our most recent 10-Q

# Contact Information

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Nasdaq: RICK



