RCI HOSPITALITY HOLDINGS INC

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

NASDAQ: RICK | 2Q23 Conference Call | May 10, 2023 | www.rcihospitality.com | @RCIHHinc

Today's Speakers

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Twitter Spaces Instructions

- **Go To:** @RicksCEO on Twitter: **https://twitter.com/RicksCEO**
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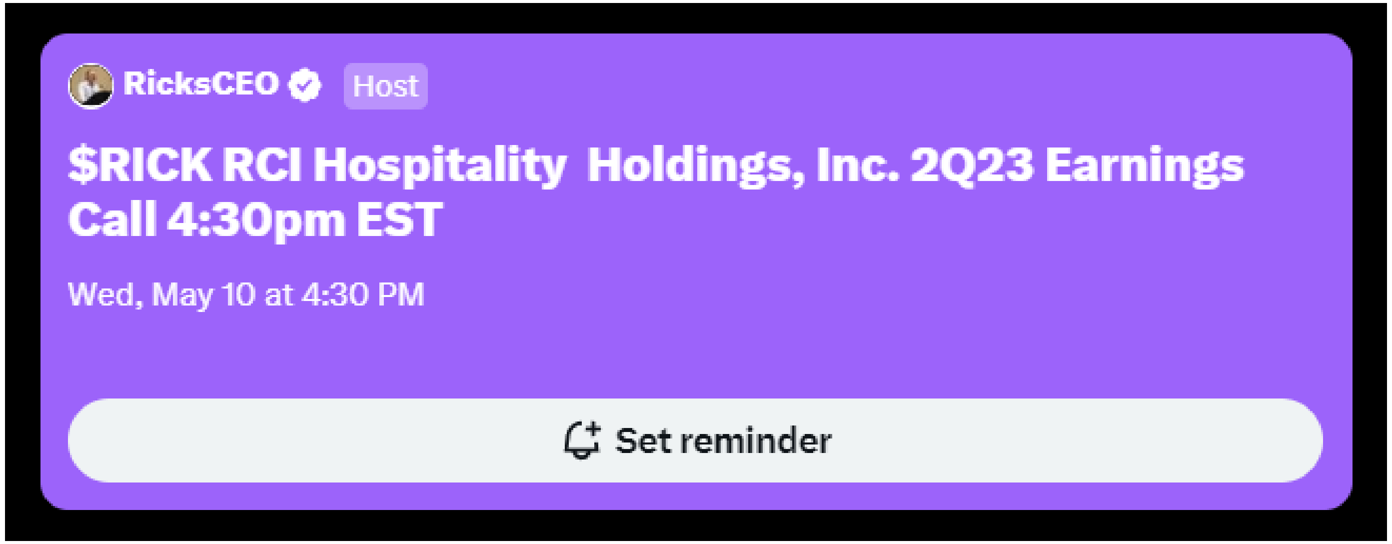

- **To ask a question during Q&A:** You will need to join the Space with a mobile phone
- **To listen only:** You can join the Space with a personal computer
- **Note:** You can also use traditional phone and webcast for **listen only** access – see our earnings news release for details

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, among other things, statements regarding plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements, which are other than statements of historical facts. Forward-looking statements generally can be identified by words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “will be,” “will continue,” “will likely result,” and similar expressions.

These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this presentation and those discussed in other documents we file with the Securities and Exchange Commission (“SEC”).

This presentation may contain forward-looking statements that involve a number of risks and uncertainties that could cause the company’s actual results to differ materially from those indicated in this press release, including, but not limited to, the risks and uncertainties associated with (i) operating and managing an adult entertainment or restaurant business, (ii) the business climates in cities where it operates, (iii) the success or lack thereof in launching and building the company’s businesses, (iv) cyber security, (v) conditions relevant to real estate transactions, (vi) the impact of the COVID-19 pandemic, and (vii) numerous other factors such as laws governing the operation of adult entertainment or restaurant businesses, competition and dependence on key personnel.

For more detailed discussion of such factors and certain risks and uncertainties, see RCI’s annual report on Form 10-K for the year ended September 30, 2022, as well as its other filings with the U.S. Securities and Exchange Commission. The company has no obligation to update or revise the forward-looking statements to reflect the occurrence of future events or circumstances.

The novel coronavirus (COVID-19) pandemic has disrupted and may continue to disrupt our business, which has and could continue to materially affect our operations, financial condition, and results of operations for an extended period of time.

As used herein, the “Company,” “we,” “our,” and similar terms include RCI Hospitality Holdings, Inc. (RCIHH) and its subsidiaries, unless the context indicates otherwise.

Trademarks

Except as otherwise indicated, all trademarks, service marks, logos, and trade names in this presentation are property of RCI Hospitality Holdings, Inc., its subsidiaries or affiliates.

Non-GAAP Financial Measures

In addition to our financial information presented in accordance with GAAP, management uses certain non-GAAP financial measures, within the meaning of the SEC Regulation G, to clarify and enhance understanding of past performance and prospects for the future. Generally, a non-GAAP financial measure is a numerical measure of a company's operating performance, financial position or cash flows that excludes or includes amounts that are included in or excluded from the most directly comparable measure calculated and presented in accordance with GAAP. We monitor non-GAAP financial measures because it describes the operating performance of the Company and helps management and investors gauge our ability to generate cash flow, excluding (or including) some items that management believes are not representative of the ongoing business operations of the Company, but are included in (or excluded from) the most directly comparable measures calculated and presented in accordance with GAAP. Relative to each of the non-GAAP financial measures, we further set forth our rationale as follows:

- *Non-GAAP Operating Income and Non-GAAP Operating Margin.* We calculate non-GAAP operating income and non-GAAP operating margin by excluding the following items from income from operations and operating margin: (a) amortization of intangibles, (b) impairment of assets, (c) gains or losses on sale of businesses and assets, (d) gains or losses on insurance, (e) settlement of lawsuits, and (f) stock-based compensation. We believe that excluding these items assists investors in evaluating period-over-period changes in our operating income and operating margin without the impact of items that are not a result of our day-to-day business and operations.
- *Non-GAAP Net Income and Non-GAAP Net Income per Diluted Share.* We calculate non-GAAP net income and non-GAAP net income per diluted share by excluding or including certain items to net income attributable to RCIHH common stockholders and diluted earnings per share. Adjustment items are: (a) amortization of intangibles, (b) impairment of assets, (c) gains or losses on sale of businesses and assets, (d) gains or losses on insurance, (e) unrealized gains or losses on equity securities, (f) settlement of lawsuits, (g) gain on debt extinguishment, (h) stock-based compensation, and (i) 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 22.3% and 21.8% effective tax rate of the pre-tax non-GAAP income before taxes for the six months ended March 31, 2023 and 2022, respectively, and the GAAP income tax expense (benefit). We believe that excluding and including such items help management and investors better understand our operating activities.
- *Adjusted EBITDA.* We calculate adjusted EBITDA by excluding the following items from net income attributable to RCIHH common stockholders: (a) depreciation and amortization, (b) income tax expense (benefit), (c) net interest expense, (d) gains or losses on sale of businesses and assets, (e) gains or losses on insurance, (f) unrealized gains or losses on equity securities, (g) impairment of assets, (h) settlement of lawsuits, (i) gain on debt extinguishment, and (j) stock-based compensation. We believe that adjusting for such items helps management and investors better understand our operating activities. Adjusted EBITDA provides a core operational performance measurement that compares results without the need to adjust for federal, state and local taxes which have considerable variation between domestic jurisdictions. The results are, therefore, without consideration of financing alternatives of capital employed. We use adjusted EBITDA as one guideline to assess 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.* Free cash flow is derived from net cash provided by operating activities less maintenance capital expenditures. We use free cash flow as the baseline for the implementation of our capital allocation strategy.

Our 2Q23 10-Q and our May 10, 2023 earnings news release and financial tables contain additional details and reconciliation of non-GAAP financial measures for the quarter ended March 31, 2023, and are posted on our website at www.rcihospitality.com and filed with the US Securities and Exchange Commission.

Today's News[1]

2Q23 Financial Highlights	• Total Revenues: \$71.5M +12.3% • EPS: \$0.83 -27.8% / Non-GAAP EPS[2]: \$1.30 +9.2% • Net Cash from Operating Activities: \$16.8M +44.8% • Free Cash Flow[2]: \$14.8M +33.3% • Net Income[3]: \$7.7M -29.4% • Adjusted EBITDA[2]: \$21.7M +8.8% • Weighted Average Shares Outstanding: 9.3M -2.4%
2Q23 Operational Highlights	• Nightclub segment revenues up 18.4% from acquired clubs and SSS growth • Bombshells segment revenues and non-GAAP operating margin improved vs. 1Q23 • GAAP results included \$4.2M from legal settlement accrual, impairment, and Grange Food Hall one-time accelerated amortization
FY23-25 Growth Initiative	• Acquired (3/16/23) 5 Baby Dolls-Chicas Locas clubs in Texas for \$66.5M in debt, stock and cash • Acquired (2/7/23) Bombshells San Antonio franchise for \$3.2M in debt and cash • Progressing toward our goals on many of our other projects involving club acquisition and development, Rick's Cabaret Steakhouse & Casino in Colorado, and new Bombshells

1) Comparisons are to year-ago periods unless indicated otherwise
2) See slide 5, "Non-GAAP Financial Measures"
3) Net Income Attributable to RCIHH Common Stockholders

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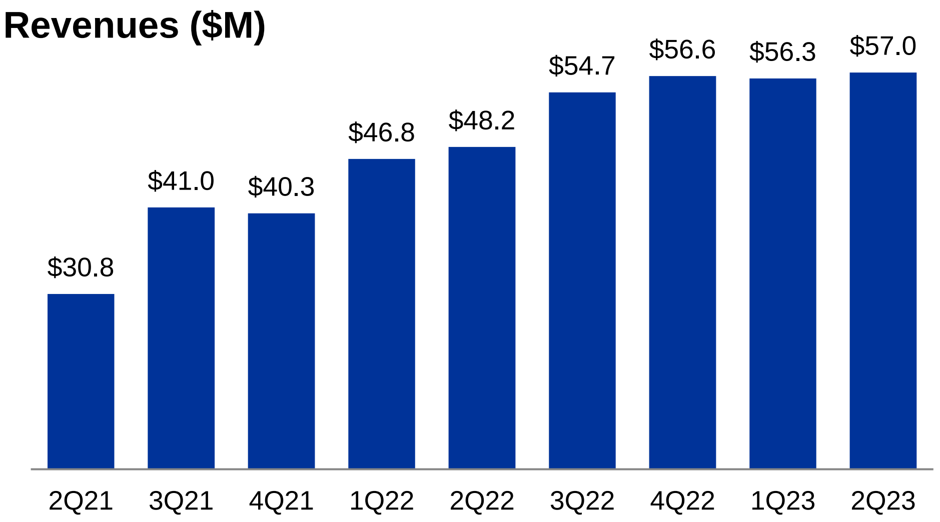
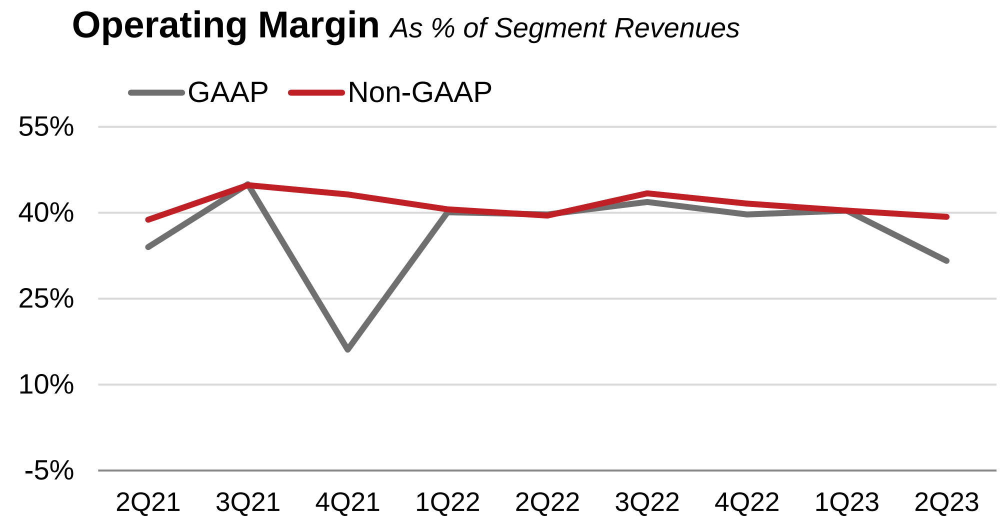
Income Statement

Nightclubs Segment





2Q23

- Revenues: $57.0M, +18.4% YoY, driven by $6.9M from acquired and remodeled clubs and 3.7% SSS growth
- Operating Margin: 31.6% (39.3% non-GAAP)
- Operating Income: $18.0M ($22.4M non-GAAP)
- GAAP results included primarily legal settlement accrual and non-cash impairment

2Q23 vs.1Q23

- Revenues +1.3%, driven primarily by acquisitions
- Non-GAAP operating margin -1.1 ppts largely reflecting 2 weeks of Baby Dolls-Chicas Locas acquisition which did not allow enough time for optimization

Period	Location Status
2Q21	29 open through most of 2Q21, 37 open by quarter end
3Q21	36 open throughout 3Q21 (2 temporarily closed)
4Q21	36 open throughout 4Q21 (2 temporarily closed)
1Q22	47 open (12 acquired mid-quarter and 2 temporarily closed)
2Q22	48 open (1 temporarily closed)
3Q22	48 open (2 temporarily closed, Playmates added in May)
4Q22	51 open (1 temporarily closed, Odessa & Cheetah added in July)
1Q23	52 open (Heartbreakers added & Jaguars Odessa temporarily closed in October, Jaguars San Antonio reopened in December)
2Q23	56 open (added five Baby Dolls-Chicas Locas, but one Baby Dolls and another club being remodeled)

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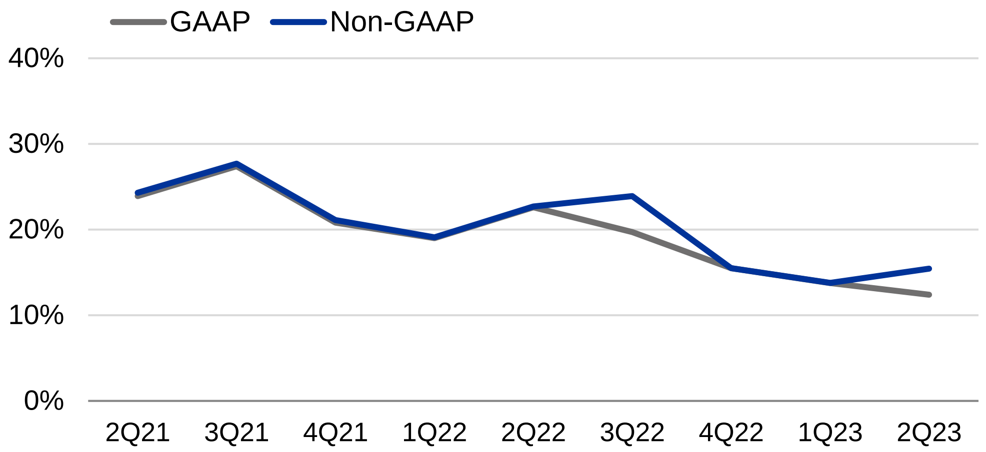
Bombshells Segment

Revenues ($M)

Operating Margin *As % of Segment Revenues*



2Q23

- Revenues: $14.3M, -6.6% YoY, reflecting $1.3M from acquisitions, Arlington highway construction, and SSS decline
- Operating Margin:12.4% (15.4% non-GAAP)
- Operating Income: $1.8M ($2.2M non-GAAP)
- GAAP results included $0.4M accelerated non-cash amortization of Grange food stall leases

2Q23 vs. 1Q23

- Revenues +6.6%, driven primarily by acquisitions
- Non-GAAP operating margin +1.6 ppts
- Reflects start of turnaround plan

Period	Location Status
2Q21	All 10 stores open (75% to 100% capacity mid-March)
3Q21	All 10 stores open at 100% capacity throughout 3Q21
4Q21	All 10 stores open
1Q22	11th store opened December 2021
2Q22	All 11 stores open (except for a few frozen days in February)
3Q22	All 11 stores open (San Antonio franchise opened late June)
4Q22	All 11 stores open and 1 franchisee open
1Q23	All 11 stores open, 1 franchisee open, Denver food hall acquired late December
2Q23	All 13 stores open (acquired San Antonio franchise)

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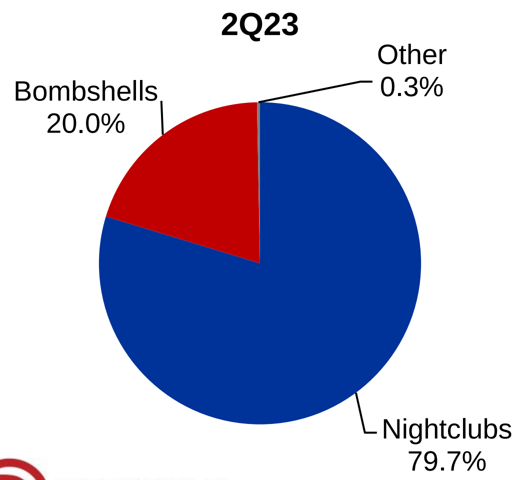
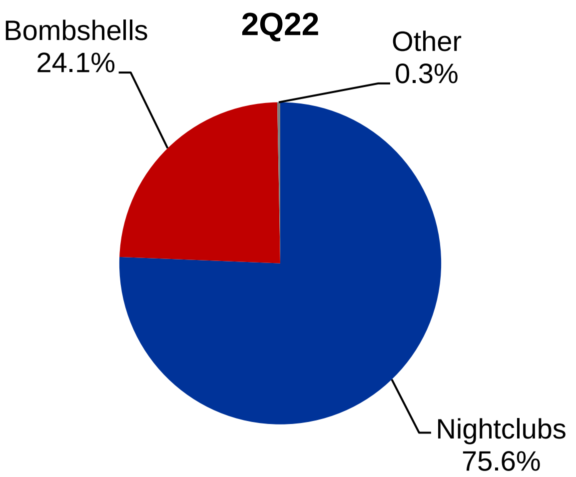
Consolidated Statement of Operations *(% are of total revenues)*

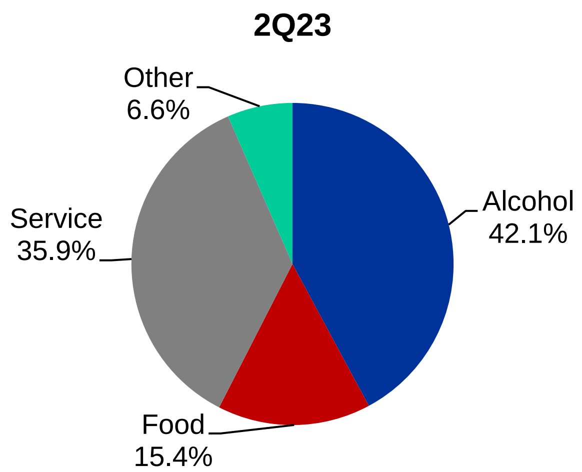
Line Item	2Q23	2Q22	1Q23	Comment
Cost of Goods	12.7%	13.8%	12.9%	• 2Q23 vs. 2Q22: Primarily reflected a 19.5% increase in high-margin service revenues
Salaries & Wages	27.2%	26.0%	26.7%	• 2Q23 vs. 1Q23: Reflected higher minimum wage at certain clubs and higher labor costs at newly acquired clubs
SG&A	30.8%	28.9%	32.5%	• 2Q23 vs. 2Q22: Reflected FY23 acquisitions that have yet to be fully optimized • 2Q23 vs. 1Q23: Reflected absence of year-end audit expenses in 2Q23
Depreciation & Amortization	5.3%	4.5%	4.7%	• 2Q23 included $0.4M accelerated one-time, non-cash amortization of Grange food stall leases
Other Charges (Gains), Net	$3.8M	$7K	($0.7M)	• 2Q23 included $3.1M legal settlement accrual and $0.7M non-cash impairment charge
Operating Margin	18.8%	26.8%	24.2%	
Operating Margin (Non-GAAP)	26.6%	26.9%	25.6%	
Interest Expense	5.1%	4.5%	5.3%	• 2Q23 included the cost of $35.5 million in new debt associated with the mid-March Baby Dolls-Chicas Locas acquisition

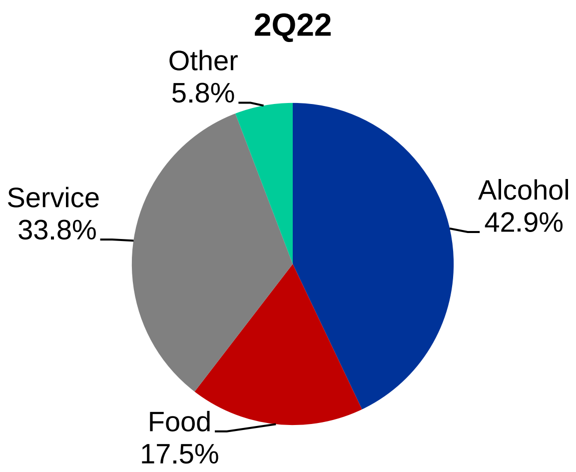
Sales Mix By Segment





Sales Mix By Revenue Type





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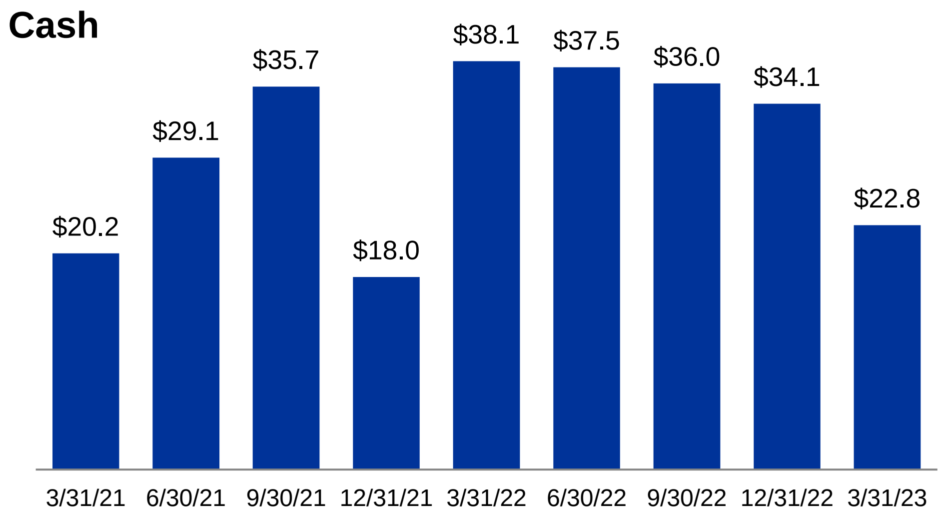
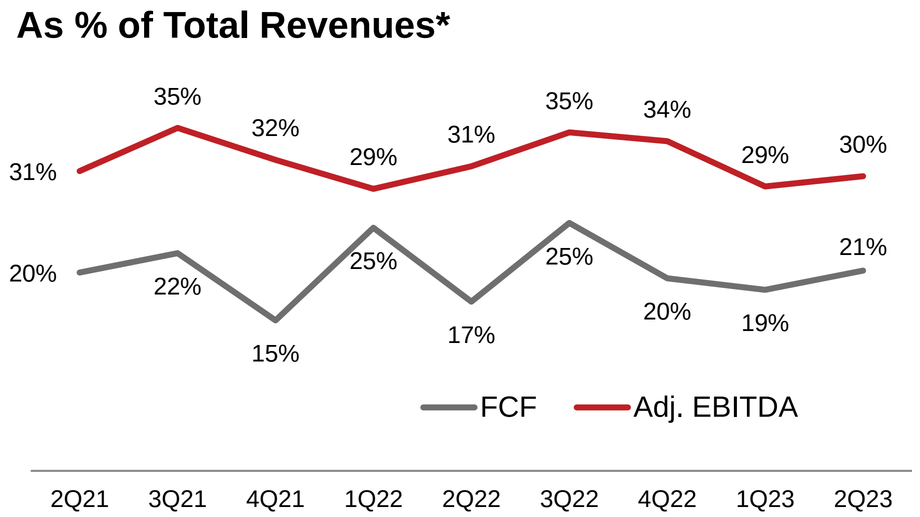
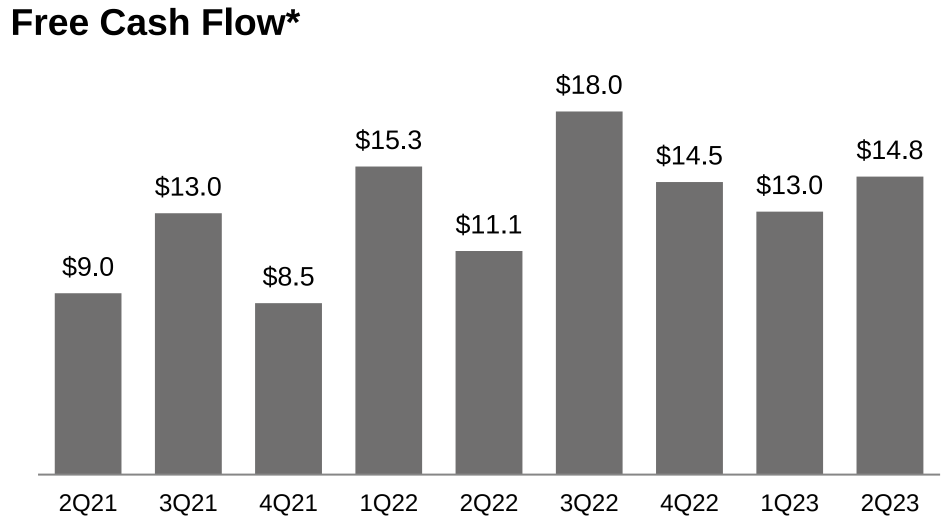
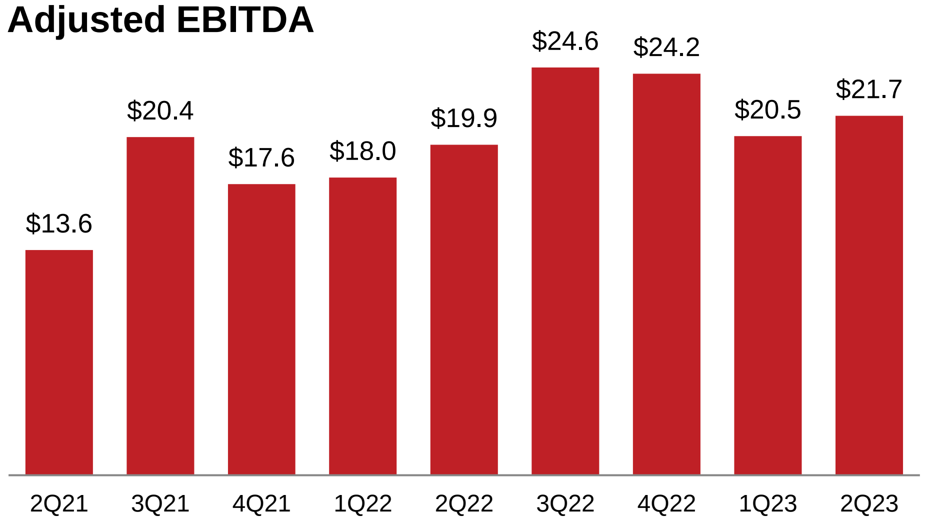
Cash, FCF & Adjusted EBITDA ($M)









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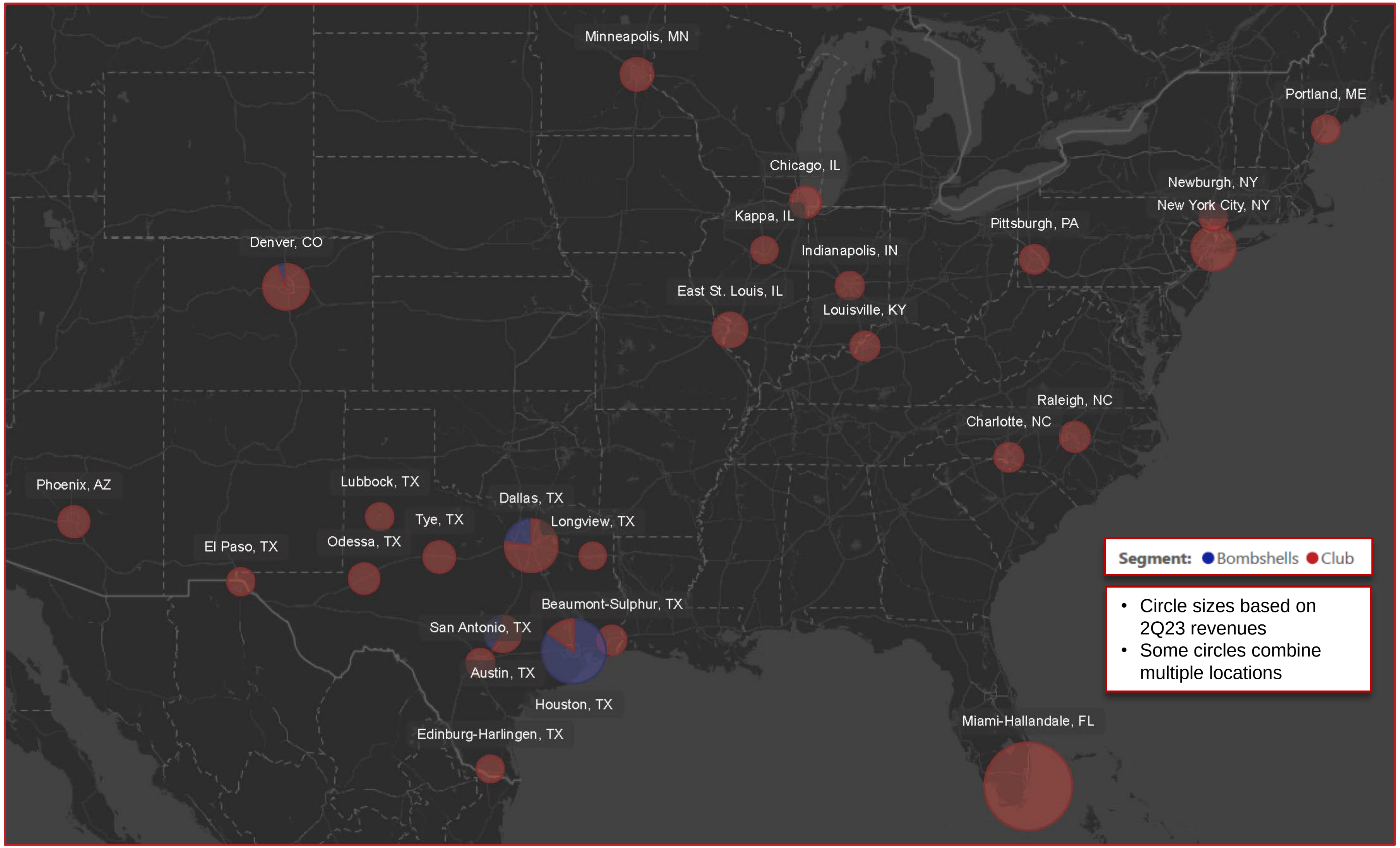
* 3Q22 FCF includes receipt of $2.2M previously discussed tax refund

Geographic Focus



- Circle sizes based on 2Q23 revenues
- Some circles combine multiple locations

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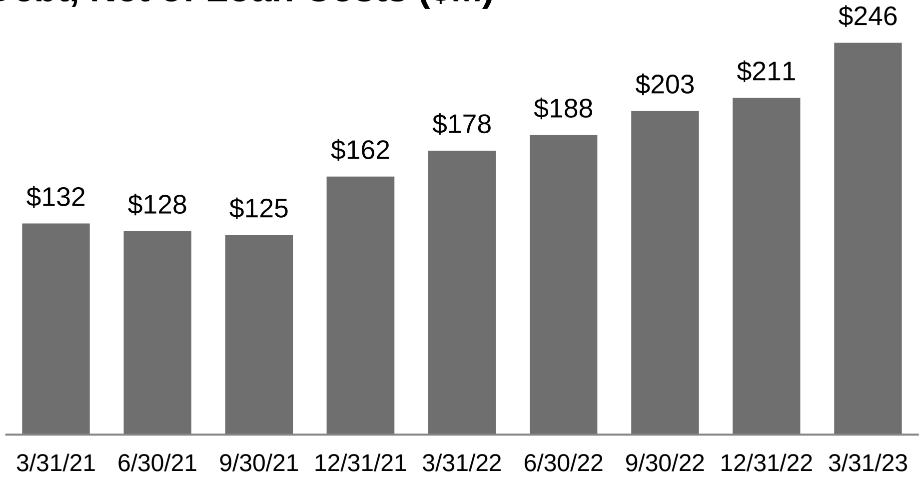
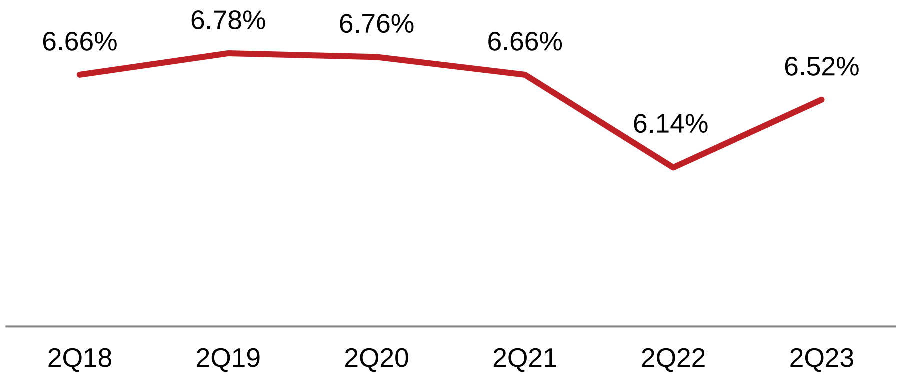
Balance Sheet

Debt Metrics

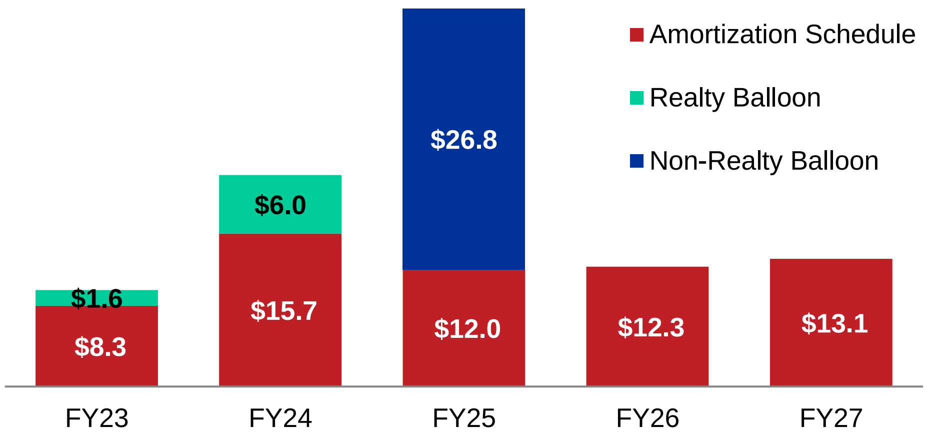
Debt, Net of Loan Costs ($M)



Weighted Average Interest Rate on Debt



Debt Maturities as of 3/31/23 ($M)



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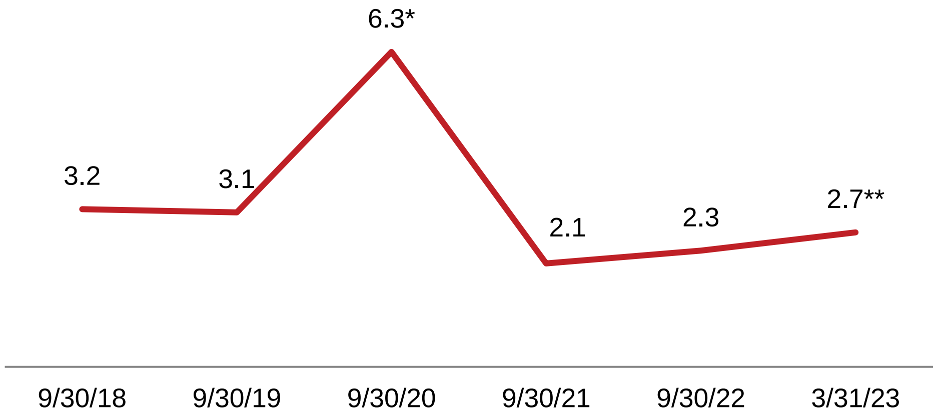
Other Debt Related Metrics

Debt / Adjusted EBITDA (TTM)

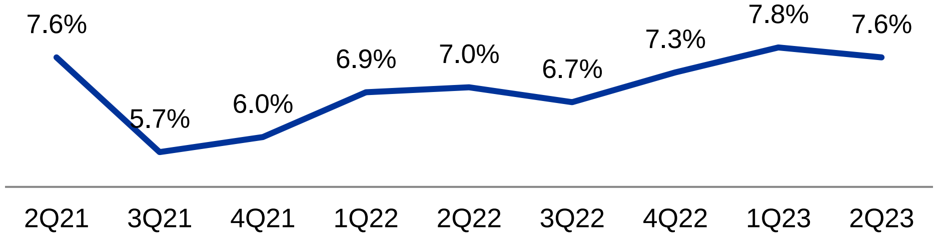


* Reflects Covid-related club closures in FY20

** Reflects $35.5M in new debt related to the Baby Dolls-Chicas Locas acquisition, but only two weeks of its contribution

Total Occupancy Costs

Lease & Interest Expense as % of Total Revenues



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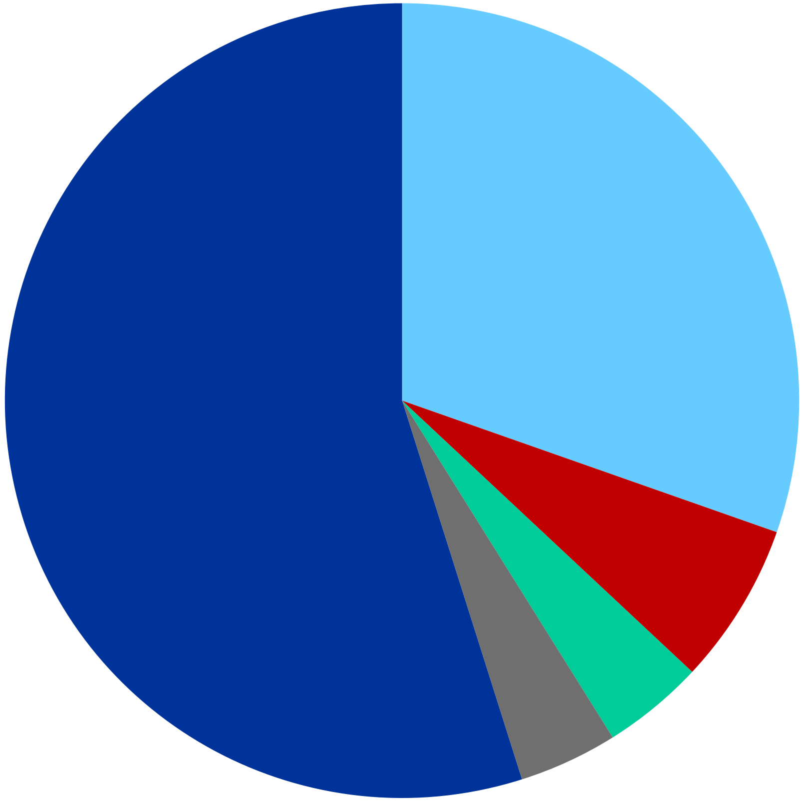
Debt Analysis *(as of 3/31/23, $M)*

Total of $248.9[1]
Weighted Average Interest Rate (WAIR): 6.52%



$136.6 Secured by Real Estate (54.9% of total)
- 5.41% WAIR

$75.6 Seller Financing (30.4% of total)
- Secured by the respective clubs and real estate to which it applies
- 5 Baby Dolls-Chicas Locas: $20.5 @ 7.0% WAIR
- 11 Clubs: $18.6 @ 6.0% WAIR
- Scarlett's: $12.8 @ 8.0% WAIR
- Playmates: $10.7 @ 10.0% WAIR
- Cheetah: $9.5 @ 6.0% WAIR
- Other: $3.5 @ 6.1% WAIR

$16.4 Unsecured Debt (6.6% of total)
- 12.0% WAIR

$10.3 Secured by Other Assets (4.1% of total)
- 5.57% WAIR

$10.0 Bank Line of Credit (4.0% of total)
- Secured by business and assets of a subsidiary
- 8.75% WAIR

[1]Long-Term Debt Net of Loan Costs: $245.8
- +$43.3 from 9/30/22
- +$34.5 from 12/31/22

Operating Lease Total Liabilities: $39.4
- Adoption of ASC 842, Leases, starting FY20

1) See box titled "Long-Term Debt Net of Loan Costs" on this page

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Our Take:

How We Are Looking at Our Investments

*Capital Allocation Strategy**

- Repurchase shares when FCF yield is more than 10%

Buy Back Shares

M&A

Buy More of the Right Nightclubs

- Buy good, solid, cash flowing clubs at 3-5x adjusted EBITDA
- Use seller-financing
- Buy the real estate for market value
- Structure deals to generate annual cash on cash return of at least 25-33%

Drive Value with 10-15% Compound Annual FCF/Share Growth

Organic

Methodically Expand Bombshells

- Develop critical mass, market awareness, and sell franchises
- Structure investments in new units to generate annual cash on cash return of at least 25-33%

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* We may deviate from this strategy if other strategic rationale warrants

FCF Stock Yield

Key Metric

- After-tax yield on Free Cash Flow (FCF) relative to our market cap

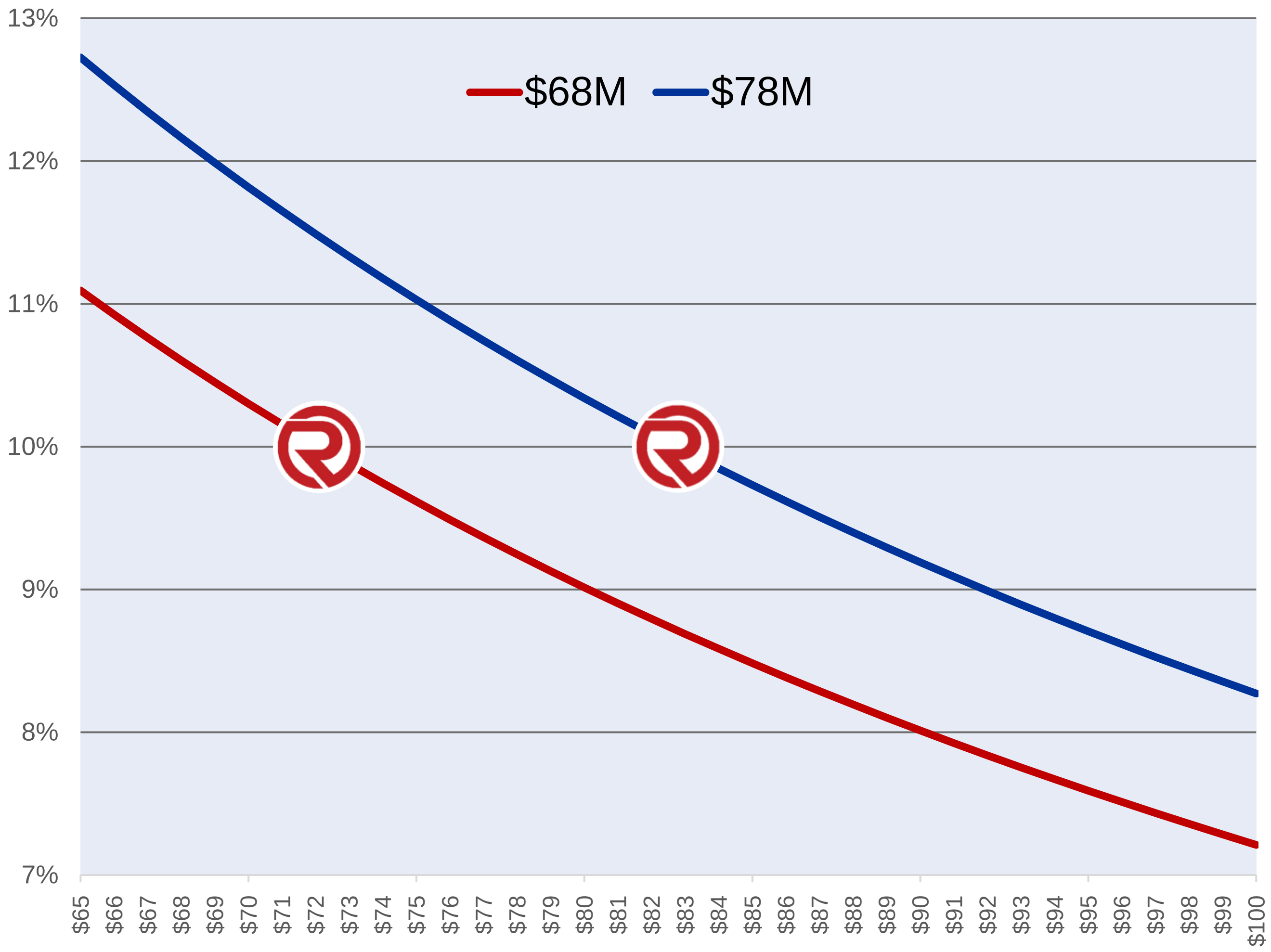
Buy Back Shares If FCF Yield…

- Exceeds double-digit range or exceeds yield of accelerated payment on our highest interest debt

Current Status

- Assumptions
  - FY24 range of $68M-$78M
  - 9.43M shares
- ~$72-83 per share is the point between buying/opening units and buying shares

FCF Yield on Stock Price @ FY24 Range of $68M-$78M



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Baby Dolls-Chicas Locas Acquisition[1]

The Acquisition

- 5 clubs in Dallas, Fort Worth and Houston, TX
- Paid for with:
  - $15M in cash
  - $16M in stock
  - $35.5M in bank and seller financing

Our Math

- $11M estimated adjusted EBITDA in year one
- $14-16M estimated adjusted EBITDA annually with remodel and expansions

Our Take

- We anticipate it takes 3 years to get to $15M:
  - Year 1: $11M
  - Year 2: $13M
  - Year 3: $15M
- Projected cash on cash return of 160% ($39M / $15M)

What Can We Do After Acquiring a Group of Clubs?

- Increased adjusted EBITDA +24% for large October ‘21 11 club acquisition
- As a result, paid 4x vs. original estimate of 5x (ex-real estate)
- Based on performance for TTM 12/31/22 vs.12/31/19

+50%

Projected Average Annual Cash on Cash Return Years 1-3

1) Subject to risks and uncertainties that could cause actual results to differ materially from those indicated, including, but not limited to, the risks and uncertainties associated with (i) operating and managing an adult entertainment business, (ii) the business climates in cities where it operates, (iii) the success or lack thereof in launching and building the company's businesses, (iv) conditions relevant to real estate transactions, and (v) numerous other factors such as laws governing the operation of adult entertainment businesses, competition and dependence on key personnel.

Rick's Cabaret Steakhouse & Casino[1]

The Investment

- $2.4M for building and real estate
- Anticipate $8.0M to finish the location in FY24 which will include 200 slot machines

Our Math

- Excluding casino, similar-sized RCI club generates $8-$10M annual revenue
- Central City slots average $129/day, which could generate $9.4M annual revenue (Black Hawk averages $284/day)
- Estimated $18.4M in revenue @ 40% average club margin = $7.4M operating profit
- The above estimate excludes table or digital sports betting revenue

Our Take

- Anticipate it takes 2 years to get to $7.4M:
  - Year 1: $3.7M
  - Year 2: $7.4M
- Projected cash on cash return of 107% ($11.1M / $10.4M)

+50%

Projected Average Annual Cash on Cash Return Years 1-2

Notes
- We have applied for but do not have a casino license from Colorado Division of Gaming
- Industry data above from Colorado Department of Revenue, Specialized Business Group

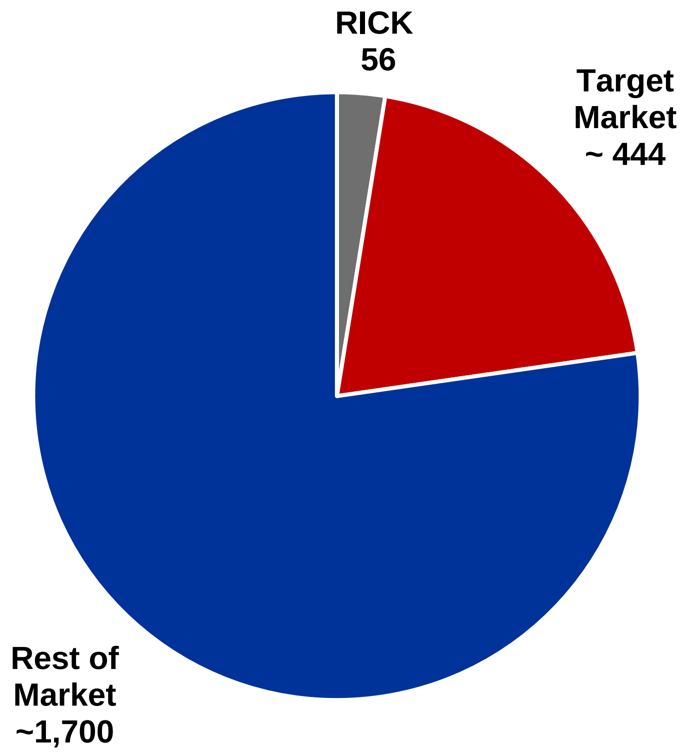
1) Subject to various timing risks and uncertainties, including without limitation obtaining a gaming license from the state of Colorado, of which there can be no assurance

We Have the Opportunity to Do More

Fiscal Years	Number of Years	Club Count at Period End	Clubs Added	Average Clubs Added Per Year
1983-2010	28	21	20	0.7
2011-2017	7	40	19	2.7
2018-Mid-2023	5.5	56	16	2.9

Demonstrated Ability to Accelerate Growth

Number of Licensed Adult Nightclubs in US



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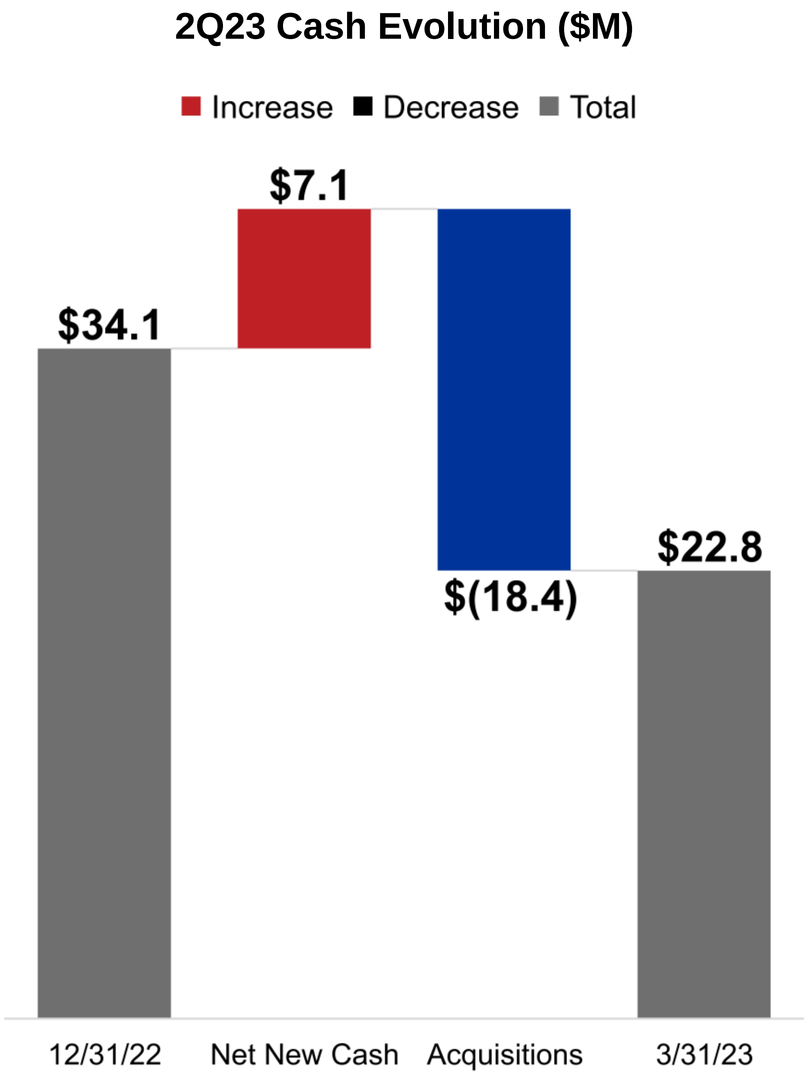
We Have The Cash



FY24

FCF Range of $68M-$78M

RICK Debt Maturities: $21.7M

$46M-$56M

Projected FY24 Possible Excess Cash Available for Growth Investments

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Building Shareholder Value with Strategic Share Buybacks/Issuance

Fiscal Year	Repurchased Shares	Average Price Per Share	Cumulative Shares Repurchased	Cumulative Average Price Per Share	Shares Used for Acquisitions	Value Per Share	Cumulative Shares Used for Acquisitions	Cumulative Value of Shares Used in Acquisitions
2015	225,280	$10.19	225,280	$10.19				
2016	747,081	$9.79	972,361	$9.88				
2017	89,685	$12.25	1,062,046	$10.08				
2018	--	--						
2019	128,040	$22.66	1,190,086	$11.43				
2020	516,102	$18.38	1,706,188	$13.53				
2021	74,659	$24.03	1,789,847	$13.97				
2021					500,000	$60.00	500,000	$60.00
2022	268,185	$56.29	2,049,032	$19.51				
2023	1,500	$65.02	2,050,532	$19.55				
2023					200,000	$80.00	700,000	$65.71

We Sold Shares for $65.71
that Cost Us $19.55 for a 236% Return

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EXPO 2023

https://theedexpo.com/

30th Anniversary

EXPO

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Appendix

Reconciliation of Non-GAAP Measures

In 000s Except Per Share & Percentage Data	2Q23	2Q22	6M23	6M22
Reconciliation of GAAP net income to Adjusted EBITDA				
Net income attributable to RCIHH common stockholders	$7,732	$10,952	$17,970	$21,527
Income tax expense	2,147	3,356	5,178	6,289
Interest expense, net	3,587	2,752	7,183	5,250
Settlement of lawsuits	3,120	385	3,120	577
Impairment of assets	662	-	662	-
Loss (gain) on sale of businesses and assets	3	(58)	(587)	(400)
Gain on debt extinguishment	-	-	-	(85)
Unrealized loss on equity securities	-	-	-	1
Gain on insurance	(27)	(320)	(91)	(321)
Stock-based compensation	706	-	1,647	-
Depreciation and amortization	3,760	2,877	7,067	5,071
Adjusted EBITDA	**$21,690**	**$19,944**	**$42,149**	**$37,909**

Reconciliation of Non-GAAP Measures

In 000s Except Per Share & Percentage Data	2Q23	2Q22	6M23	6M22
Reconciliation of GAAP net income to non-GAAP net income				
Net income attributable to RCIHH common stockholders	$7,732	$10,952	$17,970	$21,527
Amortization of intangibles	1,109	49	1,804	99
Settlement of lawsuits	3,120	385	3,120	577
Impairment of assets	662	-	662	-
Loss (gain) on sale of businesses and assets	3	(58)	(587)	(400)
Gain on debt extinguishment	-	-	-	(85)
Unrealized loss on equity securities	-	-	-	1
Gain on insurance	(27)	(320)	(91)	(321)
Stock-based compensation	706	-	1,647	-
Net income tax effect	(1,246)	291	(1,446)	253
Non-GAAP net income	**$12,059**	**$11,299**	**$23,079**	**$21,651**

Reconciliation of Non-GAAP Measures

In 000s Except Per Share & Percentage Data	2Q23	2Q22	6M23	6M22
Reconciliation of GAAP diluted earnings per share to non-GAAP diluted earnings per share				
Diluted shares	9,265,781	9,489,085	9,247,824	9,447,854
GAAP diluted earnings per share	$0.83	$1.15	$1.94	$2.28
Amortization of intangibles	0.12	0.01	0.20	0.01
Settlement of lawsuits	0.34	0.04	0.34	0.06
Impairment of assets	0.07	-	0.07	-
Loss (gain) on sale of businesses and assets	0.00	(0.01)	(0.06)	(0.04)
Gain on debt extinguishment	-	-	-	(0.01)
Unrealized loss on equity securities	-	-	-	0.00
Gain on insurance	(0.00)	(0.03)	(0.01)	(0.03)
Stock-based compensation	0.08	-	0.18	-
Net income tax effect	(0.13)	0.03	(0.16)	0.03
Non-GAAP diluted earnings per share	**$1.30**	**$1.19**	**$2.50**	**$2.29**

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Reconciliation of Non-GAAP Measures

In 000s Except Per Share & Percentage Data	2Q23	2Q22	6M23	6M22
Reconciliation of GAAP operating income to non-GAAP operating income				
Income from operations	$13,427	$17,081	$30,325	$32,992
Amortization of intangibles	1,109	49	1,804	99
Settlement of lawsuits	3,120	385	3,120	577
Impairment of assets	662	-	662	-
Loss (gain) on sale of businesses and assets	3	(58)	(587)	(400)
Gain on insurance	(27)	(320)	(91)	(321)
Stock-based compensation	706	-	1,647	-
Non-GAAP operating income	**$19,000**	**$17,137**	**$36,880**	**$32,947**

Reconciliation of Non-GAAP Measures

In 000s Except Per Share & Percentage Data	2Q23	2Q22	6M23	6M22
Reconciliation of GAAP operating margin to non-GAAP operating margin				
GAAP operating margin	18.8%	26.8%	21.4%	26.3%
Amortization of intangibles	1.6%	0.1%	1.3%	0.1%
Settlement of lawsuits	4.4%	0.6%	2.2%	0.5%
Impairment of assets	0.9%	0.0%	0.5%	0.0%
Loss (gain) on sale of businesses and assets	0.0%	-0.1%	-0.4%	-0.3%
Gain on insurance	0.0%	-0.5%	-0.1%	-0.3%
Stock-based compensation	1.0%	0.0%	1.2%	0.0%
Non-GAAP operating margin	**26.6%**	**26.9%**	**26.1%**	**26.2%**

Reconciliation of Non-GAAP Measures

In 000s Except Per Share & Percentage Data	2Q23	2Q22	6M23	6M22
Reconciliation of net cash provided by operating activities to free cash flow				
Net cash provided by operating activities	$16,789	$11,597	$31,684	$27,861
Less: Maintenance capital expenditures	2,021	518	3,885	1,516
Free cash flow	**$14,768**	**$11,079**	**$27,799**	**$26,345**

Reconciliation of Non-GAAP Measures

$ in 000s	Nightclubs	Bombshells	Other	Corporate	Total
2Q23 Non-GAAP Segment Information					
Income (loss) from operations	$17,995	$1,775	$(168)	$(6,175)	$13,427
Amortization of intangibles	628	417	60	4	1,109
Settlement of lawsuits	3,117	3	-	-	3,120
Impairment of assets	662	-	-	-	662
Loss (gain) on sale of businesses and assets	(12)	16	-	(1)	3
Gain on insurance	-	-	-	(27)	(27)
Stock-based compensation	-	-	-	706	706
Non-GAAP Operating Income (Loss)	**$22,390**	**$2,211**	**$(108)**	**$(5,493)**	**$19,000**
GAAP operating margin	31.6%	12.4%	-98.2%	-8.6%	18.8%
Non-GAAP operating margin	39.3%	15.4%	-63.2%	-7.7%	26.6%

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Reconciliation of Non-GAAP Measures

$ in 000s	Nightclubs	Bombshells	Other	Corporate	Total
2Q22 Non-GAAP Segment Information					
Income (loss) from operations	$19,126	$3,468	$(34)	$(5,479)	$17,081
Amortization of intangibles	47	1	-	1	49
Settlement of lawsuits	277	-	-	108	385
Impairment of assets	-	-	-	-	-
Loss (gain) on sale of businesses and assets	(125)	4	-	63	(58)
Gain on insurance	(320)	-	-	-	(320)
Stock-based compensation	-	-	-	-	-
Non-GAAP Operating Income (Loss)	**$19,005**	**$3,473**	**$(34)**	**$(5,307)**	**$17,137**
GAAP operating margin	39.7%	22.6%	-18.4%	-8.6%	26.8%
Non-GAAP operating margin	39.5%	22.7%	-18.4%	-8.3%	26.9%

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