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DRIVE SHACK INC.

Drive Shack Inc. Announces Third Quarter 2023 Financial Results

DALLAS--(BUSINESS WIRE)-- Drive Shack Inc. (the "Company") (OTCQX: DSHK), a leading owner and operator of golf-related leisure and entertainment businesses, has reported its financial results for the third quarter of 2023.

Summary Highlights

- Adjusted EBITDA(1) of $10 million in the third quarter of 2023 and $29 million in the first nine months of 2023, compared to $7 million and $13 million for the corresponding periods in 2022

-Revenue of $100 million in the third quarter of 2023 and $276 million in the first nine months of 2023, up 13% and 14% from the corresponding periods in 2022

- Segment revenue for traditional golf (American Golf) in the third quarter of 2023 of $79 million and $213 in the first nine months of 2023, up 10% and 13% from the corresponding periods in 2022

- Segment revenue for entertainment golf (Drive Shack and Puttery) in the third quarter of 2023 of $21 million and $62 million in the first 9 months of 2023, up 27% and 33% for each of the comparative periods in 2022

The Company attributed the revenue growth at American Golf primarily to an average increase in ADR (average daily rounds) for Greens fees and Cart Fees of 6.5% at existing courses and the addition of 3 leased courses at the beginning of 2023 - Marshall Canyon Golf Course (La Verne, CA), Allondra Golf Course (Lawndale, CA), and Don Knabe Golfing Center (Norwalk, CA)

The entertainment golf revenue increase primarily reflected the addition of new Puttery locations in Chicago, IL (November 2022), Pittsburgh, PA (February 2023), Minneapolis, MN (July 2023), and Kansas City, MO (August 2023).

A full discussion and analysis of the Company's results and other business information is available in the Company's full quarterly report, which is available on the Company's OTCQX landing page, www.otcmarkets.com/stock/DSHK, and on the Company's investor relations website, https://ir.driveshack.com.

About Drive Shack Inc.

Drive Shack Inc. is a leading owner and operator of golf-related leisure and entertainment businesses focused on bringing people together through competitive socializing. Today, our portfolio consists of American Golf, Drive Shack and Puttery.

Exhibit – Adjusted EBITDA Reconciliation

Adjusted EBITDA is not a measurement of financial performance under generally accepted accounting principles in the United States ("GAAP") and should not be considered in isolation or as an alternative to GAAP financial measures. We believe this non-GAAP financial measure, as we have defined it, provides a supplemental measure of financial performance of our current operations at our entertainment and traditional golf venues. This measure excludes items that we believe are unrelated to the day-to-day performance of our current golf entertainment or traditional golf venues, including one-time pre-opening costs associated with new venue openings, corporate severance payments, (gain) loss on lease terminations and impairment, stock-based compensation, depreciation and amortization and other income (which does not include revenue from golf entertainment or traditional golf venues). This non-GAAP financial measure is presented so that investors have the same type of financial data that management uses in evaluating the financial performance of the Company.

The principal limitation of this non-GAAP measure is that it excludes significant expenses and income that are required by GAAP to be recorded in our financial statements. A reconciliation is provided for the non-GAAP financial measure to our GAAP operating income/(loss). Investors are encouraged to review the related GAAP financial measures and the reconciliation of the non-GAAP financial measure to our GAAP operating income/(loss), and not to rely on any single financial measure to evaluate our business.

We define Adjusted EBITDA as GAAP operating income (loss), adjusted for depreciation and amortization, gain (loss) on lease terminations, impairment and other losses, pre-opening costs and certain other non-recurring items (including corporate severance payments, transactional G&A and stock-based compensation).

Reconciliation to Adjusted EBITDA

$'s in $1,000s	**Q3 2023**	**Q3 2022**	**YTD September 2023**	**YTD September 2022**
Operating Income (loss)	**(847)**	**(5,192)**	**1,091**	**(29,942)**
Add: Depreciation & Amortization	8,572	6,819	21,998	19,144
Add: Pre-opening Costs	1,957	2,145	4,869	4,830
Add: Loss on Lease Terminations or Impairment	36	1,318	70	16,350
EBITDA	**9,718**	**5,090**	**28,028**	**10,382**
Add: Non-recurring Items (1)	539	1,953	519	2,266
Add: Overhead expense in General and Administrative	3,416	6,513	15,643	26,336
Adjusted Venue Level EBITDA	**13,673**	**13,556**	**44,189**	**38,984**
Less: Corporate Overhead	(3,416)	(6,513)	(15,643)	(26,336)
Adjusted EBITDA	**10,257**	**7,043**	**28,547**	**12,648**

(1) Non-Recurring Items represents adjustments for items such as Severance, out of period accounting adjustments, dead deal expenses, and other one time expenses.

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