

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 10, 2022 (March 10, 2022)

**Drive Shack Inc.**

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation)

001-31458  
(Commission File Number)

81-0559116  
(IRS Employer Identification No.)

10670 N. Central Expressway  
Suite 700  
Dallas, TX  
(Address of principal executive offices)

75231  
(Zip Code)

Registrant's telephone number, including area code (646) 585-5591

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	DS	New York Stock Exchange (NYSE)
9.75% Series B Cumulative Redeemable Preferred Stock, \$0.01 par value per share	DS-PB	New York Stock Exchange (NYSE)
8.05% Series C Cumulative Redeemable Preferred Stock, \$0.01 par value per share	DS-PC	New York Stock Exchange (NYSE)
8.375% Series D Cumulative Redeemable Preferred Stock, \$0.01 par value per share	DS-PD	New York Stock Exchange (NYSE)

**Item 2.02. Results of Operations and Financial Condition.**

On March 10, 2022, Drive Shack Inc. (the “Company”) issued a press release announcing the Company’s results for the fourth quarter and year ended December 31, 2021. A copy of the Company’s press release is attached to this Current Report on Form 8-K (the “Current Report”) as Exhibit 99.1 and is incorporated herein solely for purposes of this Item 2.02 disclosure.

Item 2.02 of this Current Report, including the exhibit attached hereto, is being furnished and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into any of the Company’s filings under the Securities Act of 1933, as amended, or the Exchange Act, unless expressly set forth as being incorporated by reference into such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

[99.1](#) Press Release, dated March 10, 2022

104 Cover Page Interactive Data File (formatted as Inline XBRL).

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DRIVE SHACK INC.  
(Registrant)

/s/ Nicholas M. Foley

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Secretary

Date: March 10, 2022

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# DRIVE SHACK INC.

## Drive Shack Inc. Announces Fourth Quarter and Full Year 2021 Financial Results and Preferred Stock Dividends for First Quarter 2022

*Fourth Quarter 2021 Total Company Revenue Up 17% to \$70.5 Million Compared to Fourth Quarter 2020*

*Full Year 2021 Total Company Revenue Up 28% to \$282 Million Compared to \$220 Million for Full Year 2020; Highest Annual Total Company Revenue Reported in Three Years*

*Full Year 2021 Operating Loss Improves 48% to (\$19.2) Million Compared to (\$36.6) Million for Full Year 2020*

*Full Year 2021 Adjusted EBITDA<sup>1</sup> of \$16.2 Million, a \$19.3 Million Increase Compared to (\$3.1) Million for Full Year 2020*

DALLAS, March 11, 2022 --[Drive Shack Inc.](#) (the "Company") (NYSE: DS), a leading owner and operator of golf-related leisure and entertainment businesses, today reported its financial results for the fourth quarter and twelve months ended December 31, 2021.

"Our fourth quarter results reflect the strong momentum we continue to see across our entire brand portfolio. The walk-in business at our four Drive Shack venues has largely returned to pre-COVID levels and total event revenue is up meaningfully across both Drive Shack and American Golf compared to last year and was the highest quarterly event revenue reported since pre-COVID," said Drive Shack Inc.'s President and Chief Executive Officer Hana Khouri. "Both Puttery locations generated positive venue-level operating results this quarter and we remain extremely pleased with their strong performance as they continue to deliver well within our expectations."

Khouri continued, "2021 was truly a momentous year for our Company. We delivered our highest annual total company revenue in three years and our best annual earnings performance since our transformation to a golf leisure and entertainment company. We successfully launched our new Puttery brand in September 2021 and ended the year with two venues open in The Colony, Texas and Charlotte, North Carolina. Today, we have eight additional venues that are under lease and behind those we have a significant number of sites that are in various stages of development moving toward lease commitment. In 2021, we drove growth and profitability in our business by delivering on the strategic priorities we set out to achieve, and I am grateful to the dedicated associates across the entire organization who remain committed to driving our brand and business forward. As we look ahead into 2022, we remain focused on increasing our brand awareness and further driving profitability, while at the same time optimizing our capital structure to efficiently support our development and growth plans."

### Fourth Quarter 2021 Financial Highlights

Total revenue for the fourth quarter this year was \$70.5 million, an increase of \$10.2 million or 17.0%, compared to \$60.3 million in the same period last year.

American Golf, the Company's traditional golf business, generated total revenue of \$56.5 million, which included \$13.0 million of managed course expense reimbursements, in the fourth quarter 2021, an increase of \$3.4 million or 6.4% compared to total revenue of \$53.1 million, which included \$13.3 million of managed course expense reimbursements, in the fourth quarter 2020. The increase to last year was primarily due to higher public course green and cart fees and daily fee rounds and total event revenue this year versus the same period last year.

The Company's entertainment golf business, comprised of both Drive Shack and Puttery venues, generated total revenue of \$14.0 million in the fourth quarter 2021, an increase of \$6.8 million, or 95.1% compared to \$7.2 million in the fourth quarter 2020. The increase was due to a \$4.0 million increase in total revenue at the Company's four Drive Shack venues, with \$2.8 million of the increase driven by higher event revenue. Additionally, the Company's two Puttery venues generated total revenue of \$2.8 million in the fourth quarter this year. As a reminder, the Company debuted its first Puttery venue in The Colony, Texas in September 2021 and opened its second Puttery venue in Charlotte, North Carolina in mid-December 2021.

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Operating loss for the fourth quarter 2021 was approximately (\$6.4) million, a decrease of \$2.8 million in profitability versus an operating loss of (\$3.6) million in fourth quarter 2020. The change was primarily due to \$1.9 million of increased costs in 2021 from the catch-up of course maintenance that was deferred in 2020, \$0.8 million in rent abatements for certain golf course properties in the fourth quarter 2020 that did not repeat in 2021 and a \$0.9 million increase in preopening costs in 2021. These increases were partially offset by other net operating profit improvements in 2021.

Consolidated net loss was (\$8.6) million for the fourth quarter this year compared to consolidated net income of \$9.9 million in the same period last year. Last year, the Company recorded a \$16.6 million gain in the fourth quarter on the sale of a previously owned golf course. Adjusted EBITDA was \$2.5 million for fourth quarter 2021 compared to Adjusted EBITDA of \$5.3 million in the fourth quarter 2020.<sup>1</sup>

#### Full Year 2021 Financial Highlights

Total revenue for full year 2021 was \$281.9 million, an increase of \$61.9 million, or 28.1%, compared to \$220.0 million for full year 2020.

American Golf generated total revenue of \$236.8 million in 2021, which included \$54.4 million of managed course expense reimbursements, an increase of \$42.0 million or 21.6% compared to last year's total revenue of \$194.7 million, which included \$50.4 million of managed course expense reimbursements. The increase to last year was primarily due to higher public course green and cart fees and daily fee rounds, private course total rounds and memberships, and total event revenue this year versus the same period last year.

The Company's entertainment golf business generated total revenue of \$45.1 million for full year 2021, an increase of \$19.8 million or 78.3% compared to \$25.3 million for full year 2020. The increase was primarily due to a \$16.2 million increase in total revenue at the Company's four Drive Shack venues, with \$11.8 million in increased walk-in revenue and \$4.4 million in higher event revenue. The Company's two Puttery venues generated total revenue of \$3.6 million for the portion of the year they were open in 2021.

Operating loss for full year 2021 was (\$19.2) million, an improvement of \$17.5 million or 47.7% versus an operating loss of (\$36.6) million for full year 2020. Consolidated net loss was (\$30.3) million for full year 2021, an improvement of \$26.0 million or 46.2% compared to full year 2020. Adjusted EBITDA was \$16.2 million for full year 2021, an increase of \$19.3 million compared to Adjusted EBITDA of (\$3.1) million for full year 2020<sup>1</sup>.

As of December 31, 2021, the Company had cash and cash equivalents of \$58.3 million compared to \$47.8 million as of December 31, 2020.

#### Summary Financial Results

Three and Twelve Months Ended December 31, 2021 compared to the Three and Twelve Months Ended December 31, 2020 (\$ in thousands, except for per share data):

	Three Months Ended Dec. 31,		Twelve Months Ended Dec. 31,	
	2021	2020	2021	2020
	<i>(unaudited)</i>		<i>(unaudited)</i>	
Total revenues	\$ 70,527	\$ 60,287	\$ 281,864	\$ 219,987
Operating Loss	\$ (6,430)	\$ (3,648)	\$ (19,174)	\$ (36,635)
Consolidated Net Income (Loss)	\$ (8,573)	\$ 9,946	\$ (30,312)	\$ (56,354)
Income (loss) applicable to common stockholders	\$ (10,346)	\$ 8,551	\$ (35,499)	\$ (61,934)
Income (loss) applicable to common stock, per share Basic	\$ (0.11)	\$ 0.13	\$ (0.39)	\$ (0.92)
Diluted	\$ (0.11)	\$ 0.13	\$ (0.39)	\$ (0.92)
Adjusted EBITDA <sup>1</sup>	\$ 2,535	\$ 5,301	\$ 16,240	\$ (3,106)

<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure. For definitions and reconciliations of non-GAAP results please refer to the exhibit to this press release.

**Preferred Stock Dividends**

The Board of Directors of the Company declared dividends on the Company's preferred stock for the period beginning February 1, 2022 and ending April 30, 2022. The dividends are payable on May 2, 2022, to holders of record of preferred stock on April 1, 2022, in an amount equal to \$0.609375, \$0.503125 and \$0.523438 per share on the 9.750% Series B, 8.050% Series C and 8.375% Series D preferred stock, respectively.

**2021 Fourth Quarter and Full Year Earnings Conference Call Details**

Management will host a live conference call to discuss the Company's 2021 fourth quarter and full year results today starting at 9:00 a.m. Eastern Time. A simultaneous webcast of the conference call will be available to the public on a listen-only basis on the Company's investor relations website at <https://ir.driveshack.com>, along with the supplemental slide presentation. The conference call may be accessed by dialing 1-866-342-8591 (from within the U.S.) or 1-203-518-9713 (from outside of the U.S.) ten minutes prior to the scheduled start of the call and referencing conference ID "DSQ421."

A telephonic replay of the conference call will be available after 12:00 p.m. Eastern Time starting today through 11:59 p.m. Eastern Time on Friday, March 18, 2022, and may be accessed by dialing 1-800-839-2486 (from within the U.S.) or 1-402-220-7223 (from outside of the U.S.).

**Additional Information**

For additional information that management believes to be useful for investors, please refer to the presentation posted on the Company's investor relations website, <https://ir.driveshack.com>. For consolidated information, please refer to the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, which are available 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.

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**Forward-Looking Statements.** Certain statements regarding Drive Shack Inc. (together with its subsidiaries, “Drive Shack”, “we” or “us”) in this release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by the use of forward-looking words such as “outlook,” “believes,” “expects,” “by,” “approaches,” “nearly,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates,” “target,” “goal,” “projects,” “contemplates” or the negative version of those words or other comparable words. Any forward-looking statements contained in this release, including statements regarding the expected development schedule and timing of specific milestones for our facilities, including Puttery and Drive Shack venues, our expected and the remaining cost for our development projects (both individually and in the aggregate), the expected capabilities of our development projects once completed, our intentions to make use of capital or free cash flow and our future financial position and liquidity are based upon our limited historical performance and on our current plans, estimates and expectations in light of information (including industry data) currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by the Company or any other person that the future plans, estimates or expectations contemplated by us will be achieved. These statements are subject to a number of factors that could cause actual results to differ materially from those described in the forward-looking statements, many of which are beyond our control. We can give no assurance that its expectations regarding any forward-looking statements will be attained. Accordingly, you should not place undue reliance on any forward-looking statements made in this release. Factors that could cause or contribute to such differences include, but are not limited to, the risk that our construction schedules will take longer than we expect, that our expectations about the consumer demand for our product will not prove accurate, that our operating or other costs will increase or our expected remaining costs for development projects underway increases and the effect of the COVID-19 pandemic on our business and financial results. For a discussion of some of the risks and important factors that could affect such forward-looking statements, see the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. In addition, new risks and uncertainties emerge from time to time, and it is not possible for the Company to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date of this release. We expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

#### **Non-GAAP Financial Measure**

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 net income/(loss). Investors are encouraged to review the related GAAP financial measures and the reconciliation of the non-GAAP financial measure to our GAAP net income/(loss), and not to rely on any single financial measure to evaluate our business.

*Adjusted EBITDA.* We define Adjusted EBITDA as GAAP net income (loss), adjusted for income tax expenses, other income (loss), interest expenses, interest and investment income, 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).

#### **Investor Relations Contact**

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#### **Media Contact**

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Drive Shack Inc. and Subsidiaries  
Consolidated Balance Sheets  
(Dollars in thousands, except share data)

	December 31, 2021 (unaudited)	December 31, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 58,286	\$ 47,786
Restricted cash	3,480	2,252
Accounts receivable, net	5,563	4,446
Real estate securities, available-for-sale	3,486	3,223
Other current assets	30,034	14,410
Total current assets	100,849	72,117
Restricted cash, noncurrent	798	795
Property and equipment, net of accumulated depreciation	179,260	169,425
Operating lease right-of-use assets	181,915	192,828
Intangibles, net of accumulated amortization	13,430	15,124
Other assets	6,538	6,765
Total assets	<u>\$ 482,790</u>	<u>\$ 457,054</u>
<b>Liabilities and Equity</b>		
Current liabilities		
Obligations under finance leases	\$ 5,400	\$ 6,470
Membership deposit liabilities	18,039	14,692
Accounts payable and accrued expenses	33,019	29,596
Deferred revenue	26,301	23,010
Other current liabilities	26,524	28,217
Total current liabilities	109,283	101,985
Credit facilities and obligations under finance leases - noncurrent	9,075	12,751
Operating lease liabilities - noncurrent	166,031	167,837
Junior subordinated notes payable	51,174	51,182
Membership deposit liabilities, noncurrent	104,430	99,862
Deferred revenue, noncurrent	10,005	9,953
Other liabilities	1,487	3,447
Total liabilities	<u>\$ 451,485</u>	<u>\$ 447,017</u>
Commitments and contingencies		
<b>Equity</b>		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, 1,347,321 shares of 9.75% Series B Cumulative Redeemable Preferred Stock, 496,000 shares of 8.05% Series C Cumulative Redeemable Preferred Stock, and 620,000 shares of 8.375% Series D Cumulative Redeemable Preferred Stock, liquidation preference \$25.00 per share, issued and outstanding as of December 31, 2021 and 2020	\$ 61,583	\$ 61,583
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 92,093,425 and 67,323,592 shares issued and outstanding as of December 31, 2021 and 2020, respectively	921	673
Additional paid-in capital	3,233,608	3,178,704
Accumulated deficit	(3,267,426)	(3,232,391)
Accumulated other comprehensive income	1,163	1,468
Total equity of the company	<u>\$ 29,849</u>	<u>\$ 10,037</u>
Noncontrolling interest	1,456	-
Total equity	<u>\$ 31,305</u>	<u>\$ 10,037</u>
Total liabilities and equity	<u>\$ 482,790</u>	<u>\$ 457,054</u>



Drive Shack Inc. and Subsidiaries  
Consolidated Statement of Operations (unaudited)  
(Dollars in thousands, except share data)

	Three Months Ended Dec. 31,		Twelve Months Ended Dec. 31,	
	2021 <i>(unaudited)</i>	2020	2021 <i>(unaudited)</i>	2020
<b>Revenues</b>				
Golf Operations	\$ 55,390	\$ 52,906	\$ 232,560	\$ 189,972
Sales of food and beverages	15,137	7,381	49,304	30,015
Total revenues	<u>70,527</u>	<u>60,287</u>	<u>281,864</u>	<u>219,987</u>
<b>Operating costs</b>				
Operating expenses	57,026	46,161	222,260	188,745
Cost of sales - food and beverages	3,863	2,180	12,814	8,834
General and administrative expense	8,112	7,182	33,809	31,284
Depreciation and amortization	6,166	6,823	24,018	27,152
Pre-opening costs	1,177	279	4,552	1,328
(Gain) Loss on lease terminations and impairment	613	1,310	3,585	(721)
Total operating costs	<u>76,957</u>	<u>63,935</u>	<u>301,038</u>	<u>256,622</u>
Operating income (loss)	(6,430)	(3,648)	(19,174)	(36,635)
<b>Other income (expenses)</b>				
Interest and investment income	182	165	684	565
Interest expense, net	(2,734)	(2,736)	(10,698)	(10,968)
Other income (loss), net	626	16,601	655	(7,611)
Total other income (expenses)	<u>(1,926)</u>	<u>14,030</u>	<u>(9,359)</u>	<u>(18,014)</u>
Loss before income tax	(8,356)	10,382	(28,533)	(54,649)
Income tax expense	217	436	1,779	1,705
Consolidated net income (loss)	(8,573)	9,946	(30,312)	(56,354)
Less: net loss attributable to noncontrolling interest	(378)	-	(393)	-
Net loss attributable to the Company	(8,951)	9,946	(29,919)	(56,354)
Preferred dividends	(1,395)	(1,395)	(5,580)	(5,580)
Loss applicable to common stockholders	<u>\$ (10,346)</u>	<u>\$ 8,551</u>	<u>\$ (35,499)</u>	<u>\$ (61,934)</u>
<b>Loss applicable to common stock, per share</b>				
Basic (in dollars per share)	<u>\$ (0.11)</u>	<u>\$ 0.13</u>	<u>\$ (0.39)</u>	<u>\$ (0.92)</u>
Diluted (in dollars per share)	<u>\$ (0.11)</u>	<u>\$ 0.13</u>	<u>\$ (0.39)</u>	<u>\$ (0.92)</u>
<b>Weighted average number of shares of common stock outstanding</b>				
Basic	<u>92,073,344</u>	<u>67,158,745</u>	<u>92,073,344</u>	<u>67,158,745</u>
Diluted	<u>92,073,344</u>	<u>67,158,745</u>	<u>92,073,344</u>	<u>67,158,745</u>

DRIVE SHACK INC. AND SUBSIDIARIES  
Adjusted EBITDA Non-GAAP Reconciliation (unaudited)  
(Dollars in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Consolidated net income (loss)	\$ (8,573)	\$ 9,946	\$ (30,312)	\$ (56,354)
Income tax expense	217	436	1,779	1,705
Other (income) loss, net	(626)	(16,601)	(655)	7,611
Net interest expense	2,552	2,571	10,014	10,403
Operating income (loss)	\$ (6,430)	\$ (3,648)	\$ (19,174)	\$ (36,635)
Depreciation and amortization	6,166	6,823	24,018	27,152
(Gain) loss on lease terminations and impairment	613	1,310	3,585	(721)
Pre-opening costs	1,177	279	4,552	1,328
Other items <sup>1</sup>	1,009	537	3,259	5,770
Adjusted EBITDA	\$ 2,535	\$ 5,301	\$ 16,240	\$ (3,106)

- (1) For the three months ended December 31, 2021 and 2020, other items include (i) corporate severance of \$86 and (\$4), respectively; (ii) transactional G&A of \$472 and \$161, respectively; and (iii) employee stock-based compensation of \$451 and \$381, respectively. For the twelve months ended December 31, 2021 and 2020, other items include (i) corporate severance of \$266 and \$1,128 respectively; (ii) transactional G&A of \$1,305 and \$3,276, respectively; and (iii) employee stock-based compensation of \$1,689 and \$1,366, respectively.

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