



Number: 001-13992RCI HOSPITALITY HOLDINGS, INC.(Exact name of registrant as specified in its charter)Texas76-0458229(State or other jurisdiction of incorporation or organization)(I.R.S. Employer Identification No.)10737 Cutten RoadHouston, Texas 77066(Address of principal executive offices) (Zip Code) (281) 397-6730(Registrant's telephone number, including area code)Securities registered pursuant to Section 12(b) of the Act:Title of each classTrading Symbol(s)Name of each exchange on which registeredCommon stock, \$0.01 par valueRICKThe Nasdaq Global Market Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No oIndicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§323.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No oIndicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. Large accelerated filer o Accelerated filer x Non-accelerated filer o Smaller reporting company o Emerging growth company of 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. oIndicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No xAs of February 7, 2025, 8,866,875 shares of the registrant's common stock were outstanding.Table of ContentsNOTE ABOUT FORWARD-LOOKING STATEMENTSThis Quarterly Report on Form 10-Q 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 may appear throughout this report, including, without limitation, the following sections: Part I, Item 2 âœManagement's Discussion and Analysis of Financial Condition and Results of Operations.â 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 Quarterly Report on Form 10-Q and those discussed in other documents we file with the Securities and Exchange Commission (âœSECâ). Important factors that in our view could cause material adverse effects on our financial condition and results of operations include, but are not limited to, the risks and uncertainties associated with (i) operating and managing an adult 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, and (vi) numerous other factors such as laws governing the operation of adult entertainment businesses, competition and dependence on key personnel. We undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. As used herein, the "Company," "we," "our," and similar terms include RCI Hospitality Holdings, Inc. and its subsidiaries, unless the context indicates otherwise.2Table of ContentsRCI HOSPITALITY HOLDINGS, INC.FORM 10-QTABLE OF CONTENTSPAGEPART I FINANCIAL INFORMATIONItem 1. Financial Statements4Condensed Consolidated Balance Sheets as of December 31, 2024, (unaudited) and September 30, 20244Condensed Consolidated Statements of Income (unaudited) for the three months ended December 31, 2024, and 20235Condensed Consolidated Statements of Changes in Equity (unaudited) for the three months ended December 31, 2024, and 20236Condensed Consolidated Statements of Cash Flows (unaudited) for the three months ended December 31, 2024, and 20237Notes to Condensed Consolidated Financial Statements (unaudited)8Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations20Item 3. Quantitative and Qualitative Disclosures about Market Risk31Item 4. Controls and Procedures31PART II OTHER INFORMATIONItem 1. Legal Proceedings33Item 1A. Risk Factors33Item 2. Unregistered Sales of Equity Securities and Use of Proceeds33Item 6. Exhibits34Signatures35Table of ContentsPART I FINANCIAL INFORMATIONItem 1. Financial Statements.RCI HOSPITALITY HOLDINGS, INCCONDENSED CONSOLIDATED BALANCE SHEETS(in thousands, except par value and number of shares)December 31, 2024September 30, 2024(unaudited)ASSETSCurrent assetsCash and cash equivalents\$34,718Â \$32,350Â Receivables, net3,519Â 5,832Â Inventories4,640Â 4,676Â Prepaid expenses and other current assets4,226Â 4,427Â Total current assets47,103Â 47,285Â Property and equipment, net282,621Â 280,075Â Operating lease right-of-use assets, net25,573Â 26,231Â Notes receivable, net of current portion4,103Â 4,174Â Goodwill61,911Â 61,911Â Intangibles, net162,881Â 163,461Â Other assets2,026Â 1,227Â Total assets\$586,218Â \$584,364Â LIABILITIES AND EQUITYCurrent liabilitiesAccounts payable\$5,010Â \$5,637Â Accrued liabilities20,514Â 20,280Â Current portion of debt obligations, net17,788Â 18,871Â Current portion of operating lease liabilities3,008Â 3,290Â Total current liabilities46,320Â 48,078Â Deferred tax liability, net22,304Â 22,693Â Debt, net of current portion and debt discount and issuance costs217,741Â 219,326Â Operating lease liabilities, net of current portion27,471Â 30,759Â Other long-term liabilities3,611Â 398Â Total liabilities317,447Â 321,254Â Commitments and contingencies (Note 7)EquityPreferred stock, \$0.10 par value per share; 1,000,000 shares authorized; none issued and outstandingâ " " Common stock, \$0.01 par value per share; 20,000,000 shares authorized; 8,889,000 and 8,955,000 shares issued and outstanding as of December 31, 2024, and September 30, 2024, respectively89Â 90Â Additional paid-in capital58,731Â 61,511Â Retained earnings210,160Â 201,759Â Total RCIH stockholders' equity268,980Â 263,360Â Noncontrolling interests(209)(250)Total equity268,771Â 263,110Â Total liabilities and equity\$586,218Â \$584,364Â See accompanying notes to unaudited condensed consolidated financial statements.4Table of ContentsRCI HOSPITALITY HOLDINGS, INCCONDENSED CONSOLIDATED STATEMENTS OF INCOME(in thousands, except per share and number of share data)(unaudited)For the Three Months Ended December 31, 20242023RevenuesSales of alcoholic beverages\$32,188Â \$33,316Â Sales of food and merchandise10,106Â 10,802Â Service revenues24,181Â 25,119Â Other5,008Â 4,670Â Total revenues71,483Â 73,907Â Operating expensesCost of goods soldAlcoholic beverages sold5,846Â 6,281Â Food and merchandise sold3,563Â 4,038Â Service and other72Â 40Â Total cost of goods sold (exclusive of items shown separately below)9,481Â 10,359Â Salaries and wages20,564Â 21,332Â Selling, general and administrative26,207Â 25,201Â Depreciation and amortization3,569Â 3,853Â Other gains, net(2,244)(3)Total operating expenses57,577Â 60,742Â Income from operations13,906Â 13,165Â Other income (expenses)Interest expense(4,152)(4,216)Interest income179Â 94Â Gain on lease termination79Â " Income before income taxes10,912Â 9,043Â Income tax expense1,847Â 1,799Â Net income9,065Â 7,244Â Net income attributable to noncontrolling interests(41)(18)Net income attributable to RCIH common stockholders\$9,024Â \$7,226Â Earnings per shareBasic and diluted\$1.01Â \$0.77Â Weighted average shares used in computing earnings per shareBasic and diluted8,920,774Â 9,367,151Â See accompanying notes to unaudited condensed consolidated financial statements.5Table of ContentsRCI HOSPITALITY HOLDINGS, INCCONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY(in thousands, except number of shares)(unaudited)Common Stock Additional Paid-In Capital Retained Earnings Treasury Stock Noncontrolling Interests Total Equity Number of Shares Amount Number of Shares Amount Balance at September 30, 20248,955,000Â \$90Â \$61,511Â \$201,759Â â " " \$(250)\$263,110Â Purchase of treasury sharesâ " " " " " (66,000)(3,218)â " " (3,218)Canceled treasury shares(66,000)(1)(3,217)â " " 66,000Â 3,218Â â " " " " " Excise tax on stock repurchasesâ " " " " " (33)â " " " " " (33)Payment of dividends (\$0.07 per share)â " " " " " (623)â " " " " " (623)Stock-based compensationâ " " " " " (470)â " " " " " (470)Net incomeâ " " " " " (9,024Â 9,065Â ) Balance at December 31, 20248,889,000Â \$89Â 58,731Â \$210,160Â â " " \$(209)\$268,771Â Balance at September 30, 20239,397,639Â \$94Â \$80,437Â \$201,050Â â " " \$(257)\$281,324Â Purchase of treasury sharesâ " " " " " (37,954)â " " (2,072)Canceled treasury shares(37,954)â " " (2,072)â " " 37,954Â 2,072Â â " " " " " Excise tax on stock repurchasesâ " " " " " (20)â " " " " " (20)Payment of dividends (\$0.06 per share)â " " " " " (562)â " " " " " (562)Stock-based compensationâ " " " " " (470)â " " " " " (470)Net incomeâ " " " " " (7,226Â 7,244Â ) Balance at December 31, 20239,359,685Â \$94Â \$78,815Â \$207,714Â â " " \$(239)\$286,384Â See accompanying notes to unaudited condensed consolidated financial statements.6Table of ContentsRCI HOSPITALITY HOLDINGS, INCCONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS(in thousands, except number of shares)(unaudited)For the Three Months Ended December 31, 20242023CASH FLOWS FROM OPERATING ACTIVITIESNet income\$9,065Â \$7,244Â Adjustments to reconcile net income to net cash provided by operating activities:Depreciation and amortization3,569Â 3,853Â Deferred income tax benefit(389)â " " Stock-based compensation470Â 470Â Gain on sale of businesses and assets(1,463) (3)Amortization of debt discount and issuance costs63Â 163Â Noncash lease expense658Â 762Â Gain on insurance(1,150)â " " Doubtful accounts expense on notes receivableâ " " 22Â Changes in operating assets and liabilities, net of business acquisitions:Receivables2,373Â 1,229Â Inventories(4)(218)Prepaid expenses, other current and other assets(598)(9,029)Accounts payable, accrued and other liabilities750Â 9,140Â Net cash provided by operating activities13,344Â 13,633Â CASH FLOWS FROM INVESTING ACTIVITIESProceeds from sale of businesses and assets129Â â " " Proceeds from insurance1,150Â â " " Proceeds from notes receivable71Â 55Â Payments for property and equipment and intangible assets(5,754)(5,135)Net cash used in investing activities(4,404)(5,080)CASH FLOWS FROM FINANCING ACTIVITIESProceeds from debt obligations2,963Â 701Â Payments on debt obligations(5,694)(6,352)Purchase of treasury stock(3,218)(2,072)Payment of dividends(623)(562)Payment of loan origination costsâ " " (136)Net cash used in financing activities(6,572)(8,421)NET INCREASE IN CASH AND CASH EQUIVALENTS AT END OF PERIOD\$34,718Â \$21,155Â CASH PAID DURING PERIOD FOR:Interest\$4,080Â \$4,017Â Income taxes\$3Â â " " Noncash investing and financing transactions:Unpaid excise tax on stock repurchases\$33Â \$20Â Unpaid liabilities on capital expenditures\$2,451Â \$1,719Â See accompanying notes to unaudited condensed consolidated financial statements.7Table of ContentsRCI HOSPITALITY HOLDINGS, INC.NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(Uncaudited)1. Basis of PresentationThe accompanying unaudited condensed consolidated financial statements of RCI Hospitality Holdings, Inc. (the "Company," "we," "our" or "we" or "RCIH") for interim financial information and with the instructions to Form 10-Q of Regulation S-X. They do not include all information and footnotes required by GAAP for complete financial statements. The September 30, 2024 consolidated balance sheet data were derived from audited financial statements but do not include all disclosures required by GAAP. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to the consolidated financial statements for the year ended September 30, 2024 included in the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on December 16, 2024. The interim unaudited condensed consolidated financial statements should be read in conjunction with those consolidated financial statements included in the Form 10-K. In the opinion of management, all adjustments considered necessary for a fair statement of the financial statements, consisting solely of normal recurring adjustments, have been made. Operating results for the three months ended

December 31, 2024 are not necessarily indicative of the results that may be expected for the year ending September 30, 2025.2. Recent Accounting Standards and PronouncementsIn June 2022, the FASB issued ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The amendments in this ASU clarify that an entity should measure the fair value of an equity security subject to contractual sale restriction the same way it measures an identical equity security that is not subject to such a restriction. The FASB said the contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, should not affect its fair value. The ASU is effective for public entities for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early adoption is permitted. We adopted ASU 2022-03 on October 1, 2024. Our adoption of this ASU did not have a significant impact on our consolidated financial statements.In March 2023, the FASB issued ASU 2023-01, Leases (Topic 842): Common Control Arrangements, which amends certain provisions of ASC 842 that apply to arrangements between related parties under common control. The ASU requires all companies to amortize leasehold improvements associated with common control leases over the asset's useful life to the common control group regardless of the lease term. It also allows private and certain not-for-profit entities to use the written terms and conditions of an agreement to account for common control leases without further assessing the legal enforceability of those terms. The guidance is effective for all entities in fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been made available for issuance. We adopted ASU 2023-01 on October 1, 2024. Our adoption of this ASU did not have a significant impact on our consolidated financial statements.In August 2023, the FASB issued ASU 2023-05, Business Combinationsâ€"Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement, which addresses the accounting for contributions made to a joint venture, upon formation, in a joint venture's separate financial statements. The objectives of the ASU are to (1) provide decision-useful information to investors and other allocators of capital in a joint venture's financial statements and (2) reduce diversity in practice. The FASB decided to require a joint venture to apply a new basis of accounting upon formation that will recognize and initially measure its assets and liabilities at fair value (with exceptions to fair value measurement that are consistent with the business combinations guidance). The amendments of this ASU are effective prospectively for all joint venture formations with a formation date on or after January 1, 2025. Additionally, a joint venture that was formed before January 1, 2025 may elect to apply the amendments retrospectively if it has sufficient information. early adoptions is permitted in any interim or annual period in which financial statements have not yet been issued (or made available for issuance), either prospectively or retrospectively. We adopted the provisions of ASU 2023-05 on October 1, 2024, and will apply them on future joint ventures.8Table of ContentsRCI HOSPITALITY HOLDINGS, INC.NOTES TO CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)2. Recent Accounting Standards and Pronouncementsâ€"continuedIn November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which aims to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments in the ASU enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The purpose of the amendments is to enable investors to better understand an entity's overall performance and assess potential future cash flows. The ASU applies to all public entities that are required to report segment information in accordance with ASC 280, and is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. We are evaluating the impact of this ASU on our consolidated financial statements.In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. Under the ASU, public business entities must annually (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than five percent of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate. The amendments of the ASU are effective for public business entities for annual periods beginning after December 15, 2024. Entities are permitted to early adopt the standard for annual financial statements that have not been issued or made available for issuance. We are enhancing our income tax reporting system to be able to capture the required disclosures of this ASU.In November 2024, the FASB issued ASU 2024-03, Income Statementâ€"Reporting Comprehensive Incomeâ€"Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which expands disclosures about income statement expenses. The guidance requires disaggregation of certain costs and expenses included in each relevant expense caption on our consolidated statements of income in a separate note to the financial statements at each interim and annual reporting period, including amounts of purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The amendments in this ASU should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of the ASU or (2) retrospectively to any or all prior periods presented in the financial statements. We are currently evaluating the impact of this guidance on our financial statement disclosures.9Table of ContentsRCI HOSPITALITY HOLDINGS, INC.NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)3. RevenuesRevenues, as disaggregated by revenue type, timing of recognition, and reportable segment (see also Note 4), are shown below (in thousands):Three Months Ended December 31, 2024Three Months Ended December 31, 2023NightclubsBombshellsOtherTotalNightclubsBombshellsOtherTotalSales of alcoholic beverages\$27,035Â \$5,153Â \$â€"Â \$32,188Â \$26,236Â \$7,080Â \$â€"Â \$33,316Â Sales of food and merchandise5,736Â 4,370Â \$â€"Â 10,106Â 5,240Â 5,562Â \$â€"Â 10,802Â Service revenues24,178Â 3Â \$â€"Â 24,181Â 25,119Â \$â€"Â \$â€"Â 25,119Â Other revenues4,775Â 61Â 172Â 5,008Â 4,438Â 89Â 143Â 4,670Â \$61,724Â \$9,587Â \$172Â \$71,483Â \$61,033Â \$12,731Â \$143Â \$73,907Â Recognized at a point in time\$61,311Â \$9,586Â \$172Â \$71,069Â \$60,600Â \$12,730Â \$143Â \$73,473Â Recognized over time413Â \*1Â \$â€"Â 414Â 433Â \*1Â \$â€"Â 434Â \$61,724Â \$9,587Â \$172Â \$71,483Â \$61,033Â \$12,731Â \$143Â \$73,907Â \* Lease revenue (included in Other Revenues) as covered by ASC 842. All other revenues are covered by ASC 606. The Company does not have contract assets with customers. The Companyâ€"s unconditional right to consideration for goods and services transferred to the customer is included in accounts receivable, net in our unaudited condensed consolidated balance sheet. A reconciliation of contract liabilities with customers is presented below (in thousands):Balance at September 30, 2024 Net ConsiderationReceivedRecognized inRevenueBalance at December 31, 2024Ad revenue\$31Â \$102Â \$(109)\$24Â Expo revenue1Â 99Â \$â€"Â 100Â Franchise fees and other67Â 4Â (1)70Â \$99Â \$205Â \$(110)\$194Â Contract liabilities with customers are included in accrued liabilities as unearned revenues in our unaudited condensed consolidated balance sheets (see also Note 5), while the revenues associated with these contract liabilities are included in other revenues in our unaudited condensed consolidated statements of income.10Table of ContentsRCI HOSPITALITY HOLDINGS, INC.NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)4. Segment InformationThe Company owns and operates adult nightclubs and Bombshells Restaurants and Bars. The Company has identified such segments based on management responsibility and the nature of the Companyâ€"s products, services, and costs. There are no major distinctions in geographical areas served as all operations are in the United States. The Company measures segment profit (loss) as income (loss) from operations. Segment assets are those assets controlled by each reportable segment. The Other category below includes our media and energy drink divisions that are not significant to the unaudited condensed consolidated financial statements.Below is the financial information related to the Companyâ€"s segments (in thousands): For the Three Months Ended December 31, 20242023Revenues (from external customers)Nightclubs\$61,724Â \$61,033Â Bombshells9,587Â 12,731Â Other172Â 143Â \$71,483Â \$73,907Â Income (loss) from operationsNightclubs\$20,882Â \$20,369Â Bombshells1,971Â 86Â Other(171)(196)Corporate(8,776)(7,094)\$13,906Â \$13,165Â Depreciation and amortizationNightclubs\$2,971Â 2,905Â Bombshells320Â 643Â Other13Â 2Â Corporate265Â 303Â \$3,569Â \$3,853Â Capital expendituresNightclubs\$1,554Â \$1,532Â Bombshells3,919Â 1,908Â Other85Â 1,498Â Corporate196Â 197Â \$5,754Â \$5,135Â 11Table of ContentsRCI HOSPITALITY HOLDINGS, INC.NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)4. Segment Informationâ€"continuedDecember 31, 2024September 30, 2024Total assetsNightclubs\$458,354Â \$454,892Â Bombshells75,966Â 79,091Â Other14,191Â 14,197Â Corporate37,707Â 36,184Â \$586,218Â \$584,364Â Excluded from revenues in the table above are intercompany rental revenues of the Nightclubs and Corporate segments for the three months ended December 31, 2024, amounting to \$4.7 million and \$385,000, respectively, and for the three months ended December 31, 2023, amounting to \$4.5 million and \$227,000, respectively; and intercompany sales of Robust Energy Drink included in Other segment for the three months ended December 31, 2024, and 2023 amounting to \$72,000 and \$39,000, respectively. These intercompany revenue amounts are eliminated upon consolidation.General corporate expenses include corporate salaries, health insurance and social security taxes for officers, legal, accounting and information technology employees, corporate taxes and insurance, legal and accounting fees, depreciation and other corporate costs such as automobile and travel costs. Management considers these to be non-allocable costs for segment purposes.Certain real estate assets previously wholly assigned to Bombshells have been subdivided and allocated to other future development or investment projects. Accordingly, those asset costs have been transferred out of the Bombshells segment.5. Selected Account InformationThe components of receivables, net are as follows (in thousands):December 31, 2024September 30, 2024Credit card receivables\$1,647Â \$2,056Â Income tax refundableâ€"Â 2,017Â ATM in-transit594Â 877Â Current portion of notes receivable329Â 269Â Other (net of allowance for doubtful accounts of \$57 and \$42, respectively)949Â 613Â Total receivables, net\$3,519Â \$5,832Â Notes receivable consist primarily of secured promissory notes executed between the Company and various buyers of our businesses and assets with interest rates ranging from 6% to 9% per annum and having original terms ranging from 1 to 20 years.12Table of ContentsRCI HOSPITALITY HOLDINGS, INC.NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)5. Selected Account Informationâ€"continuedThe components of prepaid expenses and other current assets are as follows (in thousands):December 31, 2024September 30, 2024Prepaid insurance\$2,657Â \$2,792Â Prepaid legal138Â 177Â Prepaid taxes and licenses315Â 522Â Prepaid rent224Â 322Â Other892Â 614Â Total prepaid expenses and other current assets\$4,226Â \$4,427Â The components of accrued liabilities are as follows (in thousands):December 31, 2024September 30, 2024Insurance\$1,751Â \$2,390Â Sales and liquor taxes2,341Â 2,440Â Payroll and related costs3,826Â 4,676Â Property taxes3,736Â 3,347Â Interest577Â 568Â Patron taxi1,078Â 1,024Â Unearned revenues194Â 99Â Income taxes216Â \$â€"Â Lawsuit settlement2,027Â 1,985Â Construction in progress2,091Â 1,012Â Estimated self-insurance liability896Â \$â€"Â Other1,781Â 2,739Â Total accrued liabilities\$20,514Â \$20,280Â The components of other long-term liabilities are as follows (in thousands):December 31, 2024September 30, 2024Estimated self-insurance liability\$3,216Â \$â€"Â Other395Â 398Â Total other long-term liabilities\$3,611Â \$398Â 13Table of ContentsRCI HOSPITALITY HOLDINGS, INC.NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)5. Selected Account Informationâ€"continuedThe components of selling, general and administrative expenses are as follows (in thousands):For the Three Months Ended December 31, 20242023Taxes and permits\$3,828Â \$4,042Â Advertising and marketing2,962Â 3,474Â Supplies and services2,488Â 2,695Â Insurance5,283Â 3,315Â Legal1,386Â 733Â Lease1,602Â 1,824Â Charge card fees1,748Â 1,732Â Utilities1,371Â 1,485Â Security1,084Â 1,411Â Stock-based compensation470Â 470Â Accounting and professional

fees1,134Â 1,186Â Repairs and maintenance1,203Â 1,099Â Other1,648Â 1,735Â Total selling, general and administrative expenses\$26,207Â \$25,201Â The components of other gains, net are as follows (in thousands):For the Three Months Ended December 31, 20242023Settlement of lawsuits\$179Â \$â€”Â Gain on sale of businesses and assets(1,406)(3)Gain on insurance(1,017)Â \$ Total other gains, net\$(2,244)\$(3)6. Income TaxesIncome tax expense was \$1.8 million and \$1.8 million during the three months ended DecemberÂ 31, 2024, and 2023, respectively. The effective income tax rate was 16.9% and 19.9% for the three months ended DecemberÂ 31, 2024, and 2023, respectively. Our effective income tax rate is affected by state taxes, permanent differences, and tax credits, including the FICA tip credit, for both years, as presented below.  
 For the Three Months Ended December 31, 2024For the Three Months Ended December 31, 2023  
 2023Amount%Amount%Federal statutory income tax expense\$2,292Â 21.0Â %\$1,899Â 21.0Â %State income taxes, net of federal benefit300Â 2.7Â %310Â 3.4Â %Permanent differences107Â 1.0Â %42Â 0.5Â %Tax credits(770)(7.1)(452)(5.0)%Other(82)(0.8)Â \$â€”Â %Total income tax expense\$1,847Â 16.9Â %\$1,799Â 19.9Â %  
 14Table of ContentsRCI HOSPITALITY HOLDINGS, INC.NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)6. Income Taxesâ€”continuedThe Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various states. Fiscal year ended September 30, 2021, and subsequent years remain open to federal tax examination. The Company ordinarily goes through various federal and state reviews and examinations for various tax matters. 7. Commitments and ContingenciesLegal MattersIndemnity Insurance CorporationAs previously reported, the Company and its subsidiaries were insured under a liability policy issued by Indemnity Insurance Corporation, RRG (â€œIICâ€) through October 25, 2013. The Company and its subsidiaries changed insurance companies on that date. On November 7, 2013, the Court of Chancery of the State of Delaware entered a Rehabilitation and Injunction Order (â€œRehabilitation Orderâ€), which declared IIC impaired, insolvent and in an unsafe condition and placed IIC under the supervision of the Insurance Commissioner of the State of Delaware (â€œCommissionerâ€) in her capacity as receiver (â€œReceiverâ€). The Rehabilitation Order empowered the Commissioner to rehabilitate IIC through a variety of means, including gathering assets and marshaling those assets as necessary. Further, the order stayed or abated pending lawsuits involving IIC as the insurer until May 6, 2014. On AprilÂ 10, 2014, the Court of Chancery of the State of Delaware entered a Liquidation and Injunction Order With Bar Date (â€œLiquidation Orderâ€), which ordered the liquidation of IIC and terminated all insurance policies or contracts of insurance issued by IIC. The Liquidation Order further ordered that all claims against IIC must have been filed with the Receiver before the close of business on January 16, 2015 and that all pending lawsuits involving IIC as the insurer were further stayed or abated until October 7, 2014. As a result, the Company and its subsidiaries no longer had insurance coverage under the liability policy with IIC. The Company has retained counsel to defend against and evaluate these claims and lawsuits. We are funding 100% of the costs of litigation and will seek reimbursement from the bankruptcy receiver. The Company filed the appropriate claims against IIC with the Receiver before the January 16, 2015 deadline and has provided updates as requested; however, there are no assurances of any recovery from these claims. It is unknown at this time what effect this uncertainty will have on the Company. As previously stated, since October 25, 2013, the Company has obtained general liability coverage from other insurers, which have covered and/or will cover any claims arising from actions after that date. As of DecemberÂ 31, 2024, we have 1 remaining unresolved claim out of the original 71 claims.  
 15Table of ContentsRCI HOSPITALITY HOLDINGS, INC.NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)7. Commitments and Contingenciesâ€”continuedOtherOn June 23, 2014, Mark H. Dupray and Ashlee Dupray filed a lawsuit against Pedro Antonio Panameno and our subsidiary JAI Dining Services (Phoenix) Inc. (â€œJAI Phoenixâ€) in the Superior Court of Arizona for Maricopa County. The suit alleged that Mr. Panameno injured Mr. Dupray in a traffic accident after being served alcohol at an establishment operated by JAI Phoenix. The suit alleged that JAI Phoenix was liable under theories of common law dram shop negligence and dram shop negligence per se. After a jury trial proceeded to a verdict in favor of the plaintiffs against both defendants, in April 2017 the Court entered a judgment under which JAI Phoenixâ€™s share of compensatory damages is approximately \$1.4A million and its share of punitive damages is \$4.0Â million. In May 2017, JAI Phoenix filed a motion for judgment as a matter of law or, in the alternative, motion for new trial. The Court denied this motion in August 2017. In September 2017, JAI Phoenix filed a notice of appeal. In June 2018, the matter was heard by the Arizona Court of Appeals. On November 15, 2018 the Court of Appeals vacated the juryâ€™s verdict and remanded the case to the trial court. A new trial has been set for June 2025. JAI Phoenix will continue to vigorously defend itself. As set forth in the risk factors as disclosed in this report, the adult entertainment industry standard is to classify adult entertainers as independent contractors, not employees. While we take steps to ensure that our adult entertainers are deemed independent contractors, from time to time, we are named in lawsuits related to the alleged misclassification of entertainers. Claims are brought under both federal and where applicable, state law. Based on the industry standard, the manner in which the independent contractor entertainers are treated at the clubs, and the entertainer license agreements governing the entertainerâ€™s work at the clubs, the Company believes that these lawsuits are without merit. Lawsuits are handled by attorneys with an expertise in the relevant law and are defended vigorously. In March 2023, the New York State Department of Labor assessed a final judgment against one of our subsidiaries in a state unemployment tax matter for the years 2009-2022. The assessment of \$2.8Â million, which was recorded by the Company during the quarter ended March 31, 2023, was issued in final notice by the NY DOL after several appeals were denied by the Supreme Court of the State of New York, Appellate Division, Third Department. In September 2023, the NY DOL assessed another of our subsidiaries for approximately \$280,000 on the same matter for the period January 2015 through June 2022. We recorded this latter assessment during the fiscal year ended September 30, 2023. On or about May 29, 2024, search warrants were executed on the Companyâ€™s corporate headquarters in Houston, Texas, three separate clubs in New York, New York, and for the mobile phone of three individuals (including two executive officers and a non-executive corporate employee) by the New York State Attorney General (â€œNY AGâ€) and the New York State Department of Taxation and Finance (â€œNY DTFâ€). On June 7, 2024, the Company received a subpoena from the NY AG requesting documents and other information with respect to certain clubs in New York and Florida. The investigation appears to be related to the Companyâ€™s New York State tax filings and possible entertainment benefits provided to NY DTF personnel. The Company is cooperating with the NY AG and its investigation. As a result of this investigation, a non-executive corporate employee was placed on administrative leave during the pendency of an internal review process. It is not possible at this time to determine whether the Company will incur (or to reasonably estimate the amount of) any fines, penalties, or liabilities in connection with the investigation.  
 16Table of ContentsRCI HOSPITALITY HOLDINGS, INC.NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)7. Commitments and Contingenciesâ€”continuedGenerally in the regular course of business affairs and operations, we are subject to possible loss contingencies arising from third-party litigation and federal, state, and local environmental, labor, health and safety laws and regulations. We assess the probability that we could incur liability in connection with certain of these lawsuits. Our assessments are made in accordance with generally accepted accounting principles, as codified in ASC 450-20, and is not an admission of any liability on the part of the Company or any of its subsidiaries. In certain cases that are in the early stages and in light of the uncertainties surrounding them, we do not currently possess sufficient information to determine a range of reasonably possible liability. In matters where there is insurance coverage, in the event we incur any liability, we believe it is unlikely we would incur losses in connection with these claims in excess of our insurance coverage. The Company recorded lawsuit settlements incurred amounting to \$179,000 and \$0 for the three months ended DecemberÂ 31, 2024, and 2023, respectively. As of DecemberÂ 31, 2024, and SeptemberÂ 30, 2024, the Company has accrued \$2.0 million and \$2.0 million, respectively, related to settlement of lawsuits, which is included in accrued liabilities in our unaudited condensed consolidated balance sheets. Self-insurance LiabilityIn fiscal 2025, the Company started self-insuring a significant portion of expected losses under its general liability and liquor insurance programs due to increasingly prohibitive costs of such coverage from third-party insurers. The Company continues to purchase insurance for workers' compensation, property, auto, and business interruption, as well as the minimum insurance coverage where it is required by law for licensing requirements. We record a liability for unresolved claims and for an estimate of incurred but not reported claims based on historical experience. The estimated liability is based on a number of assumptions and factors regarding economic conditions, the frequency and severity of claims development history, and settlement practices. Our assumptions are reviewed, monitored, and adjusted when warranted by changing circumstances. Our initial accrual for estimated self-insurance liability during the quarter ended December 31, 2024, amounted to \$4.1 million (see Note 5).8. Related Party TransactionsPresently, our Chairman and President, Eric Langan, personally guarantees all of the commercial bank indebtedness of the Company. Mr. Langan receives no compensation or other direct financial benefit for any of the guarantees. The balance of our commercial bank indebtedness, net of debt discount and issuance costs, as of DecemberÂ 31, 2024 and SeptemberÂ 30, 2024, was \$135.1 million and \$135.3 million, respectively. Included in the debt balance as of DecemberÂ 31, 2024, and SeptemberÂ 30, 2024, are notes borrowed from related partiesâ€”one note for \$500,000 (from Ed Anakar, an employee of the Company and brother of our former director Nourdean Anakar) and another note for \$150,000 (from a brother of Company CFO, Bradley Chhay) in which the terms of the notes are the same as the rest of the lender group. We used the services of Nottingham Creations, and previously Sherwood Forest Creations, LLC, both furniture fabrication companies that manufacture tables, chairs and other furnishings for our Bombshells locations, as well as providing ongoing maintenance. Nottingham Creations is owned by a brother of Eric Langan (as was Sherwood Forest). Amounts billed to us for goods and services provided by Nottingham Creations and Sherwood Forest were \$2,780 and \$142,098 during the three months ended DecemberÂ 31, 2024, and 2023, respectively. As of DecemberÂ 31, 2024, and SeptemberÂ 30, 2024, we owed Nottingham Creations and Sherwood Forest \$3,300 and \$18,700, respectively, in unpaid billings.  
 17Table of ContentsRCI HOSPITALITY HOLDINGS, INC.NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)8. Related Party Transactionsâ€”continuedTW Mechanical LLC provided plumbing and HVAC services to both a third-party general contractor providing construction services to the Company, as well as directly to the Company during fiscal 2025 and 2024. A son-in-law of Eric Langan owns a 50% interest in TW Mechanical. Amounts billed by TW Mechanical to the third-party general contractor were \$0 and \$0 for the three months ended DecemberÂ 31, 2024, and 2023, respectively. Amounts billed directly to the Company were \$720 and \$2,932 for the three months ended DecemberÂ 31, 2024, and 2023, respectively. As of DecemberÂ 31, 2024 and SeptemberÂ 30, 2024, the Company owed TW Mechanical \$0 and \$0, respectively, in unpaid direct billings.  
 9. LeasesTotal lease expense included in selling, general and administrative expenses in our unaudited condensed consolidated statements of income for the three months ended DecemberÂ 31, 2024, and 2023 is as follows (in thousands): Three Months Ended December 31, 20242023Operating lease expense â€” fixed payments\$1,109Â \$1,292Â Variable lease expense395Â 450Â Short-term and other lease expense (includes \$102 and \$107 recorded in advertising and marketing for the three months ended DecemberÂ 31, 2024, and 2023, respectively; and \$142 and \$141 recorded in repairs and maintenance for the three months ended DecemberÂ 31, 2024, and 2023, respectively; see Note 5)342Â 330Â Sublease incomeâ€”Â \$â€”Â Total lease expense, net\$1,846Â \$2,072Â Other information: Operating cash outflows from operating leases\$1,958Â \$2,033Â Weighted average remaining lease term â€” operating leases9.5 years10.3 yearsWeighted average discount rate â€” operating leases5.7Â %5.8Â %Future maturities of operating lease liabilities as of DecemberÂ 31, 2024, are as follows (in thousands): Principal PaymentsInterest PaymentsTotal PaymentsJanuary - December 2025\$3,008Â \$1,584Â \$4,592Â January - December 20263,266Â 1,403Â 4,669Â January - December 20273,004Â 1,218Â 4,222Â January - December 20282,621Â 1,055Â 3,676Â January - December 20292,603Â 895Â 3,498Â Thereafter15,977Â 2,698Â 18,675Â \$30,479Â \$8,853Â \$39,332Â 18Table of ContentsRCI HOSPITALITY HOLDINGS, INC.NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(Unaudited)10. Subsequent EventsOn January 21, 2025, the Company completed the acquisition of a club in the Detroit, Michigan market for a total purchase price of \$11.0Â million, consisting of \$3.0Â million in cash and \$5.0Â million in a seller-financed 8% promissory note for the club, and \$3.0Â million in cash for the associated real estate. As of the

filing of this report, we have not completed our valuation and do not have estimates of fair value for the acquired assets and any assumed liability, if any. Subsequent to the balance sheet date through February 7, 2025, we repurchased 22,125 shares of our common stock at an average price of \$55.00 per share. 19 Table of Contents Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and related notes thereto included in this quarterly report, and the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended September 30, 2024. Overview RCI Hospitality Holdings, Inc. is a holding company that, through its subsidiaries, engages in businesses that offer live adult entertainment and/or high-quality dining experiences to its guests. All services and management operations are conducted by subsidiaries of RCIHH. Through our subsidiaries, as of December 31, 2024, we operated a total of 64 establishments that offer live adult entertainment. We also operated a leading business communications company serving the multi-billion-dollar adult nightclubs industry. We have two principal reportable segments: Nightclubs and Bombshells. We combine operating segments not included in Nightclubs and Bombshells into "Other." In the context of club and restaurant/sports bar operations, the terms the "Company," "we," "our," "we" and "our" and similar terms used in this report refer to subsidiaries of RCIHH. RCIHH was incorporated in the State of Texas in 1994. Our corporate offices are located in Houston, Texas. Critical Accounting Policies and Estimates The preparation of the unaudited condensed consolidated financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On a regular basis, we evaluate these estimates. These estimates are based on management's historical industry experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. For a description of the accounting policies that, in management's opinion, involve the most significant application of judgment or involve complex estimation and which could, if different judgment or estimates were made, materially affect our reported financial position, results of operations, or cash flows, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" "Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024, filed with the SEC on December 16, 2024. In fiscal 2025, the Company started self-insuring a significant portion of expected losses under its general liability and liquor insurance programs due to increasingly prohibitive costs of such coverage from third-party insurers. The Company continues to purchase insurance for workers' compensation, property, auto, and business interruption, as well as the minimum insurance coverage where it is required by law for licensing requirements. We record a liability for unresolved claims and for an estimate of incurred but not reported claims based on historical experience. The estimated liability is based on a number of assumptions and factors regarding economic conditions, the frequency and severity of claims development history, and settlement practices. Our assumptions are reviewed, monitored, and adjusted when warranted by changing circumstances. During the three months ended December 31, 2024, except as mentioned above, there were no significant changes in our accounting policies and estimates. 20 Table of Contents Results of Operations Highlights of the Company's operating results for the quarter ended December 31, 2024, are as follows, with comparisons against the same period of the prior year: Total revenues were \$71.5 million compared to \$73.9 million during the comparable prior-year quarter, a 3.3% decrease (Nightclubs revenue of \$61.7 million compared to \$61.0 million, a 1.1% increase; and Bombshells revenue of \$9.6 million compared to \$12.7 million, a 24.7% decrease). Consolidated same-store sales increased by 2.3% (Nightclubs increased by 3.7%, while Bombshells decreased by 7.5%) (refer to the definition of same-store sales in the discussion of revenues below). Basic and diluted earnings per share ("EPS") this quarter of \$1.01 compared to \$0.77 during the comparable prior-year quarter (non-GAAP diluted EPS\* of \$0.80 compared to \$0.87). Net cash provided by operating activities of \$13.3 million compared to \$13.6 million during the comparable prior-year quarter, a 2.1% decrease (free cash flow\* of \$12.1 million compared to \$12.7 million, a 4.6% decrease)\* Reconciliation and discussion of non-GAAP financial measures are included in the "Non-GAAP Financial Measures" section below. Revenues Consolidated revenues for the first quarter decreased by \$2.4 million, or 3.3%, versus the comparable prior-year quarter due primarily to the \$4.4 million impact of closed locations, partially offset by a \$487,000 increase in sales from new locations and the \$1.5 million impact of the increase in consolidated same-store sales. We calculate same-store sales by comparing year-over-year revenues from nightclubs and restaurants/sports bars starting in the first full quarter of operations after at least 12 full months for Nightclubs and at least 18 full months for Bombshells. We consider the first six months of operations of a Bombshells unit to be the "honeymoon period" where sales are higher than normal. We exclude from a particular month's calculation units previously included in the same-store sales base that have closed temporarily until its next full quarter of operations. We also exclude from the same-store sales base units that are being re-concepted or are closed due to renovations or remodels. Acquired units are included in the same-store sales calculation as long as they qualify based on the definition stated above. Revenues outside of our Nightclubs and Bombshells reportable segments are excluded from same-store sales calculation. Segment contribution to total revenues was as follows (in thousands, except percentages): Three Months Ended December 31, 2024 Mix Three Months Ended December 31, 2023 Mix Inc (Dec) % Inc (Dec) % Nightclubs Sales of alcoholic beverages \$27,035A 43.8% \$26,236A 43.0% \$799A 3.0% Sales of food and merchandise 5,736A 9.3% 5,240A 8.6A 496A 9.5% Service revenues 24,178A 39.2% 25,119A 41.2A 941(3.7)% Other revenues 4,775A 7.7A 64,438A 7.3A 337A 7.6A 61,033A 100.0A 6691A 1.1A % Bombshells Sales of alcoholic beverages 5,153A 53.7A 7,080A 55.6A % (1,927)(27.2)% Sales of food and merchandise 4,370A 45.6A 5,562A 43.7A % (1,192)(21.4)% Service revenues 3A 4% 3A 100.0A % Other revenues 61A 0.6A 898A 0.7A % (28)(31.5)% 9,587A 100.0A 12,731A 100.0A % (3,144)(24.7)% Other Other revenues 172A 100.0A 143A 100.0A 29A 20.3A % 71,483A \$73,907A \$(2,424)(3.3)% 21 Table of Contents Nightclubs revenues increased by 1.1% during the first quarter compared to the same quarter last year primarily due to the \$436,000 contribution of newly acquired clubs and the \$2.1 million impact of the increase in same-store sales, partially offset by the \$1.8 million impact of closed clubs. For Nightclubs that were open enough days to qualify for same-store sales (refer to the definition of same-store sales in the preceding paragraph), sales increased by 3.7%. By type of revenue, alcoholic beverage sales increased by 3.0%, food, merchandise and other revenue increased by 8.6%, while service revenues decreased by 3.7%. Bombshells first quarter revenues decreased by 24.7%, of which 7.5% was for same-store sales decline and \$2.6 million from recently closed or sold locations, with the offsetting increase caused by sales from a new location. By type of revenue, food and merchandise sales decreased by 21.4% while alcoholic beverage sales decreased by 27.2%. Operating Expenses Total operating expenses, as a percent of revenues, decreased to 80.5% from 82.2% from last year's first quarter. Year-over-year change was a \$3.2 million decrease, or 5.2%. Significant contributors to the changes in operating expenses are explained below. Cost of goods sold. Cost of goods sold for the first quarter decreased by \$878,000, or 8.5%, mainly due to lower sales. As a percent of total revenues, cost of goods sold decreased to 13.3% from 14.0%. Nightclubs cost of goods sold during the quarter decreased to 11.5% from 12.0%, while Bombshells cost of goods sold slightly increased to 23.9% from 23.7%. Salaries and wages. Salaries and wages decreased by \$768,000, or 3.6%, for the quarter mainly due to closed locations. As a percent of total revenues, salaries and wages decreased to 28.8% from 28.9%. Nightclubs increased to 22.6% from 22.0%, Bombshells decreased to 29.3% from 31.1%, while corporate slightly increased to 5.2% from 5.1%. Selling, general and administrative expenses. Total selling, general and administrative expenses increased by \$1.0 million, or 4.0%, for the quarter. Dollar amounts in the tables below are in thousands, except percentages. For the Three Months Ended December 31, 2024 For the Three Months Ended December 31, 2023 Better (Worse) Amount % of Revenues Amount % of Revenues Amount % of Revenues Amount % of Taxes and permits \$3,828A 5.4A % \$4,042A 5.5A % \$214A 5.3A % Advertising and marketing 2,962A 4.1A % 3,474A 4.7A % 512A 14.7A % Supplies and services 2,488A 3.5A % 2,695A 3.6A % 207A 7.7A % Insurance 5,283A 7.4A % 3,315A 4.5A % (1,968)(59.4)% Legal 1,386A 1.9A % 733A 1.0A % (653)(89.1)% Lease 1,602A 2.2A % 1,824A 2.5A % 222A 12.2A % Charge card fees 1,748A 2.4A % 1,732A 2.3A % (16)(0.9)% Utilities 1,371A 1.9A % 1,485A 2.0A % 114A 7.7A % Security 1,084A 1.5A % 1,411A 1.9A % 327A 23.2A % Stock-based compensation 470A 0.7A % 470A 0.6A % Accounting and professional fees 1,134A 1.6A % 1,186A 1.6A % 52A 4.4A % Repairs and maintenance 1,203A 1.7A % 1,099A 1.5A % (104)(9.5)% Other 1,648A 2.3A % 1,735A 2.3A % 87A 5.0A % Total selling, general and administrative expenses \$26,207A 36.7A % \$25,201A 34.1A % \$(1,006)(4.0)% Advertising and marketing decreased mainly due to closed locations. Insurance expense increased due to the estimated self-insurance for general liability and liquor liability that was set up during the current quarter. Legal expenses increased due mainly to the increase in ongoing cases. Depreciation and amortization. Depreciation and amortization decreased by \$284,000, or 7.4%, during the quarter primarily due to closed locations. 22 Table of Contents Other gains, net. Other gains, net for the quarter changed mainly due to the sale of our Bombshells location in Austin, Texas, which was significantly impaired in a prior period, and the insurance recovery for a club razed by fire in a prior period. See Note 5 to our unaudited condensed consolidated financial statements. Income (Loss) from Operations For the three months ended December 31, 2024, and 2023, our consolidated operating margin was 19.5% and 17.8%, respectively. Segment contribution to income (loss) from operations is presented in the table below (in thousands): For the Three Months Ended December 31, 2024 For the Three Months Ended December 31, 2023 Nightclubs \$20,882A \$20,369A Bombshells 1,971A 86A Other (171)(196)% Corporate (8,776)(7,094)\$13,906A \$13,165A Excluding certain items, the three months ended December 31, 2024, and 2023 non-GAAP operating income (loss) and non-GAAP operating margin are computed in the tables below (dollars in thousands). Refer to the discussion of Non-GAAP Financial Measures on page 24. For the Three Months Ended December 31, 2024 Nightclubs Bombshells Other Corporate Total Income (loss) from operations \$20,882A \$1,971A \$(171)(8,776)\$13,906A Amortization of intangibles 574A 1A % 5A 580A Settlement of lawsuits 179A 4% 179A 4% 179A Stock-based compensation 470A 470A Loss (gain) on sale of businesses and assets 16A (1,330)% (92)(1,406) Non-GAAP operating income (loss) \$20,634A \$642A \$(171)(8,393)\$12,712A GAAP operating margin 33.8A % 20.6A % (99.4)% (12.3)% 19.5A % Non-GAAP operating margin 33.4A % 6.7A % (99.4)% (11.7)% 17.8A % For the Three Months Ended December 31, 2023 Nightclubs Bombshells Other Corporate Total Income (loss) from operations \$20,369A \$86A \$(196)\$7,094\$13,165A Amortization of intangibles 591A 63A % 5A 659A Stock-based compensation 470A 470A 470A Gain on sale of businesses and assets (1)% (2)(3) Non-GAAP operating income (loss) \$20,959A \$149A \$(196)\$6,621\$14,291A GAAP operating margin 33.4A % 0.7A % (137.1)% (9.6)% 17.8A % Non-GAAP operating margin 34.3A % 1.2A % (137.1)% (9.0)% 19.3A % Other Income/Expenses Interest expense decreased by \$64,000, or 1.5%, while interest income increased by \$85,000, or 90.4%, during the quarter. Gain on lease termination was from settlement of lease obligation related to a closed Bombshells unit in a prior period. Our total occupancy costs, which we define as the sum of operating lease expense and interest expense, were \$5.8 million and \$6.0 million for the quarters ended December 31, 2024, and 2023, respectively. 23 Table of Contents Income Taxes Income tax expense was \$1.8 million and \$1.8 million during the three months ended December 31, 2024, and 2023, respectively. The effective income tax rate was 16.9% and 19.9% for the three months ended December 31, 2024, and 2023, respectively. Our effective income tax rate is affected by state taxes, permanent differences, and tax credits, including the FICA tip credit, for both years, as presented below. For the Three Months Ended December 31, 2024 For the Three Months Ended December 31, 2023 Amount % Amount % Federal statutory income tax expense \$2,292A 21.0A % \$1,899A 21.0A % State income taxes, net of federal benefit 300A 2.7A % 310A 3.4A % Permanent differences 107A 1.0A % 42A 0.5A % Tax credit (770)(7.1)% (452)(5.0)% Other (82)(0.8)% Total income tax expense \$1,847A 16.9A % \$1,799A 19.9A % Income taxes increased in dollar amount due to a higher pretax income in the current quarter. Effective income tax

rate decreased due to higher tax credits. Non-GAAP Financial MeasuresIn 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) settlement of lawsuits, (c) gains or losses on sale of businesses and assets, (d) gains or losses on insurance, and (e) 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 or loss attributable to RCIHH common stockholders and diluted earnings per share. Adjustment items are: (a) amortization of intangibles, (b) settlement of lawsuits, (c) gains or losses on sale of businesses and assets, (d) gains or losses on insurance, (e) stock-based compensation, (f) gains or losses on lease termination, 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 17.7% and 19.9% effective tax rate of the pre-tax non-GAAP income before taxes for the three months ended December 31, 2024, and 2023, 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.24Table of ContentsAdjusted EBITDA. We calculate adjusted EBITDA by excluding the following items from net income or loss attributable to RCIHH common stockholders: (a) depreciation and amortization, (b) income tax expense, (c) net interest expense, (d) settlement of lawsuits, (e) gains or losses on sale of businesses and assets, (f) gains or losses on insurance, (g) stock-based compensation, and (h) gains or losses on lease termination. 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. We also use certain non-GAAP cash flow measures such as free cash flow. See "Liquidity and Capital Resources" section for further discussion. The following tables present our non-GAAP performance measures for the three months ended December 31, 2024, and 2023 (in thousands, except per share, number of shares, and percentages):Three Months Ended December 31, 20242023Reconciliation of GAAP net income to Adjusted EBITDA. Net income attributable to RCIHH common stockholders\$9,024 \$7,226. Income tax expense1,847 1,799. Interest expense, net3,973 4,122. Depreciation and amortization3,569 3,853. Settlement of lawsuits179 4. Stock-based compensation470 470. Gain on sale of businesses and assets(1,406)(3). Gain on insurance(1,017) 4. Gain on lease termination(979) 4. Adjusted EBITDA\$15,660 \$17,467. Three Months Ended December 31, 20242023Reconciliation of GAAP net income to non-GAAP net income. Net income attributable to RCIHH common stockholders\$9,024 \$7,226. Amortization of intangibles580 659. Settlement of lawsuits179 4. Stock-based compensation470 470. Gain on sale of businesses and assets(1,406)(3). Gain on insurance(1,017) 4. Gain on lease termination(979) 4. Net income tax effect310 (220). Non-GAAP net income\$7,161 \$8,132. 25Table of ContentsThree Months Ended December 31, 20242023Reconciliation of GAAP diluted earnings per share to non-GAAP diluted earnings per share. Diluted shares8,920 774 9,367,151. GAAP diluted earnings per share\$1.01 0.77. Amortization of intangibles0.07 0.07. Settlement of lawsuits0.02 0.00. Stock-based compensation0.05 0.05. Gain on sale of businesses and assets(0.16) 0.00. Gain on insurance(0.11) 0.00. Gain on lease termination(0.11) 0.00. Net income tax effect0.03 (0.02). Non-GAAP diluted earnings per share\$0.80 0.87. Three Months Ended December 31, 20242023Reconciliation of GAAP operating income to non-GAAP operating income. Income from operations\$13,906 \$13,165. Amortization of intangibles580 659. Settlement of lawsuits179 4. Stock-based compensation470 470. Gain on sale of businesses and assets(1,406)(3). Gain on insurance(1,017) 4. Non-GAAP operating income\$12,712 \$14,291. Three Months Ended December 31, 20242023Reconciliation of GAAP operating margin to non-GAAP operating margin. Income from operations19.5 % 17.8 %. Amortization of intangibles0.8 % 0.9 %. Settlement of lawsuits0.3 0.0. Stock-based compensation0.7 0.6. Gain on sale of businesses and assets(2.0) 0.0. Gain on insurance(1.4) 0.0. Non-GAAP operating income17.8 % 19.3 %. \* Per share amounts and percentages may not foot due to rounding.\*\* The adjustments to reconcile net income attributable to RCIHH common stockholders to non-GAAP net income exclude the impact of adjustments related to noncontrolling interests, which is immaterial.26Table of ContentsLiquidity and Capital ResourcesAt December 31, 2024, our cash and cash equivalents were approximately \$34.7 million compared to \$32.4 million at September 30, 2024. Because of the large volume of cash we handle, we have very stringent cash controls. As of December 31, 2024, we had working capital of \$0.8 million compared to a negative working capital of \$793,000 as of September 30, 2024. We believe that we can borrow capital if needed but currently we do not have unused credit facilities so there can be no guarantee that additional liquidity will be readily available or available on favorable terms. We have not recently raised capital through the issuance of equity securities although we have used equity recently in our acquisitions. Instead, we use debt financing to lower our overall cost of capital and increase our return on stockholders' equity. We have a history of borrowing funds in private transactions and from sellers in acquisition transactions and have secured traditional bank financing on our new development projects and refinancing of our existing notes payable. There can be no assurance though that any of these financing options would be presently available on favorable terms, if at all. We also have historically utilized these cash flows to invest in property and equipment, adult nightclubs, and restaurants/sports bars. We expect to generate adequate cash flows from operations for the next 12 months from the issuance of this report. The following table presents a summary of our cash flows from operating, investing, and financing activities (in thousands):For the Three Months Ended December 31, 20242023Operating activities\$13,344 \$13,633. Investing activities(4,404)(5,080). Financing activities(6,572)(8,421). Net increase in cash and cash equivalents\$2,368 \$132. Cash Flows from Operating ActivitiesFollowing are our summarized cash flows from operating activities (in thousands):For the Three Months Ended December 31, 20242023Net income\$9,065 \$7,244. Depreciation and amortization3,569 3,853. Deferred income tax benefit(389) 4. Stock-based compensation470 470. Net change in operating assets and liabilities2,521 1,122. Other(1,892) 944. Net cash provided by operating activities\$13,344 \$13,633. Although income from operations in the current quarter was higher than the same-quarter last year, net cash provided by operating activities during the current quarter slightly decreased due to lower conversion to cash of revenues earned partially offset by lower payments of operating liabilities in the current quarter as compared to last year. In view of self-insuring most of our general liability and liquor insurance programs, we expect our payments for expected losses for those programs to be volatile in the near future until we have fully established a trust to fund our estimated self-insurance liability.27Table of ContentsCash Flows from Investing ActivitiesFollowing are our cash flows from investing activities (in thousands):For the Three Months Ended December 31, 20242023Payments for property and equipment and intangible assets\$(5,754)(5,135). Proceeds from sale of businesses and assets129 4. Proceeds from insurance1,150 4. Proceeds from notes receivable71 55. Net cash used in investing activities\$(4,404)(5,080). Following is a breakdown of our payments for property and equipment and intangible assets for the three months ended December 31, 2024, and 2023 (in thousands):For the Three Months Ended December 31, 20242023New facilities, equipment, and intangible assets\$4,478 \$4,152. Maintenance capital expenditures1,276 983. Total capital expenditures\$5,754 \$5,135. The capital expenditures during the quarter ended December 31, 2024, and 2023 were composed mostly of construction projects in-progress. Maintenance capital expenditures refer mainly to capitalized replacement of productive assets in already existing locations. Variances in capital expenditures are primarily due to the number and timing of new, remodeled, or reconceived locations under construction. Cash Flows from Financing ActivitiesFollowing are our cash flows from financing activities (in thousands):For the Three Months Ended December 31, 20242023Proceeds from debt obligations\$2,963 \$701. Payments on debt obligations(5,694)(6,352). Purchase of treasury stock(3,218)(2,072). Payment of dividends(623)(562). Payment of loan origination costs4 (136). Net cash used in financing activities\$(6,572)(8,421). We purchased 66,000 shares of our common stock at an average price of \$48.76 during the quarter ended December 31, 2024, while we purchased 37,954 shares of our common stock at an average price of \$45.59 during the quarter ended December 31, 2023. As of December 31, 2024, we have approximately \$17.8 million authorization remaining to purchase additional shares. We paid \$0.07 per share in quarterly dividends during the quarter ended December 31, 2024, while we paid \$0.06 per share during the quarter ended December 31, 2023. We have paid all our debts on time and have not defaulted nor requested forbearance on any of our debts during the quarters ended December 31, 2024, and 2023.28Table of ContentsManagement also uses certain non-GAAP cash flow measures such as free cash flow. We calculate free cash flow as 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. Below is a table reconciling free cash flow to its most directly comparable GAAP measure (in thousands):For the Three Months Ended December 31, 20242023Net cash provided by operating activities\$13,344 \$13,633. Less: Maintenance capital expenditures1,276 983. Free cash flow\$12,068 \$12,650. Our free cash flow for the quarter decreased by 4.6% compared to the comparable prior-year period primarily due to higher maintenance capital expenditures and lower conversion to cash of revenues earned, partially offset by lower payments of operating liabilities in the current quarter as compared to last year. We do not include capital expenditures related to new facilities construction, equipment and intangible assets as a reduction from net cash flow from operating activities to arrive at free cash flow. This is because, based on our capital allocation strategy, acquisitions and development of our own clubs and restaurants are our primary uses of free cash flow. Other than the impact of uncertainties caused by near-term macro environment, including commodity and labor inflation, and our contractual debt and lease obligations, we are not aware of any event or trend that would adversely impact our liquidity. In our opinion, working capital is not a true indicator of our financial status. Typically, businesses in our industry carry current liabilities in excess of current assets because businesses in our industry receive substantially immediate payment for sales, with nominal receivables, while inventories and other current liabilities normally carry longer payment terms. Vendors and purveyors often remain flexible with payment terms, providing businesses in our industry with opportunities to adjust to short-term business downturns. We consider the primary indicators of financial status to be the long-term trend of revenue growth, the mix of sales revenues, overall cash flow, profitability from operations and the level of long-term debt. We continue to monitor the macro environment and will adjust our overall approach to capital allocation as events and trends unfold. The following table presents a summary of such indicators for the quarters ended December 31 (in thousands, except percentages):2024Increase (Decrease)2023Increase (Decrease)2022Sales of alcoholic beverages\$32,188 (3.4)%\$33,316 12.4 %. \$29,650. Sales of food and merchandise10,106 (6.4)%\$10,802 4.4 %. \$10,347. Service revenues24,181 (3.7)%\$25,119 (1.7)%\$25,563. Other5,008 7.2 %. \$4,670. 5.9 %. \$4,408. Total revenues\$71,483 (3.3)%\$73,907 5.6 %. \$69,968. Net income attributable to RCIHH common stockholders\$9,024 24.9 %. \$7,226 (29.4)%\$10,238. Net

cash provided by operating activities \$13,344 (2.1)% \$13,633 (8.5)% \$14,895 Adjusted EBITDA\* \$15,660 (10.3)% \$17,467 (14.6)% \$20,459 Free cash flow\* \$12,068 (4.6)% \$12,650 (2.9)% \$13,031 Debt (end of period) \$235,529 0.6% \$234,113 10.8% \$211,234 \*See definition and calculation of Adjusted EBITDA and Free Cash Flow above in the Non-GAAP Financial Measures subsection of Results of Operations.29Table of ContentsImpact of InflationTo the extent permitted by competition, we have managed to recover increased costs through price increases and may continue to do so. However, there can be no assurance that we will be able to do so in the future.SeasonalityOur nightclub operations are affected by seasonal factors. Historically, we have experienced reduced revenues from April through September (our fiscal third and fourth quarters) with the strongest operating results occurring during October through March (our fiscal first and second quarters). Our revenues in certain markets are also affected by sporting events that cause unusual changes in sales from year to year.Capital Allocation StrategyOur capital allocation strategy provides us with disciplined guidelines on how we should use our free cash flows; provided however, that we may deviate from this strategy if other strategic rationale warrants. We calculate free cash flow as net cash flows from operating activities minus maintenance capital expenditures. Using the after-tax yield of buying our own stock as baseline, management believes that we are able to make better investment decisions.Based on our current capital allocation strategy:â€¢ We consider acquiring or developing our own clubs or restaurants that we believe have the potential to provide a minimum cash on cash return of 25%-33%, absent an otherwise strategic rationale;â€¢ We consider disposing of underperforming units to free up capital for more productive use;â€¢ We consider buying back our own stock if the after-tax yield on free cash flow is above 10%;â€¢ We consider paying down our most expensive debt if it makes sense on a tax adjusted basis, or there is an otherwise strategic rationale.Growth StrategyWe believe that we can continue to grow organically and through careful entry into markets with high growth potential. Our growth strategy includes acquiring existing units, opening new units after market analysis, and developing new club concepts that are consistent with our management and marketing skills as our capital and manpower allow.All nine of the existing Bombshells restaurants as of December 31, 2024 were located in Texas, and we opened a new Bombshells location in Denver, Colorado, in January 2025. Our growth strategy is to diversify our operations with these units which do not require SOB licenses, which are sometimes difficult to obtain. While we are searching for adult nightclubs to acquire, we are able to also search for restaurant/sports bar locations that are consistent with our income targets.We continue to evaluate opportunities to acquire new nightclubs and anticipate acquiring new locations that fit our business model as we have done in the past. The acquisition of additional clubs may require us to take on additional debt or issue our common stock, or both. There can be no assurance that we will be able to obtain additional financing on reasonable terms in the future, if at all, should the need arise. An inability to obtain such additional financing could have an adverse effect on our growth strategy.30Table of ContentsItem 3. Quantitative and Qualitative Disclosures About Market Risk.As of December 31, 2024, there were no material changes to the information provided in Item 7A of the Companyâ€™s Annual Report on Form 10-K for fiscal year ended September 30, 2024.Item 4. Controls and Procedures.Evaluation of Disclosure Controls and ProceduresThe Company maintains disclosure controls and procedures, defined in Rule 13a-15(e) under the Exchange Act, that are designed to ensure that the information required to be filed or submitted with the SEC under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SECâ€™s rules and forms, and that such information is accumulated and communicated to management of the company with the participation of its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.In connection with the preparation of this Quarterly Report on Form 10-Q for the quarter ended December 31, 2024, an evaluation was performed under the supervision and with the participation of management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Companyâ€™s disclosure controls and procedures. Based on their evaluation, they have concluded that our disclosure controls and procedures were not effective as of December 31, 2024. This determination is based on the previously reported material weaknesses management previously identified in our internal control over financial reporting, as described below. We are in the process of remediating the material weaknesses in our internal control, as described below. We believe the completion of these processes should remedy our disclosure controls and procedures. We will continue to monitor these issues.Previously Reported Material Weakness in Internal Control Over Financial ReportingIn our Annual Report for the year ended September 30, 2024, filed with the SEC on December 16, 2024, management concluded that our internal control over financial reporting was not effective as of September 30, 2024. In the evaluation, management identified material weaknesses in internal control related (1) ineffective design and operation of controls over certain information technology general controls ("ITGCs"), including program change management, user access, and vendor management controls; (2) ineffective design and operation of controls, which include management review controls, over the accounting for business combinations; and (3) ineffective design and operation of controls, which include management review controls, over the Company's assessments of potential impairment. Our business process controls (automated and manual) that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted. We believe that these control deficiencies were a result of inadequate IT controls over the review of user access and imprecise documentation of procedures related to program change management. Additionally, we rely upon a variety of outsourced IT service providers for key elements of the technology infrastructure impacting our financial reporting process. Certain outsourced IT service providers could not provide System and Organization Controls ("SOC") reports for periods that closely align with our fiscal year end. Given that management did not effectively assess the design and operation of these outsourced IT service providersâ€™ internal controls, some of our controls over IT systems and business processes were also deemed ineffective, but only to the extent that we rely upon information that was subject to the outsourced IT service providersâ€™ control environment. These deficiencies may have an impact on our financial statements, account balances, and disclosures. Based on our evaluation, our management, with the participation of our chief executive officer and chief financial officer, concluded that our internal control over financial reporting was not effective as of September 30, 2024.Remediation Efforts to Address Material WeaknessReview of Accounting for Business CombinationsControls will be added to both increase precision of managementâ€™s review of each component of business combinations, and if necessary, retain the services of a third-party consultant to assist in the valuation and accounting for intangible assets acquired in a business combination.31Table of ContentsReview of Accounting for Impairment of Goodwill and Intangible AssetsAs most of the assumptions used in the valuation models employed in impairment analyses are subjective in nature, management will employ additional controls to validate these assumptions, including the engagement of a third-party consultant to assist developing valuation models and establishing sound and reasonable assumptions.Information Technology General ControlsAs a result of the material weakness, we have initiated and will continue to implement remediation measures to ensure that control deficiencies contributing to the material weakness are remediated, such that these controls are designed, implemented, and operating effectively. The remediation actions include: (i) strengthening and enhancing the review and documentation procedures in our controls over user access review; (ii) defining and communicating clear and concise program change management policy and procedures; (iii) enhancing the reporting requirements of accounting system audit logs; (iv) continuous improvement over our ITGC controls related to third party applications; and (v) enhanced quarterly reporting on the remediation measures to the Audit Committee of the board of directors.It is our belief that these added controls will effectively remediate the existing material weaknesses. The material weaknesses will not be considered remediated, however, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of these material weaknesses will be completed prior to the end of fiscal 2025.Changes in Internal Control Over Financial ReportingOther than as described above, there were no changes in the Companyâ€™s internal control over financial reporting that occurred during the quarter ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Companyâ€™s internal control over financial reporting.32Table of ContentsPART IIâ€¢ OTHER INFORMATIONItem 1. Legal Proceedings.See the â€œLegal Mattersâ€ section within Note 7 of the unaudited condensed consolidated financial statements within this Quarterly Report on Form 10-Q, which information is incorporated herein by reference. Item 1A. Risk Factors.There were no material changes to the risk factors disclosed in the Companyâ€™s Annual Report on Form 10-K for the fiscal year ended September 30, 2024, except for such risks and uncertainties that may result from the additional disclosures in the â€œLegal Mattersâ€ and â€œSelf-insurance Liabilityâ€ sections within Note 7 of the unaudited condensed consolidated financial statements within this Quarterly Report on Form 10-Q, which information is incorporated herein by reference. The risks described in the Annual Report on Form 10-K and in this Form 10-Q are not the only risks the Company faces. Additional risks and uncertainties not currently known to the Company, or that the Company deems to be immaterial, also may have a material adverse impact on the Companyâ€™s business, financial condition or results of operations.Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.Our share repurchase activity during the three months ended December 31, 2024, was as follows:PeriodTotal Number of Shares (or Units) PurchasedAverage Price Paid per Share (or Unit)(1)Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs(2)Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet be Purchased Under the Plans or ProgramsOctober 1-31, 202423,969 \$42,934 23,969 \$20,006,149 November 1-30, 202419,830 \$49,534 19,830 \$19,024,057 December 1-31, 202422,201 \$54,394 22,201 \$17,816,642 66,000 \$48,764 66,000 (1)Â A Â A Prices include any commissions and transaction costs, but exclude a 1% excise tax.(2)Â A Â A All shares were purchased pursuant to the repurchase plans approved by the board of directors as disclosed in our most recent Annual Report on Form 10-K.33Table of ContentsItem 6. Exhibits.Exhibit No.Description31.1Certification of Chief Executive Officer of RCI Hospitality Holdings, Inc. required by Rule 13a-14(1) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.31.2Certification of Chief Financial Officer of RCI Hospitality Holdings, Inc. required by Rule 13a-14(1) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.32Certification of Chief Executive Officer and Chief Financial Officer of RCI Hospitality Holdings, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63.101The following financial information from RCI Hospitality Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarter ended December 31, 2024, formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Changes in Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements.104Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)34Table of ContentsSIGNATURESPursuant 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: FebruaryÂ 10, 2025By: /s/ Eric S. LanganEric S. LanganChief Executive Officer and PresidentDate: FebruaryÂ 10, 2025By: /s/ Bradley ChhayBradley ChhayChief Financial Officer and Principal Accounting Officer35DocumentEXHIBIT 31.1CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002I, Eric S. Langan, Chief Executive Officer and President of RCI Hospitality Holdings, Inc., certify that:1.I have reviewed this quarterly report on Form 10-Q of RCI Hospitality Holdings, Inc.;2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the

registrant and have:(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c)Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d)Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s independent registered public accounting firm and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; and(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Date: February 10, 2025By:/s/ Eric S. LanganEric S. LanganChief Executive Officer and PresidentDocumentEXHIBIT 31.2CERTIFICATION PURSUANT TO SECTION 302 OF THESARBANES-OXLEY ACT OF 2002I, Bradley Chhay, Chief Financial Officer of RCI Hospitality Holdings, Inc., certify that:1.I have reviewed this quarterly report on Form 10-Q of RCI Hospitality Holdings, Inc.;2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:(a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c)Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d)Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s independent registered public accounting firm and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):(a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; and(b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Date: February 10, 2025By:/s/ Bradley ChhayBradley ChhayChief Financial Officer and Principal Accounting OfficerDocumentExhibit 32CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the Quarterly Report of RCI Hospitality Holdings, Inc. (the â€œCompanyâ€) on Form 10-Q for the fiscal period ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), we, the Chief Executive Officer and the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Â§ 1350, as adopted pursuant to Â§ 906 of the Sarbanes-Oxley Act of 2002, that based on our knowledge, that:(1)The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and(2)The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of and for the periods covered in the Report./s/ Eric S. LanganEric S. LanganChief Executive OfficerFebruary 10, 2025/s/ Bradley ChhayBradley ChhayChief Financial OfficerFebruary 10, 2025A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to RCI Hospitality Holdings, Inc. and will be retained by RCI Hospitality Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.