Transcript of
RCI Hospitality Holdings, Inc.
Fourth Quarter and Fiscal 2020 Earnings Call
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Participants

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Eric Langan - Chief Executive Officer & President
Bradley Chhay - Chief Financial Officer

Analysts

Gregory Pendy - Sidoti & Company
Jeffrey Moore - Burr Oak Capital, LLC
Adam Wyden - ADW Capital Management, LLC
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Presentation

Operator
Greetings and welcome to the RCI Hospitality Holdings Conference Call and Webcast. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

It is now my pleasure to introduce Gary Fishman who handles Investor Relations for RCI.

Gary Fishman - Investor Relations
Thank you for those of you listening to this call on the phone. You can find our presentation on the RCI website; click Company and Investor Information just under the RCI logo. That will take you to the Company and Investor Info page. Scroll down a little and you'll find all the necessary links for this call.

Please turn to the next page. I want to remind everybody of our safe harbor statement. It's posted at the beginning of our conference call presentation. It reminds you that you may hear or see forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those currently anticipated. We disclaim any obligation to update information disclosed in this call as a result of developments that occur afterwards.

Please turn to Slide 3. I also direct you to the explanation of non-GAAP measurements that we use.

Now, I'm pleased to introduce Eric Langan, President and CEO of RCI Hospitality. Eric?

Eric Langan - Chief Executive Officer & President
Thank you, Gary. Thank you for joining us today. I'm here with our CFO, Bradley Chhay. I hope everybody and their loved ones have continued to get through the pandemic and that you are following all safety recommendations.

After the market closed yesterday, we reported our fourth quarter and fiscal year for the period ending September 30. We continue to make good progress dealing with effects of COVID-19. Total revenues of $28.8 million nearly doubled from the third quarter.

Both our Bombshells and Nightclubs segments exceeded expectations, in particular Bombshells. We generated net cash from operating activities of $3.5 million and free cash flow of $3.4 million.

EPS was a loss of $0.31 mainly due to some additional yearend non-cash COVID-related impairments and a tax valuation allowance, which we'll explain. On a non-GAAP basis, we earned $0.15 per share.

Looking at the first quarter of 2021, we're estimating first quarter club and restaurant revenue should come in around $35 million to $37 million, assuming no further closings or restrictions. We think that's pretty good, considering the spike in COVID-19 cases we've seen since the beginning of November.

Currently, we have 36 locations open based on 26 clubs in all 10 of our Bombshells and $18 million cash on hand.

Looking forward, we are proceeding with our plan to develop 10 new Bombshells and we are actively pursuing new club acquisitions. We believe we are well positioned to reap the benefits of COVID-19 vaccines could have on the economy, consumer spending and our business.

Now, I'd like to turn the call over to Bradley to review the financials, and then I'll return to wrap up. Bradley?

Bradley Chhay - Chief Financial Officer
Thank you, Eric. Please turn to Page 5. Bombshells sales were a record $15.5 million for the fourth quarter and operating margin at a record 32.7%. As a result, operating income was more than $5 million, yet another record. Sales benefited from more locations open on a more consistent basis compared to the third quarter.

In particular, our new locations are doing really well. We also benefited from renewed interest in sports, in particular pro basketball and baseball, and the beginning of college and pro football. In addition, new meal delivery services added $365,000 of revenue.

Operating income benefited from a higher level of sales and more consistent occupancy throughout the day as we continue to follow indoor restrictions. While our performance might tone down a little to the new normal with the end of the pro basketball and baseball seasons as well as the cooler weather, we believe that we built a lot of momentum at our locations and Bombshells will continue to be a strong performer.

Please turn to Slide 6. Nightclubs revenues of $13.1 million for the fourth quarter more than doubled from the third quarter. Similar to Bombshells, this reflected more locations being open on a more consistent basis throughout the entire quarter. All locations continue to limit occupancy in accordance with COVID-19 safety plans.

Not all clubs operated at full schedule is in line with other restrictions. Given those limitations, our customers came back to newly reopened locations and continue to frequent open locations, in particular, our younger patrons.

Most clubs experienced good sales and a steadier flow of business during operating hours. Looking at operating income, the segment broke even. This mainly reflected the $1.4 million in additional impairment and other net charges of $450,000, primarily due to Hurricane-related losses, which we recorded on our small Louisiana club. However, we anticipate recovering those from insurances.

On a non-GAAP basis, Nightclubs earned $2.1 million on a 16.1% margin. We're actually pleased to see that considering everything going on.

Please turn to Page 7 to review the few remaining items in our fourth quarter statement of operations. Cost of goods sold as a percentage of revenue was higher due to the change of sales mix, mainly more food and less revenue services.

Salaries and wages at about 28% of revenues held steady due to effective labor cost management in the face of continually changing COVID-19 environment. SG&A as a percentage of revenue as well as depreciation and amortization increase due to fixed cost on a lower revenue base. SG&A was partially offset by some cost savings.

Interest expense was down approximately 4% due to debt pay downs prior to and during the fourth quarter. Income tax was $769,000 expense. However, this did include a non-cash $1.3 million expense for recognizing a deferred tax asset valuation allowance.

And please turn to Slide 8. We ended the quarter with $15.6 million of cash on hand and currently have approximately about $18 million. During the fourth quarter, free cash flow rebounded to $3.4 million. As you can see, so far through the COVID affected second, third, fourth quarters, we have remained free cash flow positive. This is a huge testament to our businesses, our teams, our management, and strategies.

Debt fell $1.3 million from June 30th due to previously mentioned pay downs. Current Liabilities increased about $4 million due to the annual renewal of our insurance coverage. This had a similar effect in a year ago fourth quarter. Otherwise, fourth quarter current liabilities would have been flat with June 30. Having said that, September 30th current liabilities did include the effect of some notes on deferral, but we are current on all our debt payments as of today.

Slide 9. Please turn to Page 9 for debt pie chart. Debt is down $1.3 million from our June 30th quarter with small decreases in almost all categories. Secured debt consists of the 61% of our debt is secured by real estate; the 18% listed as seller financing is secured by the respective club to which it applies; the 6% that is secured by other assets; and lastly, the 1.5% represented in the Texas Comptroller Settlement. This is secured by businesses and assets of clubs related to that settlement.

Our unsecured debt consists of the 9.9% is listed as unsecured and the 3.8% represented by our SBA loan. Last Thursday and last Friday, we learned that 10 out of our 12 SBA loans have been forgiven for total of $4.9 million.

Please turn to Page 10 to review our debt manageability. As we reported during the first nine months of fiscal 2020, we moved and/or converted about $14 million in near-term non-realty balloons to out years or to amortizing loans to give us more financial flexibility. We have continued this strategy in the fourth quarter, converting about $2.1 million realty balloons to a 15-year note.

For additional financial flexibility, we have one excess parcel under contract to sell and four excess parcels listed to be sold around existing Bombshells. Currently, we are in discussions with our bank to refinance some of our debt for a lower rate and longer term.

Now, I'd like to turn the call back to Eric. Thank you.

Eric Langan - Chief Executive Officer & President

Thank you, Bradley. Last month, we announced our plans to double the number of company-owned Bombshells over the next three years. COVID-19 has created a unique and compelling opportunity. The concept has proven itself to do well through the pandemic unlike some other casual dining chains. From inception through the end of fiscal 2020, the cash on cash return of the first 10 has met our capital allocation objectives. They have more than covered the cash invested in them and can easily self-fund new units. Because so many restaurant chains have had COVID-19 difficulties, we can access prime locations not previously available, and in some cases buy or lease them at significantly lower prices.

Our plan is to open 10 new units over the next 36 months, but only if we can find the right locations and structure the development of each in line with our capital allocation strategy. The target markets are three we know well: Dallas-Fort Worth, where we have one Bombshells. The Houston market, where we have eight. The market is so big here, we believe we have found some additional opportunities. And the Miami-Fort Lauderdale area. We believe the demographics and highway patterns are ideal for Bombshells concept. We also have existing club and restaurant management in all three markets to provide us with additional operating leverage.

Please turn to Page 12. We've been talking to a lot of new investors. So, I'd like to review our capital allocation strategy. We are very focused on growing free cash flow to enhance shareholder value. Our strategy is similar to those outlined in the book The Outsiders by William Thorndike. The companies he studied focused on how they generated cash per share and allocated the cash to generate more cash. They also realized equity was not cheap form of capital, but a very expensive one. Included in their capital allocation was buying back shares, but only of shares were represented a compelling way to increase free cash flow per share.

We have been applying these strategies since fiscal 2016 with three different actions subject, of course, to whether there is strategic rationale to do otherwise. The first is mergers and acquisitions, specifically buying the right clubs in the right market. We like to buy good clubs, solid cash flowing clubs, at 3 to 4 times adjusted EBITDA, use seller financing, and acquire the real estate at market value. Our goal is to generate an annual cash on cash return of at least 25% to 33%.

Since we can't always buy clubs when we want, our second strategy is using cash to grow organically, specifically expanding Bombshells to develop critical mass, market awareness and to sell franchises. Similar to acquiring clubs, we like to see at least 25% to 33% cash on cash return.

The third is buying back our stock when the yield on our free cash flow per share is more than 10%. During the pandemic, our plan is acquiring shares using the same formula, but only if our cash on hand exceeds $18 million to provide us with significant resources. On our last call, we've indicated $15 million. Our ultimate goal is to drive shareholder value by increasing free cash flow per share 10% to 15% on a compounded annual basis.

Please turn to Slide 13. On the final page of our formal presentation, I'd like to spend a moment talking about our fiscal 2020 accomplishments. We collectively demonstrated strength, resiliency, agility, and unity through the adversity created by COVID-19. And our people, processes and systems passed with flying colors. We turned on a dime in March to the new reality and began to open our clubs and restaurants as soon as we were able to do so.

During the last three COVID impacted quarters, we have not been profitable on a GAAP basis mainly due to COVID-19 related impairments. But we have been cash flow positive, which we believe is more important in the financial analysis. And we proved the value of the Bombshells investment.

During all of this, we also resolved the SEC situation. With our new auditors, our second and third quarter Q's and 10-K have been filed in a timely manner. And we seamlessly transitioned our new CFO position to Bradley Chhay.

I have seen a lot in my 30 plus years in the nightclub and restaurant industry. And I'm proud to say, and it's easy to recognize, that we have the best teams in the business. Ultimately, that's how we got through fiscal 2020. It was with our people and our culture of hard work and dedication.

I'd like to take a moment to really thank some of our team members, especially our restaurant guys at Bombshells, David Simmons, James Watkins, Raphael, and Marco. You guys have been unbelievable for us, really carried us through a couple of quarters. And also, to our management team at the club level, Ed Anakar, Dean Reardon, and all of our regional managers who have really put in a lot of effort, traveled around the country when their markets were closed, to help out in other markets as we were getting them open, because we were short staffed and short management. It's been really impressive to see what you guys have been able to do and keep this company going.

With that, let's open the call to the question-and-answer session. Thanks, operator.

Operator
Thank you. [Operator Instructions] Our first question is from Greg Pendy with Sidoti. Please proceed.

Q: Hey, guys. Thanks for taking my questions. My first question is just on the Bombshell's operating margins 32.7%. I know that's probably not sustainable. Can you just talk to us about the puts and takes, and maybe how it might be different than what you had as an operating margin target there pre-COVID?

Eric Langan - Chief Executive Officer & President
Well, we were shooting for 18% to 22%. That's kind of always been our key – what we think is our – consider success rate. We just had unbelievable sales with our outdoor patios, the weather, basketball, going every single day, 4, 5 games a day, while they were in the bubble. It was fantastic for us as well, really helped our alcohol sales, which are much higher margin.

I think we'll return. But I think that with what I'm seeing on closings, like a lot of little neighborhood sports-bars aren't reopening. A lot of little things like that, a lot of small restaurants, a lot of older chains that have been around for a long time are very regional. We're seeing them close down. I think the restaurant association said over 110,000 restaurants or chains have closed and they're expecting up to maybe 3 million more if this continues.

I was like, man, it's a lot of closures. So, I mean, I think our new margins; could be a little higher, maybe 22% to 28% as we move forward. It's just really hard to know at this point, because we just don't know what normal is. But I don't believe that we'll be below the 18% to 23% again.

I think that's the key part of it. But I think it'll be a little higher for the foreseeable future anyway.

Q: Great. And then just on the M&A comments that you made, can you just – has there been any transactions outside of you guys? But can you just give us a little bit of color on maybe – or sellers that have become a little bit more reasonable post-COVID you think or just kind of what's – what you're seeing in that environment broad base?

Eric Langan - Chief Executive Officer & President
I mean, I think 3 to 5 is pretty reasonable to begin with. So, you say more reasonable, I don't think it's really more reasonable. I think there are a few sellers out there that have become a little more desperate. They want to get out, so they're tired of the industry, or maybe they're older and don't want to be exposed. You have to actually operate these locations.

So, I think that's part of it. We're seeing a lot of – just like I said, a lot of guys are going, "Okay, well, what is my club really worth now with COVID?" And then, we're talking to a lot of new faces, I should say. Guys who we didn't really talk to in the past as much about selling their locations are considering it now. And with our stock performing – if our stock continues to perform and gets our yield better, that's going to give us even more opportunity to maybe make the right deals.

So that's the kind of things we're looking at right now. And I think we're going to continue to see that. So, we have a convention in May, where I believe we're going to talk to a lot more people.

Q: Perfect. And then, just one final one. I know you gave us a lot of color on the openings and closings and keep us updated there. But is there any kind of key restrictions at some of your big marquee clubs, maybe Miami, New York, those types of clubs?

Eric Langan - Chief Executive Officer & President
Well, New York is closed again yesterday. Yeah, New York just closed again yesterday for indefinitely. We don't – who knows, when they'll decide, let us open. They only closed the schools for about a week or so. So maybe we'll get lucky and get open pretty soon.

In Florida, Miami-Dade County has a curfew that we're dealing with. We're dealing with more curfews in other markets now and closures. In Minneapolis, we're still closed, I think through December 18. I don't know if that's been extended or not. I'm going to have to check into that. I think on probably the next couple days, we'll hear some news on that.

But those are kind of things. Chicago market's been closed. I think we've got open for a very, very short period of time, a couple of weeks or something. Got closed again. So, we do have some markets that are very difficult to operate in. And then, we have markets that were doing very well. And we're following our safety protocols. We're doing our social distancing. We're limiting our occupancies. And doing the best we can do, keep people working.

It's Christmas time. It's really sad, when our employees just get back to work and after being off for 6 months, and they get to work for two months. And now, they're back off work again, we don't know for how long.

They're saying, if we read a lot of these things, even the New York came out yesterday and said they're – 74% of their tracing found that their COVID cases are being transferred in small household meeting areas where people don't wear masks, not in businesses.

So, I think I'm hoping that they'll realize that the businesses are the safer place for these people to be. They're forced to wear masks. They're forced to social distance versus when you have something in your own home, you get comfortable. And it's a little different. So, we'll keep pushing, we'll keep working on it. We've had to sue a couple cities. We've had to sue states. We've had to sue the counties in some places to stay open, and we've been fairly successful with that. It's our last resort. It's nothing we like to do, hate being in court.

But at the same time, we've got to keep our employees working, and earning a living and paying their bills, and keep our businesses flourishing. Alright. Any other question?

Q: No, that's it. Congratulations on tough environment...

Bradley Chhay - Chief Financial Officer
To the first comment, the first question on Bombshells, just wanted to add that our newest locations, Bombshells 59 and Bombshells Katy were also instrumental to that increased margin,

because they're our best performing stores in terms of revenue and operating margin. And they opened in the earlier part of fiscal 2020.

Q: Got it. Thanks.

Operator

[Operator Instructions] Our next question is from Jeff Moore with Burr Oak Capital. Please proceed.

Q: Yeah, thanks for taking the question, guys. Looking out, say, three quarters from now, where do you guys hope to be in terms of Bombshells openings and share repurchases, and club acquisitions? And in kind of an average scenario, where it's just kind of go with what you see, not accelerating re-openings or re-openings taking forever to have that happen?

Eric Langan - Chief Executive Officer & President

Well, I mean, I think in three quarters, everything's going to be – with the vaccine, I think everything's going to be back open. I think we're going to see pretty strong openings. Re-openings March through May. And I think we're going to get pretty normal occupancies and whatnot, definitely by June, July, August.

So, by the end of our fiscal 2021, which is September 30, I think we're going to be running on all cylinders. Everything is going to be going. We're in the process of these Bombshells now. Typically, a Bombshells can take us anywhere from 8 to 14 months to get opened, depending on whether we're building from the ground up, doing remodels, different city permitting things like that. So, I think we can see in the next three quarters, at least one of those locations opening, a second location not far off.

We're also pushing forward with a couple of franchisees that we've been talking with. And hopefully, we'll get one of those signed up here very soon. And maybe even get one of their stores open in the next 9 months. The ones we're talking to are both looking at doing a remodel versus a ground-up build. So, it could be a little quicker. That's for the Bombshells.

For the club side, I mean, we're looking at multiple acquisitions. We'll probably in the next three quarters, close at least one, possibly two of those acquisitions, and get everything up and running. I think we're going to be well over $200-million-plus in revenue, maybe $220-million in revenue on a going-forward run rate, maybe even more. I mean, it depends on these club acquisitions and how quickly we can get them integrated into the systems.

Q: Okay. And then, what about share repurchases? What would you like to have done by then?

Eric Langan - Chief Executive Officer & President

We don't have a goal on share repurchases. Our share repurchases are real simple. We have excess cash. We have what we call our cash reserve, which is our safety net. We have run that at – or $15 million for a while. But with the COVID shutdowns we have increased that to $18 million cash on hand.

And anytime that we have cash in excess of that amount, and we don't have something to put it into, a Bombshells location or whatever, then we buy back stock. I think you can see that we bought back about 50,000 shares last quarter. All those shares were bought in the last 3 days of the quarter or 4 days maybe – 29, 30 or 4 days – last 4 days of the quarter.

And that's because we just – we were sitting on a ton of cash. And it was over our reserves and we didn't have anything that we are immediately going to put it into before we would have rebuilt it. So, we said, okay, let's buy back stock. If you look at the 10-K, you'll see that we continue to buy back stock this quarter and we now have 8,999,910 shares outstanding.

And we'll continue to do so. When we have cash in excess of our safety net and no immediate use for it, we will continue to buy back stock provided the yield on our stock is over 10% of what we consider forward going free cash flow.

Q: Okay, thanks. And then, one last question regarding Bombshells, has there been any progress with the third-party valuation or potentially bringing in a strategic partner?

Eric Langan - Chief Executive Officer & President
There hasn't been at this time. We're – they were in very early talks with that. We're going to continue to pursue it. But in the meantime, we're not going to slow us down. We're going to continue to build the brand regardless if we could take in a growth partner or something. We may want to do that, we may not, just going to depend on the terms. I mean, we're going to evaluate everything on an as-it-comes basis. But no – we have no real expectations one way or the other on it.

Q: Okay. Thanks very much for the clarity. Great quarter, guys.

Eric Langan - Chief Executive Officer & President
Yeah, thanks.

Bradley Chhay - Chief Financial Officer
Thank you.

Operator
Our next question is from Adam Wyden with ADW Capital. Please proceed.

Q: Hey, guys. Can you hear me?

Eric Langan - Chief Executive Officer & President
Yeah, how you're doing?

Q: I'm doing great. Thank you, Eric. Well, I – in the depths of March, did I ever really believe that things would – that you guys would rally like this and find ways to – in unparalleled environment, it's just – it's really remarkable. It's a testament to the team that you have. And look, I'm tickled that I have to be the largest shareholder in this company. And I'm really looking forward to seeing this company, quote unquote, level up.

I think, as you said, you spent the last 30 years kind of waiting through a lot of crap, whether it'd be the SEC or the audit or advice from investment bankers as it relates to capital allocation. And the last 5 years, you've clearly demonstrated your adherence to a pretty consistent capital allocation strategy.

That being said, look, I think the short interest in this company is as high as it's ever been. So, clearly, there are people betting against you. You basically built this concept Bombshells de novo. Now, whether you can get a third-party partner or not, I totally agree with you. If you can invest capital at a 50% to 60% unlevered return and Bombshells can do these types of numbers, then, look, numbers don't lie, people do.

At some point, someone's going to pay you for it. And if it's not inside RICK, it's in a sale or a spin-out or something like that. So, I'm not particularly nervous. You'd be 33% operating margins for long enough, nobody's – people are going to be asking for your autograph.

In fact, if you go back and look at Buffalo Wild Wings, in their early days, they were easily achieving 35% location-level margin. You can actually go look at what they were doing on a consolidated basis, and they didn't even own their real estate. So, as we talked about the art of the possible, I definitely don't think, obviously, no one wants to underwrite to a 30. But I don't think it's unrealistic that numbers could settle in around the high-20s. I mean, remember, I think you guys are running your rent through these margins. So, you're obviously benefiting from the fact that you're buying the land and building the location, and some parceling it out and getting those numbers.

But my question is a little bit more philosophical, and I don't want to sound like a dead horse or repeat myself over and over again. But I go back to kind of the math I've been doing, and obviously, building more Bombshells is incremental, club acquisitions are incremental. But when you look at what the business was doing pre-COVID? You were doing about $60 million of EBITDA maybe even a little bit more, and you still had you were still burdened by all those costs from the previous audit and the SEC, and you've used that this opportunity to clean up your cost structure, you've done some refinances?

So, I looked at this stock, and I say to myself, you were doing $45 million of free cash, I mean, easy $40 million to $45 million without even opening an eyelid, and that was before kind of this in Bombshells. So, like when I think about that, and I think about the private market cost of capital, I mean, look at what Apollo's done with Great Canadian, I mean, there are all types of private equity firms that would be chomping at the bit to buy this thing and really take it out underneath you. I know, you've got all types of control and things like that to protect shareholders.

But at the end of the day, it's very hard to turn away a $40 or $45 offer with the stock trading at $30. You obviously like the stock at $24 you were buying 500,000 shares they're on average. Can you talk to me about your initiatives to bridge the public in what I would call public and private market valuation? And we can talk about the financials and all these things they had before going against you. But you pass all those tests with flying colors, they threw COVID at you, you're generating cash. I mean, if I'm a private equity firm, and I'm looking for ways to put money to work in the kind of a COVID rebound play, the first thing I would do is make a public offer for risk. So, the way you put deepens against strategy make it too expensive for them to go after you, how do you think about that?

Eric Langan - Chief Executive Officer & President

We just keep pushing forward, we buy our stock, when the time to buy the stock. And we don't think about a lot of private equity guys have talked to us in the past, but kind of remember our industry, you have to run it, you have to manage it. So, it's not something that there's a lot of people out there that have experienced doing something, especially the size of our organization. You look at the private sector even and there's not too many companies out there of our size in our industry, maybe two other operators out there that could possibly operate this large, you could bring outside people in, but they don't understand the tricks of the trade, so to speak. And they will make some minor mistakes that can affect your cash flow really quickly. It is my opinion.

But at the same time, I will never say I'm a never kind of guy. If I figured out, I don't think I'm the smartest guy in the room. So, I think there's probably plenty of other people out there that could figure it out if they wanted to, and we think about it. We don't really think about as much when our stock as high as when it was down at $8 and $10, hey, why didn't somebody come to buy our whole company? I mean, this is crazy our underlying real estate values, and then, just the Bombshells concept alone.

And the cash flow, I mean that, if you took 3 or 4 of our major clubs, Miami – two clubs in Miami, the three clubs in New York, now Chicago, three clubs in Minnesota. I mean, there's a lot of hidden value, I think, locked up value still in this company, based on the value of our individual licenses in certain markets. So…

Q: Yeah, I mean, my math is quite simple now. Well, obviously, we can talk about the opportunity of Bombshells, right? Well, your job as an operator, and I don't pretend to think that I could ever run this thing, because you did it. And you learn the capital allocation on your own. That being said, when I look at Bombshells, and I say to myself, okay, fine. If we can open up and this is even franchises, this is company-owned stores. If I can buy the real estate some parcel it out, and do all that stuff at a 40%, 50%, 60% unlevered return then maybe you can make an argument that that's a better investment than buying your own stock at 4 times EBITDA.

But I mean, the simple math I'm doing right is, your $256 million market cap, you've got $130 million in net debt, you've got, of which, non-cross collateralized property level mortgages you're doing. You probably have another $15 million to $20 million, what I would call unencumbered non-income producing real estate, right? So, I look at myself and I'm like, "Okay, this thing's got a $1.10 in net debt, right? It's under levered. Your $360 million, kind of [it leads] [ph] against the $80 million EBITDA," which I think could be proved conservative, as it relates to kind of the near-term for COVID. But let's say an $80 million normalize, I mean, you're basically buying a retail restaurant concept of growing at 4 times. I mean, that's kind of hard to beat.

And so, the question really becomes, look, I totally get the Bombshells, but like how do you justify doing club acquisitions with the stock trading at 30 bucks? I mean, I get it at $40, $50, I mean, I'd have to spread it out? But I mean, at this point, like, it seems like the only thing that totally makes is buying back shares and doing Bombshells. And then, am I thinking about this…

Eric Langan - Chief Executive Officer & President
Well, you say that, but – well, you got to remember the way we've done all of our club acquisitions from 2017 on, I have basically been 100% debt, right? And what we do is we go in and we look at this, we go in and we look at and we say, okay, this clubs making X amount. We're going to give 70 – and this is their free cash flow. We're going to get 70% of that free cash flow back to the owner. We're going to keep 30% of that free cash flow. We're going to – I'd say, the owner or debt holders, owner or debt holders going to get 70% of the free cash flow, we're going to take 30%. We're going to manage it.

So, we're basically managing to own, and we get 100% of the upside. How we did Chicago, how we did Pittsburgh, how we did Scarlett's, and a couple of Kappa, a couple of the other locations. We don't really use the company's free cash flow to buy those club acquisitions, we've used financing our reputation and our ability to actually go in there and operate the businesses, and our reputation with the owners in the industry of our ability to pay them, regardless of what their club does, we still pay, we pay them.

But we have been very successful in not only generating the cash flow out of the business, but actually increasing and actually increasing our side of the cash flow as well. And that's been very successful for us. We put some short-term balloons in which if we weren't able to then go and get longer term financing wouldn't force us to put some of our cash up. But so far, every time our balloons come due, we've been able to roll it into with our other existing real estate portfolios or through other investors or whatnot been able to roll that debt forward. And most time lower interest rates as we do it. So…

Q: So basically, you're saying is, you think you're creating the club assets, net of synergy at multiples lower than what you've done before?

Eric Langan - Chief Executive Officer & President
Yeah. Exactly.

Q: All right. Well, look from your mouth to God's ears. I mean, if you can do deals under 4, 5 times EBITDA, and it builds brand and builds the moat, and you can buy back stock. And look, I'll quit my hedge fund and I'll come to work for you, Eric. Make sure, this is going to be a $10 billion company. It's pretty impressive. So, look, I'm happy to be the largest shareholder in this company. It's pretty impressive. And I'm looking forward to seeing you guys level up, because the business performance is there in the market, the market recognition is not. So please let us know how else we can be helpful next quarter.

Eric Langan - Chief Executive Officer & President
I appreciate it. Thanks for everything, Adam.

Operator
[Operator Instructions] Our next question is from Jason Scheurer with Orchard Wealth. Please proceed.

Q: Great quarter. I like to hear everything that was good going. I kind of wanted some clarification, though. How are you guys looking time wise in terms of the debt restructuring at these record low interest rates? And how much do you think you could like bundled together and get a better rate, and what the cost savings might be?

Eric Langan - Chief Executive Officer & President
Sure, our goal is $115 million. We're trying to close before February 28. It's been we had to get the K out, we had to have current financials, we had to show positive cash flow, whatnot. So, we just basically sent everything to the bank last night after we filed. And so, we're moving forward, we'll probably start working on the appraisals soon, because we're going to get appraisal updates. A lot of the properties were already financed, some are not, most of our survey should be current, we may have a few surveys to get, we may have a couple environmental studies to get phase one environmental to get done, basically get the whole package wrapped up. But now that the K is done, we'll be pushing full speed ahead on that. So, February 28 is what 10 weeks from now. So hopefully, we'll have some news by the time we file the next Q.

Q: Okay. And then in terms of what – can you give me any ideas of what the new rate might be range wide?

Eric Langan - Chief Executive Officer & President
I'm going to be in the 5% to 5.5% range. But if you look at Slide #9, basically, we're going to take, obviously, all the current real estate debt. We're going to take the VIP and Blush seller note at $10.1 million, 7.47% that'll be rolled in there. We'll be rolling in the $14.1 million in unsecured debt, that'll all be rolled in there. And so that'll be here – that's going to be basically your $115 million. It's actually not even $115 million anymore, I think, we paid down some of it's probably like $112 million now, something like that. So, we'll either lower the amount or we'll pull $3 million in cash out depending on what the bank will let us do. And that's all going to depend on the appraisal. The appraisals are going to have to come in at the right level.

Our current debt service on that is $1,174,000 – sorry, $1,178,000. And when we do the new payment, we will be paying $768,000 a month. So, we're going to save about $410,000 a month in cash outlay for debt service or about $5 million a year – just under $5 million a year. So, it's very significant that we get all this rolled up and done, and we'll give us basically a set of all these payments we have right now, we'll have basically one loan payment there. We will have the secured by other assets and we'll have the Texas Comptroller's debt. And as we've learned, we still have the SBA loans on there. But $4.9 million of that has been forgiven now and we're working – we're waiting to hear on the other two, they're pending. So, we'll see what happens with those. It should be very good for us on a go-forward basis once we get all that – get that done.

Q: A couple of industry questions. First one, with the big clubs that you guys would target that you're going to have this conference in May, and you're speaking to the operators, what percentage of these clubs are basically owned by groups of people? And how many of them are you dealing just with like some guy that started the business 40 years ago?

Eric Langan - Chief Executive Officer & President

Usually, it's one guy that's we're dealing with, he may have a group of smaller investors, but usually there's one control person that we're dealing with. We're not dealing with a group of control people. There are occasional deals, where there's two equal partners in deals stuff like that. But the majority of the clubs, I believe are just, they're basically owned or controlled by one guy or one entity.

Q: Okay. Yeah, I mean, then the other thing was with the Bombshell design with COVID now, have you guys had any discussions like with the architectural structure to maybe increase the overall footprint, so that maybe you get graded at a higher capacity like, let's just say, instead of having 200 people in a restaurant, you can have 300, just in case these guys turn around and say, well, you can only operate at 30% capacity. But the 30% capacity with the new design is ideally like 60% of what you originally intended?

Eric Langan - Chief Executive Officer & President

Well, the patios have no occupancy requirements, because they're outdoors. The interior of a typical Bombshells is 450 to 550 people already. So, we don't really need, we already have extremely large restaurants, I think that's been a big key to our success is that our restaurants are so large that that people have been able to get in the place seems busy, but you're not sitting on top of each other. And you go to a 4,500 square foot to 6,500 square foot standard, Brinker, Darden Restaurant, and you put 50 people in there, and they're starting to get close together. At our locations, because of our 8,100 square foot indoor, 2,400 plus outdoor, we can put 150 people indoor or 200 people indoors, and still, everybody will be, all the tables are still 6-feet apart.

So, it's been really good for us, our patios, while there's no number occupancy, we do enforce social distancing. You can't walk around the restaurant or the bars, you can't. The bar areas and stuff, you have to be seated, you have to have gear up, and you have to have your mask on, we've been able to do that. And I think that's created a little sense of security for our guests. And I think that's why they like this location. I think that's why they come back.

Q: Okay. And then, I guess the other thing too about the Bombshells as an overall concept. And when you guys are pitching this to any prospective franchisees and stuff like that, I'm assuming compared to most of the other ones out there, your overall liquor sales relative to food costs are just so much higher than the industry as a whole. Is that right?

Eric Langan - Chief Executive Officer & President

Well, they are up from 10 PM to 2 AM, right, because that's when we really kind of convert, we bring the live DJs in, we sell a lot more appetizers, it's more appetizers and mix. It's typically 25 to 35 year old guests that are – I call it the meet-and-greet place. We're going to meet-and-greet up here. We're going to grab a couple of drinks, because our drinks are cheaper than the high end bars. So, they're going to go to afterwards and some of them might be hungry. So, they're going to grab a couple appetizer orders, a couple of drinks, and then they're going to head out for the night to where they're going.

Our key success has been a group of girls come in, they are going to meet up, they're going to someplace else. A group of guys come in, they meet up, they're going to someplace else. But when they get the Bombshells, they meet each other, and they end up staying at Bombshells till 2 o'clock in the morning. They never leave and go to another place. And that's been a real key to success for those late night hours.

And you can see it in the numbers were the locations that do extremely, extremely well, as far especially on higher margins, like he said, our two newest stores, because we started the concept out correctly from the very beginning. We build that late night. We focused on that late night build and have done very well with it. And that's where, like I said, we really reap the reward of high margins, because you're selling high margin appetizers, you're selling high margin drinks, and 4 solid hours of that, you're doing very well.

Q: And then just one last thing to dispel the whole politically correct crowd. What would you say the breakdown of the customers coming into Bombshells is between men and women?

Eric Langan - Chief Executive Officer & President
I probably say, we're probably like 40% men, 30% women, and then the rest is mixed. I mean, and in the late night, I mean, it can be – I've been in Bombshells, where there's more women than men in the evening times in certain locations.

Q: I just think, there's a little thing I like to hear in the politically correct world.

Eric Langan - Chief Executive Officer & President
Yeah. Well, I mean, I think the problem is, as everybody tries to associate us with Hooters or Twin Peaks, and while we have a little flair of Hooters or Twin Peaks, and that's where our slow hours, that's our 2 to 5 PMs are kind of as we move from lunch to dinner, as we move from dinner to late night. That's kind of where those – where that that business comes and helps that's 20% of our business, maybe. But, because of our large menus, our drink menus are very female friendly. I mean, basically all of our drinks on our menu cater to females, right? Because guys don't, and they know what they want, right? I want a whiskey, or I want this beer, or I want this on the rocks or scotch, whatever.

The females that come in, they want, a fruity drink, they want a big drink. They don't know which one they want. And so, they have all these different drinks on the menu, and it's been worked very, very well, same with our food. If you look at our menu, we have salads and wraps, and different sea foods and different chickens, and everything that caters to basically a much, much larger crowd where, if you go into Hooters or Twin Peaks. They have a very, what I call, male centric menu. And we've done everything we do to stay away from that male centric menu and to make everybody feel welcome.

We have kids' menus that fold up to make little army hats. Kids put on their army hats. They have little games on them. So, I mean, we're very family friendly, we're very female friendly. We're not – I know we get thrown into that restaurant category a lot, but I just don't think that's what our concept is. I think it's a very small part of our concept, just because, we have the girls in the uniforms, but – and they have fun and we make it a fun place, because that's the real key, right?

Nobody wants to go out and have a boring experience at a restaurant. Now, if it's an experience. It's not just, I'm not going to go eat, if you want to eat, you're going to go casual dining, you're going to go to party, you're going to go to take away, you're going to go to these quick fast casual dining deals.

But if you're going to go out and have an experience that's what Bombshells is about, it's about the experience, not just the food.

Q: Let's see. Well, thanks again, guys. Just fantastic quarter and I'm looking forward to [indiscernible] doing, especially with this Bombshells expansion.

Eric Langan - Chief Executive Officer & President
Yeah. Thank you.

Q: Thank you.

Operator
Our next question is from Yaron Naymark with 1 Main Capital. Please proceed.

Q: Hey, guys, congrats on the strong quarter. I second everything Adam Wyden said earlier in terms of you guys managing through the crisis. I still remember in March and April I was calling you guys every three days to ask if you were comfortable with your cash balance and to think that you managed through as well as you did.

Eric Langan - Chief Executive Officer & President
I won't lie. It got pretty scary around here. That PPP money came in at the exact moment we needed it. I mean, right when we weren't sure what was going along. We were like, "Okay, what are we going to do from here?" I think, we were down to $4 million cash on hand at the time. We're supposed to – we were hearing the response to be opening the Bombshells. We actually – we opened 4, we didn't open all of them, because things were tight and so we tried to open 4, we're going to open a few at a time, we didn't know how they were going to do, we didn't even know if customers were going to come. And so…

Q: Yes. Yes, congrats on getting through, I mean, I think it's rare to have a combination, especially in small and mid-cap, to have a company that has an incredibly strong business with a wide moat like you guys have at a low valuation with a really great management team with insider ownership, and with the ability to redeploy capital at the rates of return you guys have shown that you guys can deploy capital. So, I think it's a trifecta. I'm excited to be a shareholder.

Eric Langan - Chief Executive Officer & President
We're going to cure that low valuation. That's what we're working on.

Q: Yeah. Exactly. The only thing I disagree with Adam on, is, I hope you guys don't even consider selling the company for $45 bucks, because I think you guys have…

Eric Langan - Chief Executive Officer & President

We wouldn't. I mean, I'm not looking to sell the company. We just built it to this machine that we've created with the teams that we put together and the new accounting software that Bradley put in. The systems Bradley's put in give us immediate access to information that used to take weeks to get. And now Bradley can give it to us at a click of a button. It's just – it's amazing. And that's how, I mean, without the systems that they created, and the ability to get this information and the teams on the inside, the accounting side of things. I mean, it might have been a different story.

Our managers can only do so much, but without data and not correct data. Their decisions may not have always been the best, but we always had the best data that we could have possibly had at the time on what was going on, and it made a big difference.

Q: Yeah. So, the main question I have is, I mean, you touched earlier on the fact that when you do club acquisitions, a lot of times you clump them with debt, whether it's a seller note or mortgages on the properties. And so, the returns on equity on those are basically infinite. And then, clearly the returns on the most recent Bombshells, which it took you a while to tweak and find the right locations, and the right build out, but like, the returns on Bombshells are also extraordinary. And so, you guys have these long-term targets out there of growing free cash flow per share at 10% to 15%.

I'm just wondering why you guys can't be growing free cash flow per share at 25%. Given the fact that you're going to have excess capital, especially if you guys, I mean, it sounds great to hear that you said you think you're going to get franchisees on the Bombshell side. So, you could potentially be in a scenario where you have other people building Bombshells with their capital, where you get paid on that capital, you're putting into your own Bombshells are earning, I don't know 50% ROEs or something? And the acquisitions you guys are doing on the club side are infinite ROE. So, if you're taking your cash and reinvesting it at infinity percent or 50%, like why can't free cash flow per share growth, those types of rates?

Eric Langan - Chief Executive Officer & President

Well, if you look at our 5 years since we started cap allocation strategy, we're averaging about 22%. But if I say, 25% and grow 22% everybody goes, oh. If I say 10% to 15%, and grow 22%, everybody says, oh, great, good job. And the reality is, we just need a realistic goal, right? I mean, sure, we might have some years at 25%. But to do that every single year, year-after-year, I think is a little more difficult. And that's why I think a reasonable goal is 10% to 15%, and we want to overachieve. And hopefully, we'll continue to overachieve as we move forward. Obviously, COVID has thrown a big wrench in that.

But I still think, we're going to see as soon as we reopen everything, a return right back up, and we're going to see a significant increase in, say, our 2021 or 2022 numbers versus our 2019 run rate with what our 2019 run rate was. And that's going to be because of how well we manage through COVID.

Q: I don't even mean like pre-COVID, post-COVID. I mean, once you get back into your baseline like I don't know why you guys can't grow at 25% every year, if you're taking all your cash and reinvesting it in these projects every year that, and here we generate returns that are way higher than that.

Eric Langan - Chief Executive Officer & President

And we may as we get our debt service even more manageable than it is right now with a new long-term note, saving us almost $5 million a year in cash layouts for debt service. That $5 million is another two Bombshells if we want to do, two more Bombshells that's a possible club acquisition. We could pay that high interest debt, but we won't have any high interest debt left. So, the only thing we'll have to do with our cash is either buy back our stock, or put more to use by more operations, growing operations.

Q: Yeah. And probably do both if you generate enough cash. So, I mean, it sounds like 10% to 15% is the under promise over deliver target?

Eric Langan - Chief Executive Officer & President

I mean, that's what we try to do. I mean, that's always we don't want to – we definitely don't want to fall short of our 10% to 15%. That's for certain. And of course, we'd like to do better when we can.

Q: Right. Okay. That's helpful. And then my second and last question is could you just give some more color on – you kind of get some color on these franchisees, there's two of them how far along are you and what do you think the likelihood of one of them getting signed here?

Eric Langan - Chief Executive Officer & President

I think, definitely by – if not this quarter, next quarter, we'll have our first franchisee signed up from there, I think, once you do your first one, I'm hoping, I've heard from other operators and other guys that that I know very well that once they sign up their first one, it kind of rolls pretty fast for them. It got kind of crazy. We're prepared for that.

I think it'll be a little slower for us just because of COVID. I think that we'll probably really pick up right at the end of this fiscal year. So, this summer, going in July, August, September or maybe even in that next quarter, October, November, December, that's when I think we will really start to see a lot more interest in Bombshells.

I think once we open up our – and it could take longer. It could take to reopen up a couple of our Florida locations and show that it, "Hey, this isn't just a Texas thing," because that's what I get from a lot of guys, "Well, yeah, this concept works in Texas, with the military and everything, but I don't know if it's going to work in this market or that market."

And I just try to tell them, the military is another small part of the piece, it's not the concept. And to be honest with you, I can't even explain the full concept and why we're so successful. I see all the little pieces. And I think we just put all these little pieces together. And it created this beautiful puzzle, came together, and it's just working very, very well.

So, we'll keep doing it. We'll keep focusing on the things that are important for the Bombshells brand and keep growing it. We're going to put out another menu change here soon, with some new items, take off some items that aren't selling so well. And keep everything fresh. And I think that's just been the key. We're constantly reinventing it. We're constantly keeping it fresh, and fun and exciting. And it's worked out really well for us.

Q: Got it. Thanks, guys. That's all for me.

Operator

Our next question is from Steven Martin, with Slater Capital Management. Please proceed.

Eric Langan - Chief Executive Officer & President

Hey, Steve.

Q: Hey, having been a shareholder for quite a while, I had more than enough confidence that if there was a management team that could manage through this crisis, it was you guys. I didn't know how bad the crisis would be. So, it's hard to gauge. But I echo the sentiments of the previous callers that you guys have done a great job in a very tough environment. I know having talked to you through the period, in any given day, you never knew what was open, closed, what the hours were going to be or how the staffing was going to be. But you guys rose to that occasion.

Eric Langan - Chief Executive Officer & President

Thank you. We certainly tried.

Q: A couple of things, one, the previous caller's question about growing cash flow and all that, I just wanted to say that while I'm supportive of growth, I'd rather see controlled intelligent growth than reckless growth to achieve some ridiculous target. You guys have done a great job of rationalizing, growing on a controlled basis. And I'd love to continue to see that.

Eric Langan - Chief Executive Officer & President

Yeah, I think that's what you'll always see from us, because everything is 5th grade math, Steve. I mean, we look at everything. We take into the capital allocation strategy. We look at our – and the capital allocation strategy, I mean, while we simplify it here for you guys, in these slides, internally, it's much different and much deeper than just a simple slide.

And that we look at total debt to EBITDA ratio. So, we look at – I mean, we have all these different metrics, and each deal has to fit and make each of those metrics. Or we just go back to 2016, in which we call the do-nothing mode, right. We just go back in the do-nothing mode. We sit and we wait. And we let the cash build up, and we let the cash generate.

And, if our stock price is cheap, we buy back our stock, and we wait for the right deal. We're in no hurry to do a deal. We're quite happy with the current cash flow that we have. And we always seem to be able to find ways to meet our goals without taking on any undue stress. We don't like to stress the systems at all. That's the real key, to keep everything growing without stressing the systems, our management systems, our internal systems, accounting systems, everything.

No system wants to be stretched. No system is going to be pushed to a limit because that's when we make mistakes. And we've learned from that over the last 30 years, that in the end – at the end of the day, one mistake can cost us, 2, 3 years of growth and it's just not worth it. So, we'd like to take it nice slow and steady.

Q: Well, I appreciate that. And you actually led into my next question, for Bradley. Now, that you've got the systems in place and you did some cost savings and reduction during the pandemic, when you look out over the next 2 or 3 years at the ability to grow? What do you think your incremental overhead or G&A might be if you were to start to grow again, I don't know, 3 or 4 clubs – 3 or 4 restaurants a year and one or two club acquisitions? What would it cost you on the margin?

Bradley Chhay - Chief Financial Officer
We're not exactly sure here, just given the fact that this year's data is kind of skewed and is an anomaly. I know that we trimmed a lot of fat in these last three quarters. And we don't expect that to come back on. But on our normalized margins, we know the direction that we're going.

So, it's very hard to say, because until we get about a couple of quarters worth of normalized margins with everything back open, and at the right occupancy, at the right hours with our normal staffing, it's very hard to say.

Q: Bradley, I was more addressing the corporate overhead side, less about the divisional expenses, and restaurant margins, but more your ability to add units and grow the retail side and control the corporate G&A.

Bradley Chhay - Chief Financial Officer
That's the plan. The plan is always to control our fixed costs, control our overhead in terms of salaries and wages, SG&A, to negotiate with our insurance companies and to reduce that as much as possible.

We're doing that with the best information that we can. What we learned during COVID is that a lot of our vendors are willing to work with us. When we're stressed, we can press them for a discount or whatnot, and work with them. And we're seeing opportunities in different markets, even at the corporate level. So, we…

Q: And what about headcount?

Bradley Chhay - Chief Financial Officer
I expect the revenue per headcount to continue to grow. A lot of our systems are basically leveraged now. We have a lot of automation in. So before, whenever I had 2 or 3 profit centers, I would have to add a couple headcounts here and there. A lot of our systems and we continue to use artificial intelligence and AI to bridge the gap between how do we get our data really fast, quickly and accurately into our corporate environment.

So, as we continue to automate, I expect our – if we can continue to manage our salaries and wages, we will continue to keep growing revenue per headcount and margins per headcount at a reasonable rate.

Q: All right. Thank you very much.

Bradley Chhay - Chief Financial Officer
You're welcome.

Operator
As we are reaching the end of our hour, we are going to take one final follow-up from Adam Wyden with ADW Capital. Adam, please proceed.

Q: Sorry to keep you guys all here. I know you've been at this for an hour now and you're probably tired.

Eric Langan - Chief Executive Officer & President
It's all good.

Q: I just want to clarify one thing, on – two things, actually. On Yaron's comment, he said, "Well, Adam would be an advocate of selling the stock for 45 bucks." I mean, look, if you guys really want me to where I can do it on Twitter, I can pencil it out why this is a triple-digit stock easy today. And that's before using our imagination on Bombshells. So, by no means am I indicating that you should sell for $45.

What I'm saying is if you're Apollo or some sharp private equity firm, right, why don't you step in there, buy a bunch of shares and make a public offer, right? You and I both know that one of the great things about being a United States citizen and the SEC and the public markets is that like this is a country and this is why I'm in the hedge fund business. This is a country of manifest destiny. If I want something I go out and freaking get it.

And if I'm Leon Black or one of these guys, I'm going out and buying all these shares and I'm contacting Renaissance and Adam White and all these people telling us why Eric can't get the stock up and you should sell at $45. I mean, look, what's happened in Great Canadian Gaming, Apollo's stealing the company.

Now, I'm by no means am I saying that you're some patsy. I mean, you've done the unbelievable. I was just implying that like there aren't these types of value opportunities. I don't see a lot of companies that can do 100 of EBITDA coming out of COVID and then have this unbridled 500 unit franchise company-owned Chipotle, Buffalo Wild Wings, Lollapalooza in front of them.

I mean, that's pretty freaking incredible. And so like, I'm by no means saying, I mean, look, I didn't buy a million shares of this, say, because I want to sell it at $45. I want to sell it at $400. So, I don't believe that. I was just saying, look, I'm not that smart of a guy. And if someone like me who's got a basic, like you said, who can do 5th grade math and get on Google, to see why some Harvard MBA in New York City can't?

So, I was just saying, look, it's value, that cream rises, how do you want to say, cream rises to the top, numbers don't lie, people do, however you want to say it. This is going to become obvious to folks. And I just – I want us to be able to get the full scope of that opportunity. That's what I was saying. And then, I wanted – you can answer that. And then, the other question I had was you mentioned the refinance coming in end of December.

And you said, roughly $400,000 a month in savings. That was not in my free cash flow analysis in exiting 2019. So, as far as I can tell, that's about $5 million of free cash flow, at even a 10 multiple. Now, we can argue why this should trade in a 5%, right? I mean, if you're growing cash flow 15% a year and you trade at a 5%, that's a 20% total return on Buffett math. That's an acceptable return for most investors.

So, I mean, I could easily tell you why if this thing does $5 of free cash flow, and I think it will be much more at a 20 multiple, that's $100 stock. And that doesn't really discount any growth at Bombshells. So that's how I get to my $100. But as it relates to the refinance opportunity, that alone, I mean, even if you don't believe in the multiple, at a constant 10 multiple, that's $50, a share at 9 million shares outstanding, that's – what is that – six and a half – it's a little less than $6 a share.

I mean, if I were – if someone who's actually listening to this conference call, I would expect this stock can go up by some fraction of that, I don't know, 75%. I mean, it's just completely ludicrous. I mean, I follow this company, as well as anybody. I didn't really think about a $5 million refinance. I mean, that's, almost $6 of equity a share that just falls in our lap. You don't have to do anything other than make a phone call.

Eric Langan - Chief Executive Officer & President

We'll just keep pushing it. That's all we can do right now. I think the loan will close in February, not December, just to – if anybody's confused by that, but that's okay. But other than that, everything else is very accurate. I mean, we just – we're just going to keep doing what we do. The market will catch up. That's what Buffett says, right? Don't worry about the market, just run your business, and the market will catch up.

So, we're just sitting and waiting for the market to catch up. So – in the meantime, we're taking advantage of, we're taking our share count down from almost a fully diluted 10.8 million back in 2014 or 2015. And we're under 9 million shares now as of the filing of the K. And we're sitting, basically, on our reserve amount. So, if we can continue to keep generating cash flow, even with these closedowns and whatnot, until we get everything reopened, we may have less shares outstanding.

I know, we're going to be working on closing on a couple of these Bombshells locations here soon. We're working with the bank financing on the real estate side of that right now. And we'll get those started. Like I said, just – right now the plan is just keep moving forward. And we just – we're focusing on our day-to-day operations that are open. And we're focused on, on adding some new locations as we move into fiscal 2021.

Q: Well, good. Eric, look, I think you guys are doing a tremendous job. And Bradley sounds great on the call. And it sounds like you've got this well-oiled machine going. So, I look forward to many more of these things, and especially, stocks in triple digits, so hopefully sooner rather than late.

Eric Langan - Chief Executive Officer & President
All right, well, when you said we're going to go to $30, I thought you're crazy. Now, you're saying $100, I think I'm just saying, okay, we'll keep doing it and you'll get us there. I mean, this thing just keeps rolling as long as we keep producing. So – and that's then what we've had in the past, we had shareholders that they – as soon as the stock goes up, they all sell out. And I really appreciate you staying here with us.

Now, that you're on the right side of the trade, and we're going to keep pushing it up and can keep growing for you. So, we appreciate you.

Q: All right, Eric. Have a nice holiday if I don't speak to you. All right.

Eric Langan - Chief Executive Officer & President
All right, you, too. Thanks a lot. Bye.

Operator
We have reached the end of our question-and-answer session. I would like to turn it back over to management for closing remarks.

Gary Fishman - Investor Relations
Thank you, Eric. And thank you to all our investors for your questions. On behalf of Eric, Bradley, the company, and our subsidiaries, thank you. Have a great day and best wishes for a happy holiday season and New Year. Stay safe, stay healthy. And as always, please visit one of our clubs or restaurants.

Operator
Thank you. This does conclude today's conference. You may disconnect your lines at this time. And have a pleasant day.