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Peak Resorts Inc
Form 10-K
July 15, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended April 30, 2016.

OR

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

For the transition period from _____ to _____.

Commission file number 001-35363

Peak Resorts, Inc.

(Exact name of registrant as specified in its charter)

Missouri (State or other jurisdiction of incorporation or organization)	43-1793922 (I.R.S. Employer Identification No.)
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17409 Hidden Valley Drive Wildwood, Missouri (Address of principal executive offices)	63025 (Zip Code)
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(636) 938-7474
(Registrant's telephone number, including area code)

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

Title of each class

Name of each exchange on which registered

Common Stock, \$0.01 par value per share

NASDAQ Stock Exchange

Securities registered pursuant to section 12(g) of the Act:

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None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of October 31, 2015, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant was \$84.1 million.

As of July 14, 2016, 13,982,400 shares of the registrant's common stock were outstanding.

Documents incorporated by reference:

Portions of the registrant's Definitive Proxy Statement for its 2016 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K, to be filed within 120 days of the registrant's fiscal year ended April 30, 2016.

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Forward-Looking Statements

Except for any historical information contained herein, the matters discussed in this Form 10-K contain certain “forward-looking statements” within the meaning of the federal securities laws. This includes statements regarding our future financial position, economic performance, results of operations, business strategy, budgets, projected costs, plans and objectives of management for future operations, and the information referred to under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

These forward-looking statements generally can be identified by the use of forward-looking terminology, such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “continue” or similar terminology, although not all forward-looking statements contain these words. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, you are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Although we believe that the expectations reflected in such forward-looking statements are reasonable as of the date made, expectations may prove to have been materially different from the results expressed or implied by such forward-looking statements. Unless otherwise required by law, we also disclaim any obligation to update our view of any such risks or uncertainties or to announce publicly the result of any revisions to the forward-looking statements made in this Form 10-K. Important factors that could cause actual results to differ materially from our expectations include, among others:

- weather, including climate change;
- seasonality;
 - availability of funds for capital expenditures and operations, including funds raised under the EB-5 program;
- competition with other indoor and outdoor winter leisure activities and ski resorts;
- the leases and permits for property underlying certain of our ski resorts;
- ability to integrate new acquisitions;
- environmental laws and regulations;
- our dependence on key personnel;
- the effect of declining revenues on margins;
- the future development and continued success of our Mount Snow ski resort;
- our reliance on information technology;
- our current dependence on our primary lender and the lender’s option to purchase certain of our ski resorts;
- our dependence on a seasonal workforce;
- our ability to avoid or recover from cyber and other security breaches and other disruptions; and
- the securities markets.

You should also refer to Part I, Item 1A, “Risk Factors”, of this Form 10-K for a discussion of factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Form 10-K will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may prove to be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time-frame, or at all.

PART I

Item 1. Business.

General

Peak Resorts, Inc. was incorporated in Missouri on September 24, 1997 as a holding company to own or lease and operate day ski and overnight drive ski resorts through its wholly owned subsidiaries. Throughout the history of the Company, including the development of the Hidden Valley and Snow Creek ski resorts before the incorporation of Peak Resorts, Inc., the Company has acquired or developed a total of 14 ski resorts. In this annual report, Peak Resorts, Inc., together with its subsidiaries, is referred to as “we,” “us,” “our” or the “Company.”

On November 20, 2014, we completed our initial public offering of our common stock, selling 10 million shares at \$9.00 per share. After deducting \$6.3 million of underwriting discounts and commissions and \$1.4 million of offering expenses payable by us, we received net proceeds of \$82.3 million. Our common stock is traded on the NASDAQ Global Market under the symbol “SKIS”.

We are a leading owner and operator of high-quality, individually branded ski resorts in the U.S. We currently operate 14 ski resorts primarily located in the Northeast and Midwest, 13 of which we own. The majority of our resorts are located within 100 miles of major metropolitan markets, including New York City, Boston, Philadelphia, Cleveland and St. Louis, enabling day and overnight drive accessibility. Our resorts are comprised of nearly 1,860 acres of skiable terrain that appeal to a wide range of ages and abilities. We offer a breadth of activities, services and amenities, including skiing, snowboarding, terrain parks, tubing, dining, lodging, equipment rentals and sales, ski and snowboard instruction and mountain biking and other summer activities. We believe that both the day and overnight drive segments of the ski industry are appealing given their stable revenue base, high margins and attractive risk-adjusted returns. We have successfully acquired and integrated eleven ski resorts since our incorporation in 1997, and we expect to continue executing this strategy.

We have built an award-winning portfolio of individually branded entertainment properties, most of which are recognized as leading ski resorts in their respective markets. Our devotion to maintaining high quality standards across our portfolio through strategic investments and upgrades has created a loyal customer base that contributes to a significant number of repeat visits at each of our resorts. In particular, our investment over the last decade in the latest high-efficiency snowmaking equipment has earned us the reputation as an industry leader in snowmaking efficiency, capacity and quality. Since 2008, we have invested \$63.5 million in capital expenditures and growth initiatives. Our strong branding reinforces customer loyalty and serves to attract new visitors through focused marketing campaigns and word of mouth.

Combined, our ski resorts generated approximately 1.3 million visits in the 2015/2016 ski season. Revenue for fiscal 2016 was down from the prior year due to the unseasonably warm weather in the Midwest and East coast. As the U.S. economy continues to improve and the weather returns to a more normalized pattern, our resorts are well-positioned to benefit from increased consumer spending on leisure activities, and we expect to continue to increase our lift ticket prices and drive more skier visits to our resorts..

The U.S. ski industry is highly fragmented, with less than 13% of the 463 ski resorts being owned by companies with four or more ski resorts. We believe that our proven ability to efficiently operate multiple resorts as well as our track record of successful acquisitions has created our reputation in the marketplace as a preferred buyer. We believe that our extensive experience in acquiring ski resorts and investing in snowmaking, lifts and other skier services, as well as the synergies we create by operating multiple resorts, drives increased revenues and profitability. Our capabilities serve as a competitive advantage in sourcing and executing investment opportunities as sellers will often provide us a "first look" at opportunities outside of a broader marketing process, allowing us to expand both within our existing markets and into new markets.

We operate in a single business segment—resort operations. We are not dependent on any single customer, the loss of which would have a material impact on our financial statements, and we derive no revenue from foreign sources.

Our Resorts

Our 14 ski resorts consist of six overnight drive ski resorts and eight day ski resorts located across seven states, ranging from Missouri to New Hampshire, and appeal to a wide range of visitors. All of our ski resorts employ high-capacity snowmaking capabilities on over 90% of their terrain as well as food and beverage, equipment rental and retail outlets. All of our properties offer alternative snow activities, such as terrain parks and tubing, in addition to skiing and snowboarding. The

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diversity of our services and amenities allows us to capture a larger proportion of customer spending as well as ensure product and service quality at our resorts.

New for the 2017 ski season, the Company introduced a new season pass feature which went on sale in March 2016. The new Peak Pass features a total of six pass options valid at seven different mountain locations across four states in the Northeast. Resorts include Mount Snow in Vermont; Attitash, Wildcat and Crotched Mountains in New Hampshire; Hunter Mountain in New York; and Jack Frost and Big Boulder in Pennsylvania. The Company believes the variety of each resort's on-mountain experience, as well as the proximity of our resorts, makes the Peak Pass a unique and affordable product for the vast majority of skiers and riders in the Northeastern U.S.

The following table summarizes key statistics relating to each of our resorts as of April 30, 2016:

Property	State	Developed/ Acquired	Nearest Metro MSA	Population Base (millions)	Skiable Acres	Total Lifts	Vertical Drop (ft.)
Hidden Valley	MO	1982	St Louis	3.9	60	9	310
Snow Creek	MO	1985	Kansas City	2.9	40	6	300
			Louisville,	3.0	65	8	300
Paoli Peaks	IN	1997	Nashville				
			Columbus,	2.8	60	12	300
Mad River*	OH	2001	Dayton				
			Cleveland,	7.1	40	8	264
			Akron,				
Boston Mills	OH	2002	Canton				
Brandywine	OH	2002	**	**	48	10	264
Crotched Mountain	NH	2003	Boston	13.9	105	5	1,000
			Philadelphia,	27.3	80	12	600
			New York				
Jack Frost	PA	2005	City				
Big Boulder	PA	2005	***	***	65	11	475
Attitash	NH	2007	Boston	13.9	307	11	1,750
			New York	27.4	490	20	1,700
			City, Boston,				
Mount Snow	VT	2007	Albany				
Wildcat Mountain	NH	2010	Boston	13.9	225	5	2,112
			Cleveland,	7.1	54	7	260
			Akron,				
Alpine Valley	OH	2012	Canton				
			New York	27.4	220	12	1,600
			City, Boston,				
Hunter Mountain	NY	2016	Albany				

- * Leased property
- ** Marketed with Boston Mills
- *** Marketed with Jack Frost

We operate portions or all of certain of our resorts pursuant to lease agreements with third parties or pursuant to Forest Service Special Use Permits with the federal government. We own the remaining land underlying our resorts. For a description of our ownership and use of the land underlying our resorts, see Item 2, “Properties” of this annual report.

In December 2011, we acquired the Jack Frost ski resort through the purchase of the assets of Blue Ridge Real Estate Company for \$5.65 million. Also in December 2011, we purchased the assets of Big Boulder Corporation to acquire the Big Boulder ski resort, for total consideration of \$3.35 million. Prior to that time, we had operated these resorts pursuant to leases since 2005.

In October 2012, we purchased the outstanding common stock of Sycamore Lake, Inc. (doing business as Alpine Valley Ski Area in Cleveland, Ohio) for \$2.6 million. This acquisition enables us to employ pricing strategies and cost synergies with Boston Mills and Brandywine, our other two Cleveland resorts.

On January 6, 2016, we completed the acquisition of the Hunter Mountain ski resort located in Hunter, New York, through the purchase of all of the outstanding stock of each of Hunter Mountain Ski Bowl, Inc., Hunter Mountain Festivals, Ltd., Hunter Mountain Rentals, Inc., Hunter Resort Vacations, Inc., Hunter Mountain Base Lodge, Inc., and Frosty Land, Inc. (collectively, “Hunter Mountain”) pursuant to the terms of the Stock Purchase Agreement (the “Purchase Agreement”) with Paul Slutzky, Charles B. Slutzky, David Slutzky, Gary Slutzky and Carol Slutzky-Tenerowicz entered into on November 30, 2015. The Company acquired Hunter Mountain for total cash consideration of \$35.0 million plus the assumption of two capital leases estimated at approximately \$1.7 million.

A portion of the Hunter Mountain acquisition price was financed pursuant to the Master Credit and Security Agreement (the “Hunter Mountain Credit Agreement”) entered into between the Company and EPR Properties, the Company’s primary lender (“EPR”), on January 6, 2016. The remainder was financed with funds drawn on the Company’s line of credit with Royal Banks of Missouri pursuant to the Credit Facility, Loan and Security Agreement (the “Line of Credit Agreement”) between the Company and Royal Banks of Missouri, effective as of December 22, 2015. See Part II, Item 7A “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Significant Sources of Cash” for additional information.

Financing/Liquidity

The Company has experienced lower than normal liquidity levels as of the end of fiscal 2016. The weather during the ski season was unfavorably warm which resulted in fewer ski days and lower profitability for the Company. In addition, the Company is still waiting on the first investor's approval with regards to our approved EB-5 program. In anticipation of the EB-5 approval, which would release all funds from escrow, the company has spent more than \$13 million of our working capital on starting the West Lake Construction project. The Company received approval for a \$10 million short term financing option which would provide additional liquidity until the start of our 2016/2017 ski season. The Company has not yet executed the loan, as we continue to wait for EB-5 approval. If EB-5 is not approved in the next few months, the Company will need to execute on this loan.

In addition, the Master Credit Agreement between the Company and EPR (the "Master Credit Agreement") includes financial covenants consisting of a maximum Leverage Ratio (as defined in the Master Credit Agreement) of 65%, above which the Company and certain of its subsidiaries are prohibited from incurring additional indebtedness, and a Consolidated Fixed Charge Coverage Ratio (as defined in the Master Credit Agreement) covenant, which (a) requires the Company to increase the balance of its debt service reserve account if the Company's Consolidated Fixed Charge Coverage Ratio falls below 1.50:1.00, and (b) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. As of our most recent fiscal year end, our fixed charge ratio fell below the 1:50:1:00 coverage ratio, but was above the 1.25:1.00 ratio. As a result, the Company must increase the balance of its debt service reserve by \$3.3 million. EPR has agreed to defer the payment of the reserve until the end of the 2016/2017 ski season. While the Company believes it has sufficient short term liquidity sources, the Company continues to explore longer term financing options to fund short and long-term capital needs. Please refer to the MD&A section for more specific information on our liquidity, the EB-5 program, and the West Lake construction project.

Debt Restructure

On November 10, 2014, in connection with our initial public offering, we entered into a Restructure Agreement (the "Restructure Agreement") with certain affiliates of EPR, providing for the (i) prepayment of approximately \$75.8 million of formerly non-prepayable debt secured by the Crotched Mountain, Attitash, Paoli Peaks, Hidden Valley and Snow Creek resorts and (ii) retirement of one of the notes associated with the future development of Mount Snow (the "Debt Restructure"). On December 1, 2014, we entered into various agreements in order to effectuate the Debt Restructure, as more fully described in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") on December 5, 2014. Pursuant to the Debt Restructure, we paid a defeasance fee of \$5 million to EPR in addition to the consideration described below.

In exchange for the prepayment right, we granted EPR a purchase option on the Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley properties, subject to certain conditions. If EPR exercises a purchase option, EPR will enter into an agreement with the Company for the lease of each such acquired property for an initial term of 20 years, plus options to extend the lease for two additional periods of ten years each. All previously existing option agreements between the Company and EPR were terminated.

Additionally, we agreed to extend the maturity dates on all non-prepayable notes and mortgages secured by the Mount Snow, Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley properties remaining after the Debt Restructure by seven years to December 1, 2034, and to extend the lease for the Mad River property, previously terminating in 2026, until December 31, 2034.

We also granted EPR a right of first refusal to provide all or a portion of the financing associated with any purchase, ground lease, sale/leaseback, management or financing transaction contemplated by the Company with respect to any new or existing ski resort property for a period of seven years or until financing provided by EPR for such transactions equals or exceeds \$250 million in the aggregate. Proposed financings from certain types of institutional lenders providing a loan to value ratio of less than 60% (as relates to the applicable property being financed) are excluded from the right of first refusal. We granted EPR a separate right of first refusal in the event that the Company wishes to sell, transfer, convey or otherwise dispose of any or all of the Attitash ski resort for seven years. The Attitash right excludes the financing or mortgaging of Attitash.

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In connection with the Debt Restructure, we entered into a Master Credit and Security Agreement with EPR containing additional terms and conditions governing our restructure debt with EPR, including restrictions on certain transactions and the payment of dividends and required financial covenants.

Ski Industry

The U.S. ski industry was estimated to total approximately 53.9 million skier visits in the 2015/2016 ski season. The National Ski Areas Association Kottke National End of Season Survey (Preliminary Report) reported that there were 463 ski resorts operating during the 2015/2016 ski season in the U.S. Given the consistency and strength of annual skier visits over the last 30 years as well as the state of the recovering economy, we believe that skier participation will remain strong in the coming years.

The ski industry divides ski resorts into three distinct categories: overnight fly, overnight drive and day ski resorts. Overnight fly ski resorts are defined as ski resorts which primarily serve skiers who fly or drive considerable distances and stay for multiple nights. These resorts depend, in large part, on long-distance travel by their visitors and on the development of adjacent real estate for housing, hospitality and retail uses. Overnight drive ski resorts are ski resorts which primarily serve skiers from the regional drive market who stay overnight. Day ski resorts are typically located within 50 miles of a major metropolitan statistical area ("MSA") and do not generally offer dedicated lodging.

Day and overnight drive ski resorts tend to be smaller in size and are usually located near metropolitan areas. As an owner and operator of primarily day and overnight drive ski resorts, we focus on selling lift tickets, renting ski equipment, selling ski lessons, offering food and beverage services and catering to the targeted local market. We target skiers of all levels from beginners who are skiing for the first time to intermediate and advanced skiers who are honing their skills.

An important statistic used to gauge the performance of companies operating within the ski industry is revenue per skier visit. The revenue per skier visit of our resorts for the 2007/2008 ski season (the first season subsequent to the Mount Snow and Attitash acquisitions) to the 2013/2014 ski season increased at a compounded annual growth rate of 3.9% compared to an increase of 2.6% for the U.S. ski industry for the same period. Revenue per skier visit is calculated as total resort revenue divided by skier visits.

The ski industry statistics stated in the foregoing sections have been derived from data published by the Kottke National End of Season Survey 2013/2014 and other industry publications, including those of the National Ski Areas Association.

Revenue Components

We, like other day ski resorts and overnight drive ski resorts operators, earn our revenues in six principal categories. In order of their contribution, they are: (i) lift and tubing tickets; (ii) food and beverage sales; (iii) equipment rentals; (iv) ski instruction; (v) hotel/lodging; (vi) retail; and (vii) summer activities. Each revenue center is discussed in more detail below:

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	Year ended April 30,		
	2016	2015	2014
Revenues			
Lift and tubing tickets	\$ 45,541	\$ 50,821	\$ 51,672
Food and beverage	15,816	18,927	18,638
Equipment rental	7,036	8,017	8,584
Ski instruction	6,580	7,242	7,130
Hotel/lodging	7,972	7,623	7,479
Retail	4,560	5,261	4,811
Summer activities	4,309	3,671	3,646
Other	3,915	3,296	3,245
	\$ 95,729	\$ 104,858	\$ 105,205

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- **Lift and Tubing Tickets**— Lift tickets are our most important source of operating revenues. We place heavy emphasis on sales of season passes and advance group ticket sales to schools, religious organizations and other social groups at a discount. We market our season passes and advance group ticket sales to our ski visitors and the communities we serve. The cost of lift tickets at each of our resorts varies according to geographic region, session time and day of the week.
- **Food and Beverage**—Our facilities generally employ cafeteria-style and self-service options to provide a limited menu of simple foods, liquor, beer and wine. We try to maximize revenues and simplify operations by focusing on a limited menu that requires minimal special preparation and related personnel costs.
- **Equipment Rentals**— Day ski resorts generally attain a higher percentage of rental revenue than overnight fly destination ski resorts and overnight drive ski resorts because a large majority of day ski resort skiers are novices, who typically do not own ski equipment. Equipment rental rates generally range between \$30 and \$41 per person per session. We have focused on improving our equipment rental facilities to provide quick access to new and high quality equipment, self-service options with expert advice and fitting available, and immediate access to the lifts and ski instruction areas from the rental facility. By eliminating the equipment rental bottleneck, we believe that we have significantly enhanced the skiers' resort experience, which corresponds to increased rental revenues.
- **Ski Instruction**— Ski instruction is considered important to operations because of the large numbers of novice or early intermediate skiers who typically visit day ski resorts. We offer low group lesson prices to encourage participation, which range from \$15 and \$49 per person per lesson. Individual instructions and private lessons may range from \$45 to \$105 or more per lesson.
- **Hotel/Lodging**— Because we primarily operate day ski resorts, not all of our resorts offer hotel or other lodging services. Our hotel/lodging revenue is comprised of the revenue generated by the lodging facilities at our Attitash, Hunter Mountain and Mount Snow ski resorts. Each has a hotel on their properties, in which individuals have purchased 100% of all available quartershare interval interests, while we retain ownership of common areas of the hotel and commercial properties. We derive a revenue stream from operating the hotels' retail, restaurant and conference facilities, fees for spa and health club services at the hotels and fees for housekeeping and other related services, and from renting quartershare interval interests when not in use by their owners. We also manage certain condominiums located near the Mount Snow ski resort and receive a portion of the rental fees and property management fees relating to these condominiums. Finally, we own 100% of the Snow Lake Lodge at Mount Snow, which we operate as a traditional hotel.
- **Retail**— Like ski instruction services, retail also represents a relatively small percentage of our total revenues. Some of our resorts offer a selection of more substantial ski-related equipment, such as boots, skis and snowsuits, while others maintain only a minimal selection of smaller items, such as gloves and goggles. Merchandise selection and pricing decisions must be made in light of the local demographic conditions. To facilitate this level of detailed management, local ski resort employees oversee their merchandise operations as they see fit for their markets. We also lease merchandise operations to third-party merchants at Boston Mills, Brandywine and Paoli Peaks.
- **Summer Activities**— Although the majority of our resorts do not have material operations during the summer months, we do operate several resorts during the summer. Activities include zip tours, water parks, mountain coasters, horseback riding, conferences, camps, and festivals.

Seasonality

The Company's revenues are highly seasonal in nature. The vast majority of reported revenues are generated during the ski season, which occurs during the third and fourth fiscal quarters. In an effort to partially counterbalance the concentration of revenue during the winter months, some of our properties offer non-ski attractions, such as golf, roller coasters, swimming, summer concerts and zip rides, but these activities do not comprise a substantial portion of our annual revenues. Our resorts typically experience operating losses and negative cash flows during the first and second quarters of each fiscal year, as a result of the seasonality of our business.

Additionally, operations on certain holidays contribute significantly to the Company's revenues, most notably Christmas, Dr. Martin Luther King, Jr. Day and Presidents Day. The seasonality of the Company's revenues amplifies

the effect on the Company's revenues, operating earnings and cash flows of events that are outside the Company's control. While the Company's geographically diverse operating locations help mitigate its effects, adverse weather conditions could limit

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customer access to the Company's resorts, render snowmaking wholly or partially ineffective in maintaining ski conditions, cause increased energy use and other operating costs related to snowmaking efforts and, in general, can result in decreased skier visits regardless of ski conditions.

The opening and closing dates of our ski resorts are dependent upon weather conditions, but our peak ski season generally runs from early December to mid-April. The weather impact during the current ski season resulted in every resort except one having a later opening date compared to the prior ski season. The following tables illustrate the opening and closing dates for the 2011/2012 through 2015/2016 ski seasons for our 14 ski resorts:

Resort	2011/2012 Open Dates	2012/2013 Open Dates	2013/2014 Open Dates	2014/2015 Open Dates	2015/2016 Open Dates
Alpine Valley	Nov 25 - Mar 25	Dec 7 - Apr 11	Dec 7 - Apr 6	Dec 6 - Apr 5	Dec 26 - Mar 27
Alpine Valley (1)	—	Dec 30 - Mar 3	Dec 28 - Mar 16	Dec 30 - Mar 22	Jan 3 - Mar 6
Boulder	Dec 11 - Mar 24	Nov 28 - Apr 20	Nov 14 - Apr 6	Nov 20 - Apr 19	Jan 2 - Mar 27
Clinton Mills	Dec 17 - Mar 10	Dec 28 - Mar 10	Nov 29 - Mar 16	Jan 1 - Mar 22	Jan 4 - Mar 8
Condywine	Dec 30 - Mar 4	Dec 29 - Mar 30	Dec 14 - Mar 16	Jan 2 - Apr 1	Jan 5 - Mar 11
Crater Lake	Dec 17 - Mar 18	Dec 1 - Apr 7	Nov 30 - Mar 30	Nov 28 - Apr 5	Dec 29 - Mar 20
Denali	Jan 4 - Feb 26	Dec 23 - Mar 17	Dec 14 - Mar 15	Jan 2 - Mar 8	Jan 10 - Mar 6
Hunter Mountain (2)	—	—	—	—	Dec 13 - Mar 27
Jack Frost	Dec 17 - Mar 11	Dec 22 - Mar 31	Dec 7 - Mar 23	Dec 12 - Mar 29	Dec 26 - Mar 13
Mad River	Dec 17 - Mar 11	Dec 23 - Mar 17	Nov 30 - Mar 16	Dec 20 - Mar 22	Jan 2 - Mar 8
Mount Snow	Dec 10 - Mar 25	Nov 22 - Apr 21	Nov 15 - Apr 13	Nov 21 - Apr 19	Nov 26 - Apr 3
North Peak	Jan 3 - Mar 4	Dec 23 - Mar 10	Dec 14 - Mar 9	Dec 31 - Mar 8	Jan 4 - Mar 6
Paradise	Dec 17 - Mar 4	Dec 22 - Mar 17	Dec 14 - Mar 9	Dec 31 - Mar 8	Dec 31 - Mar 6
Peak	Dec 18 - Apr 15	Nov 22 - Apr 21	Nov 28 - Apr 27	Nov 9 - Apr 30	Nov 26 - Apr 24

(1)

Data for Alpine Valley is included for the 2012/2013, 2013/2014, 2014/2015 and 2015/2016 ski seasons only, as we acquired the ski resort in November 2012.

(2)

Data for Hunter Mountain is included for the 2015/2016 ski season only, as we acquired the ski resort in January 2016.

Marketing

We promote our resorts through both on-site marketing and external marketing. We encourage visitors to return to our resorts by offering complimentary skier orientations at our resorts. We also have marketing programs in place directed

at attracting groups, such as religious organizations, social clubs, corporate entities, schools and civic organizations, and we offer discounts to active military personnel. We believe that these group discounts encourage new participants to try snow sports. Student passes are also sold through schools, and season passes are promoted through targeted direct mail marketing, the internet and local sporting goods stores.

Each of our resorts also maximizes community awareness through radio, special events and promotions and “free media” advertising, when possible. We host charity events and tournaments, issue media passes and encourage live radio and television broadcasts for segments such as weather or sports. For example, events we have hosted include the following: Dew Tour, X-Games, Tough Mudder, SAM Cutters Camp, Transworld Trans-am Snowboard Event, Mountain Dew Vertical Challenge, NCAA National Downhill Championships, Special Olympics Games, Military Salutes, Taste of Country Music Festival, and U.S. National Mountain Biking Championships.

Competition

We believe that there are high barriers to entry for new ski resorts due to the limited private lands on which ski resorts can be developed, the difficulty in getting the necessary government approvals and permits to build on public land and the substantial capital resources needed to construct the required ski infrastructure. As such, we believe that the risk that our

market will become saturated with new industry participants is relatively low. We believe that our resorts do not directly compete with overnight fly destination ski resorts, such as the larger ski resorts in Colorado, California, Nevada, Utah and other destination ski resorts worldwide. Rather, we believe that we compete primarily with other existing day ski resorts, overnight drive ski resorts and non-ski related day vacations.

Our competition varies by geographical area. While we believe that our Midwestern ski resorts face only limited competition within their relative metropolitan markets, we are not the only day ski resorts or overnight drive ski resorts in our Northeastern and Southeastern markets (as defined by the NSAA). We compete with approximately 135 resorts in the Northeastern market and 47 resorts in the Southeastern market.

Competitive Strengths

We believe our strengths are as follows:

- We own a high-quality branded portfolio. We own 13 and operate 14 high-quality ski resorts, each of which is individually branded and recognized to be a leading ski resort in its respective regional market. Our devotion to maintaining high quality standards through strategic investments and upgrades has created a loyal customer base at each of our resorts. Our strong branding reinforces customer loyalty and serves to attract new guests through focused marketing campaigns and word of mouth.
- We have a history of investing in targeted capital projects to increase profitability. We are continuously evaluating our property-level performance and are committed to increasing our profitability. Many ski resort operators are unwilling to invest in improvements due to capital constraints and the perceived risk of such investments. Since 2008, we have invested \$63.5 million throughout our portfolio in an effort to improve the profitability of our ski resorts through energy-efficient snowmaking machinery, high-speed/high-capacity lifts and additional features such as terrain parks and various other infrastructure investments. The costs of these improvements are significantly outweighed by the benefits realized, which include higher quality and less costly snow, shorter lift lines, terrain expansion and customer appreciation. We have found that the ability to transport customers up the mountain on high-speed chairlifts and to reduce lift lines not only attracts skiers and promotes a better skiing experience but also leads to higher restaurant and retail sales and increased customer satisfaction.
- We are an experienced and successful acquirer and integrator. We have grown our Company significantly since inception by acquiring strategically located ski resorts with the potential for increased revenue growth and margin expansion. We have successfully acquired and integrated eleven ski resorts since 1997. We adhere to a disciplined acquisition strategy by pursuing opportunities at attractive acquisition prices that can create additional value through operational improvements and efficiencies. After acquiring a ski resort, we implement a strategic repositioning program designed during the underwriting process and integrate the resort into our portfolio. We believe that our track record for acquiring and integrating ski resorts makes us an industry leader and gives us a competitive advantage over other buyers.
- Our experienced senior management team is dedicated to providing a reliable and enjoyable ski experience. Our three senior executives have almost 60 years of combined experience owning, operating and acquiring ski resorts in the U.S. Since 1982, it has been our vision to offer a reliable and enjoyable skiing experience to our customers. As a result of this vision, our management team constantly strives to enhance and improve our snowmaking capabilities to ensure our ski resorts maintain high-quality snow throughout the season. In addition, our management team strives to provide

our ski resorts with a full range of amenities to augment our customers' overall skiing experience.

- Overnight drive and day ski resorts experience lower sensitivity to the economy. We believe our portfolio provides more attractive risk-adjusted returns than overnight fly resorts due to the stability in our visits. Furthermore, we believe that customers are more likely to visit overnight drive and day ski resorts during an economic downturn as compared to other higher cost overnight fly ski resorts, resulting in less sensitivity to downturns in the economy. The revenue per skier visit of our resorts from the 2007/2008 ski season (the first season subsequent to the Mount Snow and Attitash acquisitions) to the 2013/2014 ski season increased at a compounded annual growth rate of 3.9% compared to an increase of 2.6% for the U.S. ski industry for the same period.

- The ski industry possesses high barriers to entry. A limited number of ski resorts have been developed in the past 30 years. Skiable land is scarce and demanding to develop due to the difficulty in aggregating suitable terrain, obtaining government permitting, resolving accessibility issues and addressing heightened environmental concerns.

Operating a ski resort requires a high level of expertise and strict regulatory and environmental compliance. Additionally, many resorts have built significant customer loyalty and brand awareness over multiple generations, which can be difficult for a new entrant to overcome. These factors have contributed to the number of ski resorts decreasing 37%, from 735 in 1984 to 463 in 2016 as smaller, poorly capitalized resorts have been unable to compete effectively. With our large existing portfolio, proven capital investment strategy and strong customer loyalty, we believe our Company is competitively well-positioned.

- Our ski resort portfolio is diverse. Our portfolio of 14 ski resorts consists of six overnight drive ski resorts and eight day ski resorts located across seven states ranging from Missouri to New Hampshire. We believe that our portfolio mix enables us to reach a large customer base seeking high-quality ski resorts within driving distance of major metropolitan areas. Each of our ski resorts is located within reasonable drive times from major metropolitan areas such as New York City, Boston, Philadelphia, Cleveland and St. Louis, which we believe provides us with a consistent repeat customer base and increases our new customer outreach potential. We believe that the size and geographic diversity of our portfolio helps insulate the Company's financial performance against adverse economic and weather conditions.

- We are a proven operator of ski resorts. We have operated numerous ski resorts since our incorporation in 1997. Due to our extensive operating expertise, we believe we have a profitable and efficient platform that positions us to take advantage of growth initiatives and cost controls.

- Management's and new stockholders' interests are aligned. Our management team owns approximately 16.2% of our outstanding shares. We believe that this substantial ownership position aligns the interest of our operating team with that of our new stockholders.

Intellectual Property

We understand the importance to the sales and marketing of our resorts that a strong brand can maintain. Wildcat Mountain Ski AreaSM, Mount Snow[®], Boston Mills Ski ResortSM, Hidden ValleySM, Crotched Mountain Ski AreaSM, Alpine Valley and Hunter MountainSM are trademarks, service marks and trade names owned by certain subsidiaries of Peak Resorts, Inc.

Regulation and Legislation

The 1986 Ski Area Permit Act and Master Development Plans

The 1986 Ski Area Permit Act (the "1986 Act") allows the Forest Service to grant Term Special Use Permits for the operation of ski resorts and construction of related facilities on National Forest lands. In addition, the permits granted to our ski resorts under the 1986 Act require a Master Development Plan for each ski resort that is granted a Special Use Permit. Of our 14 resorts, only portions of Attitash and Mount Snow and all of Wildcat Mountain operate under Special Use Permits. The ski-able terrain at our other resorts is located on land that we own or lease from non-government third parties.

Each area of National Forest land is required by the National Forest Management Plan to develop and maintain a Land and Resource Management Plan, which establishes standards and guidelines for the Forest Service to follow and consider in reviewing and approving our proposed actions. Under the 1986 Act, the Forest Service has the right to

review and approve the locations, design and construction of improvements in the permit area and many operational matters.

The Special Use Permits expire as follows: Attitash ski resort—April 4, 2047; Mount Snow ski resort—April 4, 2047; and Wildcat Mountain ski resort—November 18, 2050. We intend to request a new Special Use Permit for each resort as provided by the Forest Service regulations and terms of each existing Special Use Permit. To our knowledge, the Forest Service has never refused to issue a new Special Use Permit to replace an existing Special Use Permit for a ski resort in operation at the time of expiration.

Each Special Use Permit contains requirements and obligations on our part, including that we indemnify the Forest Service from third-party claims arising out of our operation under the Special Use Permit and that we comply with all applicable laws. We pay a fee to the Forest Service for the Special Use Permit which, pursuant to the terms of each Special Use Permit, could range from 1.5% to 4.0% of sales for services on Forest Service land. Historically we have paid fees ranging from 1.5% to 2.5% of sales for services on Forest Service land and do not expect that this will change in the near

future. Included in the calculation are sales from lift tickets, season passes, ski instructions, food and beverages, equipment rental, merchandise, and other ancillary services.

The Special Use Permits may be amended by mutual agreement between us and the Forest Service to change the applicable ski resort or permitted uses. The Forest Service may also modify the Special Use Permit to accommodate changes in plans or operations. Permit amendments must be consistent with the Forest Plan and are subject to the provisions of the National Environmental Policy Act ("NEPA").

The Forest Service may also terminate a Special Use Permit if it determines that termination is required for specific compelling reasons. However, to our knowledge, no Special Use Permit has ever been terminated by the Forest Service without the consent of the operator.

We must propose a Master Development Plan for all improvements that we intend to make on National Forest lands and submit such plans to the Forest Service for review and acceptance. Once the Forest Service accepts a Master Development Plan, individual projects contemplated by the Master Development Plan will only be approved by the Forest Service upon separate applications that meet the requirements set forth by the Forest Service, including the requirements contained in the Special Use Permit.

National Environmental Policy Act

Under NEPA, our major proposed actions on all National Forest land, such as the expansion of a ski resort or installation of new snowmaking equipment, must be assessed to determine the environmental impacts of such actions. Upon our application to the Forest Service to undertake major projects, the Forest Service must conduct an environmental study, which can impact the time it takes to complete a project. During these studies, the Forest Service is required to consider alternatives to proposed actions and the impacts that may be unavoidable. We may not get the Forest Service's approval to undertake a project or may be required to take alternative action, depending on the results of the environmental studies.

Underground Storage Tank Regulations

We have underground storage tanks ("USTs") on our ski resort properties in Ohio, New Hampshire, New York Pennsylvania and Vermont for the purpose of storing gasoline, fuel oil and propane that we use in the operation of our resorts, lodges and skier service buildings. The federal Solid Waste Disposal Act gives the Environmental Protection Agency ("EPA") the authority to regulate USTs. State UST programs that are at least as strict as the federal regulations and that have been approved by the EPA govern the USTs in lieu of the federal regulations. The objectives of the state UST programs are to ensure that:

- USTs are properly constructed and designed in accordance with recognized industry standards;
- installations, repairs and removals are conducted and inspected by qualified and trained individuals;
- active USTs are properly operated and monitored for the release of substances; and
- upon closure, USTs are properly decommissioned and sites are assessed for contamination.

We believe that the USTs at our facilities meet all state and federal construction and operation standards. Compliance with these UST regulations has not had a material impact on our capital expenditures, earnings or competitive position, and we do not expect it to have a material impact in the future.

Employees

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We, together with our operating subsidiaries, currently employ approximately 630 year-round employees. During the height of our ski season, we employ approximately 6,000 seasonal employees.

Availability of Information

Our principal executive offices are located at 17409 Hidden Valley Drive, Wildwood, Missouri 63025, telephone (636) 938-7474. We maintain a website at www.peakresorts.com. We make available on our website, free of charge, the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K as soon as practicable after we file these reports with the SEC. Reports filed with the SEC can be read or copied at the SEC's Public

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Reference Room at 100 F Street, NE., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (<http://www.sec.gov>).

Item 1A. Risk Factors.

You should carefully read and consider the risks described below, together with all of the other information set forth in this annual report on Form 10-K. Our business, results of operations, financial condition, cash flows and the trading price of our common stock could be materially and adversely harmed by any of the following risks. Additional risks not presently known to us or that we currently believe are immaterial may also significantly impair our business operations.

Risks Related to the Company –

Our industry is sensitive to weakness in the economy, and we are subject to risks associated with the overall leisure industry.

Weak economic conditions in the U.S. could have a material adverse effect on our industry. An economic downturn could reduce consumer spending on recreational activities such as those our resorts offer, resulting in decreased skier visits and consumer spending at our ski resorts. Such events could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. In addition, we may be unable to increase the price of our lift tickets, season passes or other offerings during an economic downturn despite our history of being successful in raising such prices under a variety of economic conditions.

Our business is vulnerable to the risk of unseasonably warm weather conditions and skier perceptions of weather conditions.

The ability to attract visitors to our resorts is influenced by weather conditions and by the number of cold weather days during the ski season. Unseasonably warm weather can adversely affect skier visits and our revenue and profits. For example, warm weather may result in inadequate natural snowfall and render snowmaking wholly or partially ineffective in maintaining quality skiing conditions. Also, the early season snow conditions and skier perceptions of early season snow conditions influence the momentum and success of the overall season. There is no way for us to predict future weather patterns, including any such patterns caused by climate change, or the impact that weather patterns may have on our results of operations or visitation.

Our business is highly seasonal and the occurrence of certain events during our peak times could have a negative effect on our revenues.

Our resort operations are highly seasonal. Although the air temperatures and timing and amount of snowfall can influence the number and type of skier visits, the majority of the skier visits are from mid-December to early April. Accordingly, during the past two fiscal years, we generated, on average, 88.3% of our revenues during the third and fourth fiscal quarters. In addition, throughout our peak quarters, we generate the highest revenues on weekends and during three major holiday periods: Christmas, Dr. Martin Luther King, Jr. Day and Presidents Day. During the 2015/2016 ski season, we generated 31.4% of our revenues on weekends and 19.4% of our revenues during these three major holiday periods. Our resorts typically experience operating losses and negative cash flows during the first and second quarters of each fiscal year, as a result of the seasonality of our business. Operating results for any three-month period are not indicative of the results that may be achieved for any subsequent quarter or for a full fiscal year.

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A high degree of seasonality in our revenues and our dependence on weekends and the three major ski holidays increases the impact of certain events on our operating results. Adverse weather conditions, equipment failures, and other developments of even moderate or limited duration occurring during these peak business periods could significantly reduce our revenues.

We may require additional funding in order to complete our existing capital improvement projects, commence new capital improvement projects and fund operations.

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The Company experienced lower than normal liquidity levels at the end of fiscal 2016 due primarily to lower revenues resulting from unfavorable weather conditions and delays in the release of the EB-5 investment funds from escrow. Our ability to fund the ongoing Carinthia Ski Lodge and West Lake capital improvement projects, other capital improvement projects, and operations generally will depend on the amount of cash generated by our operations and the availability of additional sources of funding. Our projections of cash flows from operations and, consequently, future cash needs are subject to uncertainty.

We are actively exploring financing opportunities. The amount of funding that we seek and the timing of such fundraising efforts will depend on the extent to which we are able to increase revenues and the availability of the EB-5 investment funds. We cannot guarantee that adequate funds will be available when needed, and if we do not receive sufficient capital, we may be required to alter or reduce our capital improvement plans. If we raise additional funds by issuing equity securities, existing stockholders may be diluted.

Even if we are able to raise additional financing, we might not be able to obtain it on terms that are not unduly expensive or burdensome to the company or disadvantageous to our existing shareholders.

Even if we are able to raise additional cash or working capital through the public or private sale of debt or equity securities or short-term loans, the terms of such transactions may be expensive to the Company or disadvantageous to our existing shareholders. For example, we may sell or issue our securities at discounts to market, or pursuant to terms and conditions that may favor the investor, including dividend, voting, board membership, conversion, redemption or liquidation provisions; the issuance of securities with anti-dilution provisions; and the grant of registration rights. If we issue additional equity securities to obtain funding, such an issuance may result in dilution to the existing holders of our common stock who do not have anti-dilution rights. An issuance of additional equity securities would result in a reduction of an existing shareholder's percentage interest in our Company. If we raise debt financing, we may be required to secure the financing with our business assets, which could be sold or retained by the creditor should we default in our payment obligations.

We may not be able to fully utilize our net operating loss carryforwards.

We believe that uncertainty exists with respect to the future realization of the loss carryforwards as well as with respect to the amount of the loss carryforwards that will be available in future periods. To the extent available, we intend to use these net operating loss carryforwards to offset future taxable income associated with our operations. There can be no assurance that we will generate sufficient taxable income in the carryforward period to utilize any remaining loss carryforwards before they expire.

In addition, Section 382 and related provisions of the Internal Revenue Code of 1986, as amended (the "Code"), contains rules that limit for U.S. federal income tax purposes the ability of a company that undergoes an "ownership change" to utilize its net operating losses and certain other tax attributes existing as of the date of such ownership change. Under these rules, such an ownership change is generally an increase in ownership by one or more "five percent shareholders," within the meaning of Section 382 of the Code, of more than 50% of a company's stock, directly or indirectly, within a rolling three-year period. In connection with our initial public offering in November 2014, a change of ownership in the Company occurred pursuant to the provisions of the Tax Reform Act of 1986. As a result, usage of our net operating loss carryforwards will be limited each year; however, we believe the full benefit of those carryforwards will be realized prior to their respective expiration dates.

Variations in the timing of peak periods, holidays and weekends may affect the comparability of our results of operations.

Depending on how peak periods, holidays and weekends fall on the calendar, in any given year we may have more or fewer peak periods, holidays and weekends in our third fiscal quarter compared to prior years, with a corresponding difference in our fourth fiscal quarter. These differences can result in material differences in our

quarterly results of operations and affect the comparability of our results of operations.

We compete with other leisure activities and ski resorts, which makes maintaining our customer base difficult.

The skiing industry is highly competitive and capital intensive. Our ski resorts located in the Northeastern U.S., such as Hunter Mountain, Mount Snow, Attitash and Wildcat Mountain, and those located in the Southeastern U.S. (which includes

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Pennsylvania for purposes of ski industry statistics), such as Jack Frost and Big Boulder, compete against other ski resorts in their markets for both day and overnight drive skiers. Our competitive position depends on a number of factors, such as the quality and coverage of snowmaking operations, resort size, the attractiveness of terrain, lift ticket prices, prevailing weather conditions, the appeal of related services and resort reputation. Some of our competitors have stronger competitive positions in respect of one or more of these factors, which may adversely affect our ability to maintain or grow our customer base.

We believe that while our Midwestern U.S. ski resorts face only limited competition from other ski resorts in the area, our competitors in the Midwest primarily include other recreation resorts, including warm weather resorts and various alternative leisure activities. Our resorts in the Northeastern and Southeastern U.S. face similar competition, in addition to the competition outlined above. Our ability to maintain our levels of skier visits depends on, among other things, weather conditions, costs of lift tickets and related skier services relative to the costs of other leisure activities and our ability to attract people interested in recreational sports.

Changes in consumer tastes and preferences may affect skier visits at our ski resorts.

Our success depends on our ability to attract visitors to our ski resorts. Changes in consumer tastes and preferences, particularly those affecting the popularity of skiing, snowboarding and tubing, and other social and demographic trends could adversely affect the number of skier visits during a ski season. Furthermore, a reduction in average household income in some of the areas near our resorts, compared to historic levels, combined with the increasing cost of skiing, snowboarding and tubing, may make these activities unaffordable for a large percentage of that population. A significant decline in skier visits compared to historical levels would have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

We may not be able to pay dividends on our common stock.

We declared our first quarterly cash dividend on our common stock in January 2015 and continued to declare quarterly dividends through January 2016 at a quarterly rate of \$0.1375 per share. The board made the decision in April 2016 that it would not be prudent to declare a dividend due to lower cash levels primarily caused by the delay in approval of our EB-5 program, as well as the unseasonably warm weather during the 2015/2016 ski season which drove down revenue compared to the prior season. We cannot assure you that this initial dividend rate will be reinstated or that we will continue to pay dividends in the future. The declaration and payment of future dividends to holders of our common stock will be at the sole discretion of our board of directors and will depend on many factors, including our actual results of operations, financial condition, capital requirements, contractual restrictions, restrictions in our debt agreements, economic conditions and other factors that could differ materially from our current expectations. For example, the Master Credit Agreement includes financial covenants consisting of a maximum Leverage Ratio (as defined in the Master Credit Agreement) of 65%, above which the Company and certain of its subsidiaries are prohibited from incurring additional indebtedness, and a Consolidated Fixed Charge Coverage Ratio (as defined in the Master Credit Agreement) covenant, which (a) requires the Company to increase the balance of its debt service reserve account if the Company's Consolidated Fixed Charge Coverage Ratio falls below 1.50:1.00, and (b) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. The payment of dividends is also prohibited during default situations under the terms of the Master Credit Agreement. Furthermore, our results of operations and financial condition could be materially and adversely affected by the factors described in this "Risk Factors" section, which could limit our ability to pay dividends in the future. As of our most recent fiscal year end, our fixed charge ratio fell below the 1.50:1.00 coverage ratio, but was above the 1.25:1.00 ratio. As a result, we are required to increase the balance of our debt service reserve account by \$3.3 million. EPR has agreed to delay the additional interest reserve payment until the end of the 2016/2017 ski season.

Our ability to declare and pay dividends is dependent on cash flow generated by our subsidiaries because we are a holding company.

We are a holding company with no operations. Our subsidiaries own most of the assets that will generate income. Therefore, our ability to declare and pay dividends is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, distribution or otherwise. Our subsidiaries may not be able or permitted to make distributions to enable us to make dividend payments in respect of our common stock. Each of our subsidiaries is a distinct legal entity, and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from them. In addition, any future financing or other arrangements that our subsidiaries enter into could limit their ability to make distributions to us. In addition, the Master Credit Agreement limits certain of our subsidiaries' ability to make distributions to us in the event of a default, or if the Company's Consolidated Fixed Charge Coverage Ratio falls below

1.25:1.00. In the event that we do not receive distributions from our subsidiaries, we may be unable to make dividend payments on our common stock. As of our most recent fiscal year end, our fixed charge ratio fell below the 1:50:1:00 coverage ratio, but was above the 1.25:1.00 ratio.

We may engage in acquisitions that could harm our business, operating results or financial condition.

A key component of our business strategy is to identify and acquire properties that are complementary to our core business. We frequently evaluate potential acquisitions and intend to actively pursue acquisition opportunities, some of which could be significant. For example, our acquisition of Mount Snow in 2007 involved the addition of property and operations that made up 26% of our revenues during the 2007 ski season. Our failure to merge the Mount Snow operations with our existing operations and effectively manage the additional large-scale property would have had a material negative effect on our results of operations.

We cannot make assurances that we will be able to successfully integrate and manage acquired properties and businesses and increase our profits from these operations. The integration of acquired businesses may not be successful and could result in disruption to other parts of our business. In addition, the integration may require that we incur significant restructuring charges. To integrate acquired businesses, we must implement our management information systems, operating systems and internal controls, and assimilate and manage the personnel of the acquired operations. The difficulties of the integrations may be further complicated by such factors as geographic distances, lack of experience operating in the geographic market or industry sector of the acquired business, delays and challenges associated with integrating the business with our existing businesses, diversion of management's attention from daily operations of the business, potential loss of key employees and customers of the acquired business, the potential for deficiencies in internal controls at the acquired business, performance problems with the acquired business' technology, exposure to unanticipated liabilities of the acquired business, insufficient revenues to offset increased expenses associated with the acquisition, and our ability to achieve the growth prospects and synergies expected from any such acquisition. Even when an acquired business has already developed and marketed products and services, there can be no assurance that product or service enhancements will be made in a timely fashion or that all pre-acquisition due diligence will have identified all possible issues that might arise with respect to such acquired assets.

Future acquisitions may also cause us to assume liabilities, record goodwill and intangible assets that will be subject to impairment testing and potential impairment charges, incur amortization expense related to certain intangible assets and increase our expenses and working capital requirements, which would reduce our return on invested capital. Failure to manage and successfully integrate the acquisitions we make could materially harm our business and operating results.

We may be unsuccessful in identifying suitable acquisition candidates which may negatively impact our growth strategy.

There can be no assurance given that we will be able to identify additional suitable acquisition candidates or consummate future acquisitions or strategic transactions on acceptable terms. Our failure to successfully identify additional suitable acquisition candidates or consummate future acquisitions or strategic transactions on acceptable terms could have an adverse effect on our prospects, business activities, cash flow, financial condition, results of operations and stock price.

If we experience any service interruptions, data corruption, cyber or other security breaches, our operations could be disrupted.

We rely on our information technology systems, which may be susceptible to damage, disruptions or shutdowns as a result of, for example, failures during the process of upgrading or replacing technology, power outages, hardware failures, computer viruses, computer hackers, telecommunication failures, user errors, or even catastrophic events. If our information technology systems suffer severe damage, disruption or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, our business maybe disrupted, resulting in an inability to operate the effected resorts.

We also possess sensitive customer and employee information and may provide such data to third parties for analysis, benefit distribution or compliance purposes. While we believe we have taken reasonable and appropriate steps to protect that information, hackers and data thieves operate sophisticated, large-scale attacks that could breach our information systems, despite ongoing security measures. Consequently, a security breach could result in unauthorized disclosure of confidential information. In addition, we are required to comply with increasingly complex regulations designed to protect our business and personal data.

Any breach of our network security, a third-party's network security or failure to comply with applicable regulations may result in (a) the loss of valuable business data and/or our customers' or employees' personal information, (b) increased costs to implement additional protections and processes, (c) a disruption of our business and a loss of revenue, (d) damage to our relationships and reputation, and (e) fines or lawsuits. In addition, the costs related to cyber or other security threats or breaches may not be fully insured or indemnified.

We are subject to extensive environmental laws and regulations in the ordinary course of business.

Our operations are subject to a variety of federal, state and local environmental laws and regulations, including those relating to emissions to the air; discharges to water; storage, treatment and disposal of wastes; land use; remediation of contaminated sites; and protection of natural resources such as wetlands. For example, future expansions of certain of our ski facilities must comply with applicable forest plans approved under the National Forest Management Act or local zoning requirements. In addition, most projects to improve, upgrade or expand our ski resorts are subject to environmental review under the National Environmental Policy Act. Both acts require that the U.S. Forest Service study any proposal for potential environmental impacts and include in its analysis various alternatives. Our ski resort improvement proposals may not be approved or may be approved with modifications that substantially increase the cost or decrease the desirability of implementing the project.

Our facilities are subject to risks associated with mold and other indoor building contaminants. From time to time our operations are subject to inspections by environmental regulators or other regulatory agencies. We are also subject to worker health and safety requirements.

We believe our operations are in substantial compliance with applicable material environmental, health and safety requirements. However, our efforts to comply do not eliminate the risk that we may be held liable, incur fines or be subject to claims for damages, and that the amount of any liability, fines, damages or remediation costs may be material for, among other things, the presence or release of regulated materials at, on or emanating from properties we now own or lease and operate, or formerly owned, leased or operated, newly discovered environmental impacts or contamination at or from any of our properties, or changes in environmental laws and regulations or their enforcement.

The loss of our key executive officers could harm our business.

Our success depends to a significant extent upon the performance and continued service of our key management team which includes Timothy Boyd, our President and principal executive officer, Stephen Mueller, our Vice President and principal financial and accounting officer, and Richard Deutsch, our Vice President in charge of business and real estate development. The loss of the services of this management team and the failure to develop and maintain an adequate succession plan could have a material adverse effect on our business and operations because of Messrs. Boyd's, Mueller's and Deutsch's specific and unique knowledge of acquiring and operating multiple ski resorts, including day ski resorts and overnight drive ski resorts.

Failure to maintain the integrity of guest data could result in damage to our reputation and/or subject us to costs, fines or lawsuits.

We collect personally identifiable information relating to our guests for various business purposes, including marketing and promotional purposes. The integrity and privacy of our guests' information is important to us, and our guests have a high expectation that we will adequately protect their personal information. The regulatory environment governing privacy laws is increasingly demanding, and privacy laws continue to evolve and, on occasion, may be inconsistent from one jurisdiction to another. Maintaining compliance with applicable privacy regulations may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our guests. Furthermore, non-compliance with applicable privacy regulations by us (or in some circumstances non-compliance by third parties engaged by us), a breach of security on systems storing our guest data, a loss of guest

data or fraudulent use of guest data could adversely impact our reputation or result in fines or other damages and litigation.

We are subject to risks related to certain payment methods.

We accept payments using a variety of methods, including credit cards, debit cards and gift cards. As we offer new payment options to consumers, we may be subject to additional regulations, compliance requirements and fraud. For certain

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payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability. We are also subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult for us to comply. As our business changes, we may also be subject to different rules under existing standards, which may require new assessments that involve costs above what we currently pay for compliance. While we are currently in compliance with all applicable rules and certification requirements, we may be subject to fines, higher transaction fees or loss of or restrictions on our ability to accept credit and debit card payments from customers if we are not in compliance with new rules and regulations or if the volume of fraud in our transactions rises to certain levels. If any of these events were to occur, our business, financial condition and operating results could be materially adversely affected.

Our business requires significant capital expenditures to both maintain and improve our ski resorts and expand our business through acquisitions. The lack of available funds for these capital expenditures could have a material adverse effect on our operating strategy.

Sustaining our successful financial performance depends, in part, on our ability to maintain and improve the quality of our facilities, products, and management resources (either directly or through third parties), which requires significant capital expenditures. Capital expenditures for fiscal 2016 were approximately \$16.9 million. To the extent that we are unable to obtain the funds necessary to maintain and grow our business with cash generated from operating activities, or from borrowed funds or additional equity investments, our financial condition and results of operations could be affected. Although we believe that capital expenditures above maintenance levels can be deferred to address cash flow or other constraints, these expenditures cannot be deferred for extended periods without adversely affecting our competitive position and financial performance.

Historically, a key element of our strategy has been attracting additional skiers through investment in on-mountain capital improvements. These improvements are capital intensive, and a lack of available funds for capital expenditures could have a material adverse effect on our ability to implement our operating strategy. We intend to finance resort capital improvements through internally generated funds and proceeds from the offering of debt and equity. There can be no assurance that sufficient funds will be available to fund these capital improvements or that these capital improvements will sustain our customer base, attract additional skiers or generate additional revenues.

Future acquisitions may require additional debt or equity financing, which in the case of debt financing, will increase our leverage and, in the case of equity financing, would be dilutive to our existing stockholders. Any decline in our perceived credit-worthiness associated with an acquisition could adversely affect our ability to borrow and result in more restrictive borrowing terms. As a result of the foregoing, we also may not be able to complete acquisitions or strategic transactions in the future to the same extent as in the past, or at all. These and other factors could harm our ability to achieve anticipated levels of profitability at acquired operations or realize other anticipated benefits of an acquisition, and could adversely affect our business, financial condition and results of operations.

We are dependent on significant infrastructure and equipment.

Our infrastructure and equipment, including snowmaking equipment and ski lifts, are costly to maintain, repair and replace and are susceptible to unscheduled maintenance. Much of our infrastructure and equipment will eventually need to be replaced or significantly repaired or modernized, which could result in interruptions to our business, particularly during our peak periods. In certain cases, the cost of infrastructure or equipment repair or replacement may not be justified by the revenues at the applicable resort.

The high fixed cost structure of ski resort operations can result in significantly lower margins if revenues decline.

The cost structure of ski resort operations has a significant fixed component with variable expenses including, but not limited to, resort related fees, credit card fees, retail/rental cost of sales and labor, ski school labor and dining operations. Any material declines in the economy, elevated geopolitical uncertainties and/or significant changes in historical snowfall patterns, as well as other risk factors discussed herein, could adversely affect revenue. As such, our margins, profits and cash flows may be materially reduced due to declines in revenue given our relatively high fixed cost structure. In addition, increases in wages and other labor costs, energy, healthcare, insurance, transportation, fuel, and other expenses included in our fixed cost structure may also reduce our margins, profits and cash flows.

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We generate a significant portion of our annual revenues from Mount Snow. Conditions or events that could negatively impact Mount Snow could have a material adverse effect on our financial condition and results of operations.

Revenue generated from Mount Snow in fiscal 2016 represented approximately 35.1% of our total fiscal 2016 revenues. Mount Snow, like our other resorts, is subject to various risks such as those described in this "Risk Factors" section, including natural disasters, changes in consumer leisure tastes, competition from other area ski resorts, decreased water supply and regional weather. The occurrence of such events or conditions that negatively impact Mount Snow would have a material adverse effect on our financial condition and results of operations.

Cancellation of the Immigrant Investor Program or our failure to successfully raise capital under the program's guidelines could adversely affect our ability to execute our growth strategy and improve our resorts.

Developing our resort at Mount Snow and continuing to improve our resorts overall are significant elements of our growth strategy. In addition, we have been advised by the State of Vermont that we must relocate our water reservoir to help sustain the natural habitat of certain species of fish. We intend to finance these developments—the Carinthia Ski Lodge Project and the West Lake Project—with funds raised under the U.S. government's Immigrant Investor Program, commonly known as the "EB-5 program." The EB-5 program was first enacted in 1990 to stimulate the U.S. economy through the creation of jobs and capital investments in U.S. companies by foreign investors. In turn, these foreign investors are, pending petition approval, granted visas for lawful residence in the U.S. Under the EB-5 program, a limited number of visas are reserved for such foreign investors each year.

The Carinthia Ski Lodge Project includes the construction of Carinthia Ski Lodge, and the West Lake Project includes the construction of a new water storage reservoir for snowmaking with capacity of up to 120 million gallons. We conducted an offering to raise \$52.0 million to fund the Carinthia Ski Lodge Project and the West Lake Project. As of April 30, 2016, we had commitments for \$52.0 million in Partnership investments, all of which has been funded and is being held in escrow. Since that date, we have had 3 investors withdraw for personal reasons, which is allowed under the program while the funds are still in escrow. Each investor originally contributed \$0.5 million. It is the Company's intent to replace the withdrawn funds with funds from new investors. We are currently following up with several potential investors to replace the withdrawn funds. In addition, the Company is still waiting on the first investor's approval with regards to our approved EB-5 program. In anticipation of the EB-5 approval, which would release all funds from escrow, the Company has spent more than \$13 million of our working capital on starting the West Lake Construction project. Additional delays in the first investor's approval or a failure to approve the first investor may result in the Company having insufficient funds to complete the Carinthia Ski Lodge Project or West Lake Project or implement future plans to improve our resorts.

The current EB-5 program as it relates to the Regional Center Pilot Program term expires on September 30, 2016. Though the program has been regularly reinstated since its inception in 1990, there is no guarantee that it will be reauthorized upon the expiration in 2016. Furthermore, we cannot guarantee that we will successfully raise sufficient funds under the EB-5 program in order to complete the Carinthia Ski Lodge Project or West Lake Project, or implement future plans to improve our resorts. In either of those cases, conventional financing options, such as loans, may prove too costly or may not be available, which could result in cancellation of our development and improvement plans and have a material adverse effect on our business. Please see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Significant Uses of Cash" for further details about the EB-5 program and Mount Snow development projects.

We lease all or some of the land underlying certain of our resorts from third parties.

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We lease some or all of our property at Paoli Peaks and Mad River from third parties. Our lease at Paoli Peaks terminates in 2078 and our lease at Mad River terminates in 2034. Combined, these resorts contributed 7.9% of our total revenues for the year ended April 30, 2016. A termination of any of these leases could negatively impact our results of operations.

A substantial portion of the skiable terrain at certain of our resorts is used under the terms of Forest Service permits.

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A substantial portion of the skiable terrain at our Attitash and Mount Snow resorts and all of the land underlying the Wildcat Mountain resort is federal land that is used under the terms of permits with the U.S. Forest Service. The permits give the U.S. Forest Service the right to review and comment on the location, design, and construction of improvements in the permit area and on certain other operational matters. The permits can also be terminated or modified by the U.S. Forest Service for specific compelling reasons or in the event we fail to perform any of our obligations under the permits. Otherwise, the permits may be renewed. A termination or modification of any of our permits could have a material adverse effect on our results of operations. Currently, our permits expire as follows:

Ski Resort	Special Use Permit Expiration Date
Attitash	April 4, 2047
Mount Snow	April 4, 2047
Wildcat Mountain	November 18, 2050

We rely on information technology to operate our businesses and maintain our competitiveness, and any failure to adapt to technological developments or industry trends could harm our business.

We depend on the use of information technology and systems, including technology and systems used for central reservations, point of sale, procurement and administration. We must continuously improve and upgrade our systems and infrastructure to offer enhanced products, services, features and functionality, while maintaining the reliability and integrity of our systems and infrastructure. Our future success also depends on our ability to adapt our infrastructure to meet rapidly evolving consumer trends and demands and to respond to competitive service and product offerings.

In addition, we may not be able to maintain our existing systems or replace or introduce new technologies and systems as quickly as we would like or in a cost-effective manner. Delays or difficulties in implementing new or enhanced systems may keep us from achieving the desired results in a timely manner, to the extent anticipated, or at all. Any interruptions, outages or delays in our systems, or deterioration in their performance, could impair our ability to process transactions and could decrease our quality of service that we offer to our guests. Also, we may be unable to devote financial resources to new technologies and systems in the future. If any of these events occur, our business and financial performance could suffer.

We currently rely on one lender and its affiliates as a source for the majority of our financing and credit.

We have historically relied on one lender and its affiliates, EPR, for substantially all of our financing and credit needs, including financing relating to our resort acquisitions. EPR is an entertainment, entertainment-related, recreation and specialty real estate company with its common stock listed on the New York Stock Exchange under the symbol "EPR". In the event EPR is not available to extend us credit, we may not be able to obtain financing on terms as favorable to us as those under our arrangements with EPR. As a result, we may be subject to more stringent financial covenants and higher interest rates.

We depend on a seasonal workforce.

Our mountain and lodging operations are highly dependent on a large seasonal workforce. We recruit year-round to fill thousands of seasonal staffing needs each season and work to manage seasonal wages and the timing of the hiring process to ensure the appropriate workforce is in place. We cannot guarantee that material increases in the cost of securing our seasonal workforce will not be necessary in the future. Furthermore, we cannot guarantee that we will be able to recruit and hire adequate seasonal personnel as the business requires. Increased seasonal wages or an inadequate workforce could have an adverse impact on our results of operations.

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We are subject to litigation in the ordinary course of business because of the nature of our business.

The safety of guests and employees is a major concern and focus for all managers and employees of the Company. By the nature of our activities, we are exposed to the risk that guests or employees may be involved in accidents during the use, operation or maintenance of ski lifts, rides and other resort facilities. As a result, we are, from time to time, subject to various asserted or unasserted legal proceedings and claims. Any such claims, regardless of merit, could be time-consuming and

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expensive to defend and could divert management's attention and resources. While we believe we have adequate insurance coverage and/or accrue for loss contingencies for all known matters that are probable and can be reasonably estimated, we cannot assure that the outcome of all current or future litigation will not have a material adverse effect on us and our results of operations.

If we fail to manage future growth effectively, our business could be harmed.

We have experienced, and expect to continue to experience, rapid growth. This growth has placed significant demands on our management, operational and financial infrastructure. To manage growth effectively, we must continue to improve and enhance our managerial, operational and financial controls, train and manage our employees, and expand our employee base. We must also manage new and existing relationships with vendors, business partners and other third parties. These activities will require significant expenditures and allocation of valuable management resources. If we fail to maintain the efficiency of our organization as we grow, our profit margins may decrease, and we may be unable to achieve our business objectives.

A disruption in our water supply would impact our snowmaking capabilities and impact our operations.

Our operations are heavily dependent upon our access to adequate supplies of water with which to make snow and otherwise conduct our operations. Our resorts in New Hampshire and Vermont are subject to state laws and regulations regarding our use of water. There can be no assurance that applicable laws and regulations will not change in a manner that could have an adverse effect on our operations, or that important permits, licenses, or agreements will not be canceled or will be renewed on terms as favorable as the current terms. Any failure to have access to adequate water supplies to support our current operations and anticipated expansion would have a material adverse effect on our financial condition and results of operations.

Our lender has an option to purchase, or assume our leases relating to, certain of our ski resorts. If our lender exercises this option, we would incur significant tax obligations.

On December 1, 2014, in connection with the Debt Restructure, we entered into an Option Agreement with EPT Ski Properties, Inc. providing EPR a purchase option on the Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley ski resorts. The Option Agreement provides that the purchase option will be exercisable as to any one or more of such properties on the maturity date of the applicable promissory notes for such properties upon (i) proper notice by EPR and (ii) payment of a purchase price for each such property calculated in accordance with the Option Agreement. Upon the closing of any sale under the option, EPR will enter into an agreement with the Company or one of its subsidiaries for the lease of each such acquired property for an initial term of 20 years, plus options to extend the lease for two additional periods of 10 years each.

Over the years, we have depreciated the value of these properties pursuant to applicable accounting rules, and as such, we have a low adjusted tax basis in the properties. As a result, we will realize significant taxable gains on the sale of the properties to EPT Ski Properties, Inc. if the option is exercised. We may be required to pay income taxes on the taxable gains from such sale, which we expect to be a substantial cost.

Under certain circumstances, our insurance coverage may not cover all possible losses, and we may not be able to renew our insurance policies on favorable terms, or at all.

Although we maintain various property and casualty insurance policies, our insurance policies do not cover all types of losses and liabilities and in some cases may not be sufficient to cover the ultimate cost of claims which exceed policy limits. If we are held liable for amounts exceeding the limits of our insurance coverage or for claims outside the scope of our coverage, our business, prospects, financial condition, results of operations and cash flows could be materially adversely affected.

In addition, we may not be able to renew our current insurance policies on favorable terms, or at all. Our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected if we or other companies within or outside our industry sustain significant losses or make significant insurance claims.

We are subject to risks associated with our workforce.

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We are subject to various federal and state laws governing matters such as minimum wage requirements, overtime compensation and other working conditions, discrimination and family and medical leave. In addition, we are continuing to assess the impact of U.S. federal healthcare reform law and regulations on our healthcare benefit costs, which will likely increase the amount of healthcare expenses paid by us. Immigration law reform could also impact our workforce because we recruit and hire foreign nationals as part of our seasonal workforce. If our labor-related expenses increase, our operating expenses could increase and our business, financial condition and results of operations could be harmed.

We are structured as a holding company and have no assets other than the common stock of our subsidiaries.

We are a holding company and we do not currently have any material assets other than the common stock we own in our direct and indirect subsidiaries. Our working capital needs are dependent, in part, upon the receipt of dividends and other distributions from our subsidiaries. Certain laws may restrict or limit such payments to us by our subsidiaries, in which case we may need to seek other sources of funding.

A natural disaster could damage our property and reduce the number of guests who visit our resorts.

A severe natural disaster, such as a forest fire, flood or landslide, may interrupt our operations, damage our properties and reduce the number of guests who visit our resorts in affected areas. Damage to our properties could take a long time to repair and there is no guarantee that we would have adequate insurance to cover the costs of repair or the expense of the interruption to our business. Furthermore, such a disaster may interrupt or impede access to our affected properties or require evacuations and may cause visits to our affected properties to decrease for an indefinite period. The ability to attract visitors to our resorts is also influenced by the aesthetics and natural beauty of the outdoor environment where our resorts are located. A severe forest fire or other severe impacts from naturally occurring events could negatively impact the natural beauty of our resorts and have a long-term negative impact on our overall guest visitation as it would take several years for the environment to recover.

We will not be required by Section 404 of the Sarbanes-Oxley Act to have our independent registered public accounting firm formally attest to the effectiveness of our internal controls while we qualify as an "emerging growth company." If we are unable to establish and maintain effective internal controls, or those controls are not identified during management review of our internal controls, our financial condition and operating results could be adversely affected.

In fiscal year 2016, management hired a consulting firm to assist us in our evaluation and implementation of an internal control structure to comply with the SEC rules for implementing Section 404 of the Sarbanes-Oxley Act. We, as management, are required to make a formal assessment of the effectiveness of our internal controls over financial reporting for that purpose. Our independent registered public accounting firm, however, is not required to formally attest to the effectiveness of our internal control over financial reporting until we are no longer an "emerging growth company" as defined in the Jumpstart Our Business Startup Act of 2012 (the "JOBS Act"). At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. Further, we may take advantage of other accounting and disclosure related exemptions afforded to "emerging growth companies" from time to time. If we are unable to establish and maintain effective internal controls, our financial condition and operating results could be adversely affected.

Climate change and greenhouse effects may adversely impact our results of operations.

There is a growing political and scientific consensus that emissions of greenhouse gases continue to alter the composition of the global atmosphere in ways that are affecting and are expected to continue affecting the global climate. The effects of climate change, including any impact of global warming, could have a material adverse effect on our results of operations.

Warmer overall temperatures would likely adversely affect skier visits and our revenue and profits. As noted above, warm weather may result in inadequate natural snowfall and render snowmaking wholly or partially ineffective in maintaining quality skiing conditions. In addition, a steady increase in global temperatures could shorten the ski season in the future.

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Physical risks from climate change may also include an increase in changes to precipitation and extreme weather events in ways we cannot currently predict. Such changes to the amount of natural snowfall and extreme differences in weather patterns may increase our snowmaking expense, inhibit our snowmaking capabilities and negatively impact skier perceptions of the ski season.

Risks Related to Ownership of Our Common Stock

The market price of our common stock has been and will likely continue to be volatile, and you could lose all or part of your investment.

Prior to our initial public offering, there had been no public market for shares of our common stock. The market price of our common stock has been and may continue to be subject to wide fluctuations in response to various factors, some of which are beyond our control. In addition to the factors discussed in this “Risk Factors” section and elsewhere in this annual report on Form 10-K, factors that could cause fluctuations in the market price of our common stock include the following:

- quarterly variations in our results of operations;

- results of operations that vary from those of our competitors;

- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;

- announcements by us, our competitors or our vendors of significant contracts, acquisitions, joint marketing relationships, joint ventures or capital commitments;

- announcements by third parties of significant claims or proceedings against us;

- fluctuations in trading volume;

- future sales of our common stock; and

- changes in investor sentiment toward the stock of ski resort and recreational services companies in general.

Furthermore, the stock market has experienced extreme volatility that in some cases has been unrelated or disproportionate to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could be a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

Requirements associated with being a public company will increase our costs, as well as divert Company resources and management's attention, particularly after we are no longer an "emerging growth company," and may affect our ability to attract and retain qualified board members and executive officers.

As a public company, we are required to comply with the SEC's rules implementing Section 302 of the Sarbanes-Oxley Act of 2002, which requires our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. We are required to make our first assessment of our internal control over financial reporting in fiscal 2016. Our independent registered public accounting firm, however, will not be required to formally attest to the effectiveness of our internal control over financial reporting so long as we qualify as an emerging growth company.

We are working with our legal, independent accounting, and financial advisors to identify those areas in which changes or enhancements should be made to our financial and management control systems to manage our growth and obligations as a public company. Some such areas include corporate governance, corporate control, internal audit, disclosure controls and procedures, and financial reporting and accounting systems. We have made, and will continue to make, changes in these and

other areas. However, the expenses that will be required in order to function adequately as a public company could be material.

Compliance with the various reporting and other requirements applicable to public companies will also require considerable time and attention of management. We cannot predict or estimate the amount of the additional costs we may incur, the timing of such costs or the impact that our management's attention to these matters will have on our business. In addition, the changes we make may not be sufficient to satisfy our obligations as a public company on a timely basis or at all.

In addition, being a public company could make it more difficult or more costly for us to obtain certain types of insurance, including directors' and officers' liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees and our executive team.

Our principal stockholders may exert substantial influence over us and may exercise their control in a manner adverse to your interests.

Timothy D. Boyd, Stephen J. Mueller and Richard K. Deutsch, our three named executive officers, own approximately 16.1% of our outstanding common stock. As a result, these stockholders will be able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment of our amended and restated articles of incorporation and approval of significant corporate transactions. This ability could have the effect of delaying or preventing a change of control of the Company or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders. It is possible that these persons will exercise control over us in a manner adverse to your interests.

We are an "emerging growth company" with reduced reporting requirements that may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and may take advantage of certain exemptions from various reporting requirements that are applicable to public companies generally. As discussed above, for so long as we remain an emerging growth company, we may elect not to have our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting, as would otherwise be required by Section 404(b) of the Sarbanes-Oxley Act. This may increase the risk that we fail to detect and remedy any weaknesses or deficiencies in our internal control over financial reporting.

In general, these reduced reporting requirements may allow us to refrain from disclosing information that you may find important. It is also possible that investors may generally find our common stock less attractive because of our status as an emerging growth company and our more limited disclosure. Any of the foregoing could adversely affect the price and liquidity of our common stock.

We may take advantage of these disclosure exemptions until we are no longer an "emerging growth company." We could be an emerging growth company until the last day of the first fiscal year following the fifth anniversary of our first common equity offering, although circumstances could cause us to lose that status earlier if our annual revenues exceed \$1.0 billion, if we issue more than \$1.0 billion in non-convertible debt in any three-year period or if we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act.

Future sales of our common stock may cause our stock price to decline.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market, the market price of our common stock could decline. These sales might also make it more difficult for

us to sell additional equity securities at a time and price that we deem appropriate. All of the shares of our common stock sold in our initial public offering are freely tradable in the public market, except for any shares held by our affiliates as defined in Rule 144 of the Securities Act.

We also registered all 559,296 shares of common stock that we may issue under the Peak Resorts, Inc. 2014 Equity Incentive Plan that has been adopted by the board of directors and stockholders. These shares can be freely sold in the public

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market upon issuance, subject to vesting conditions. As of April 30, 2016, 63,741 restricted stock units were issued to independent directors, of which 5,334 were forfeited, resulting in a remaining balance of 500,889 shares available for issuance.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our common stock, or if our operating results do not meet their expectations, our stock price and trading volume could decline.

The trading market for our common stock may be influenced by the research and reports that securities or industry analysts publish about us or our business. Securities analysts may elect not to provide research coverage of our common stock. This lack of research coverage could adversely affect the price of our common stock. We do not have any control over these reports or analysts. If any of the analysts who cover our Company downgrades our stock, or if our operating results do not meet the analysts' expectations, our stock price could decline. Moreover, if any of these analysts ceases coverage of our Company or fails to publish regular reports on our business, we could lose visibility in the financial markets, which in turn could cause our stock price and trading volume to decline.

We have anti-takeover provisions in our organizational documents that may discourage a change of control.

Certain provisions of our amended and restated articles of incorporation and amended and restated by-laws may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions provide for, among other things:

- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings;
- the removal of directors only for cause by our board of directors or upon the affirmative vote of holders of at least 66²/₃% of the shares of common stock entitled to vote generally in the election of directors; and
- that the amended and restated by-laws may only be amended by our board of directors.

These anti-takeover provisions could make it more difficult for a third party to acquire our Company, even if the third party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares.

Item 1B. Unresolved Staff Comments.

None

Item 2. Properties.

The following table sets forth the principal properties that we own or lease for use in our operations at fiscal year end:

Ski Resort/Location	Ownership	Usage
Hidden Valley (250 total acres; 60 skiable acres)	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities; headquarters offices
Wildwood, MO		

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Snow Creek (460 total acres; 40 skiable acres)	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Weston, MO Paoli Peaks (65 total and skiable acres)	Partially leased/partially owned (1)	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Paoli, IN Mad River (324 total acres; 60 skiable acres)	Leased (2)	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Zanesfield, OH Boston Mills (100 total acres; 40 skiable acres)	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, rental/retail facilities and food/beverage facilities
Sagamore Hills, OH Brandywine (102 total acres; 48 skiable acres)	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Sagamore Hills, OH Crotched Mountain (251 total acres; 105 skiable acres)	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, rental/retail facilities and food/beverage facilities
Bennington, NH Jack Frost (201 total acres; 80 skiable acres)	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Blakeslee, PA Big Boulder (107 total acres; 65 skiable acres)	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Blakeslee, PA Attitash (1,134 total acres; 307 skiable acres)	Partially owned/partially used per terms of a Special Use Permit (3)	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities, food/beverage facilities, hotel/lodging facilities and conference/meeting rooms
Bartlett, NH Mount Snow (588 total acres; 490 skiable acres)	Partially owned/partially used per terms of a Special Use Permit (3)	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities, food/beverage facilities, hotel/lodging facilities, conference/meeting rooms and developable land
West Dover, VT Wildcat Mountain (225 total and skiable acres)	Used per terms of a Special Use Permit(4)	Ski resort operations, including ski lifts, ski trails, terrain park, rental/retail facilities and food/beverage facilities
Jackson, NH Alpine Valley (135 total acres; 54 skiable acres)	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities

Chesterland, OH Hunter Mountain (1,537 total acres, 220 skiable acres)	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities, food/beverage facilities, hotel/lodging facilities and conference/meeting rooms
Hunter, NY		

(1) The Paoli Peaks lease terminates in 2078.

(2) The Mad River lease terminates in 2034. The Company has the right of first refusal should the Mad River lessor put the property up for sale. In addition, the Company has the right to acquire the Mad River property at specified prices in December 2019 and December 2026.

(3) A substantial portion of the skiable terrain at Attitash and Mount Snow is federal land that we use pursuant to the terms of renewable permits with the U.S. Forest Service. The Attitash and Mount Snow Special Use Permits expire on April 4, 2047.

(4) All of the land underlying Wildcat Mountain is federal land that we use pursuant to the terms of a renewable permit with the U.S. Forest Service. The Wildcat Mountain Special Use Permit expires on November 18, 2050.

Item 3. Legal Proceedings

We are not aware of any pending or threatened legal proceedings against us that could have a material adverse effect on our business, operating results or financial conditions. The ski industry is characterized by periodic litigation and as a result, we may be involved in various additional legal proceedings from time to time.

Item 4. Mine Safety Disclosures

None.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock has been listed on the NASDAQ Global Market under the symbol "SKIS" since November 21, 2014 following the completion of our initial public offering. Prior to that time, there was no public market for our common stock. As of July 14, 2016, 13,982,400 shares of our common stock were outstanding, held by approximately 29 holders of record.

The following table sets forth information on the high and low sales prices of our common stock on the NASDAQ Global Market and the quarterly cash dividends declared per share of common stock for each quarterly period since our initial public offering:

Quarter ended	Market price per share		Cash dividends declared per share
	High	Low	
April 30, 2016	\$ 5.58	\$ 2.60	\$ -
January 31, 2016	\$ 7.70	\$ 5.04	\$ 0.1375
October 31, 2015	\$ 7.75	\$ 6.50	\$ 0.1375
July 31, 2015	\$ 7.73	\$ 6.25	\$ 0.1375
April 30, 2015	\$ 7.82	\$ 5.76	\$ 0.1375
January 31, 2015	\$ 9.19	\$ 6.89	\$ 0.1091*

*The first cash dividend declared was pro rated for a 73-day period from the effective date of the Company's initial public offering through the end of the Company's third fiscal quarter.

In fiscal 2015, the Company's board of directors approved the commencement of a regular quarterly cash dividend on our common stock at an annual rate of \$0.55 per share, subject to quarterly declarations. The board made the decision in April 2016 that it would not be prudent to declare a dividend due to lower cash levels of the company due to the delay in approval of our EB-5 program. The reinstatement or paying of regular quarterly dividends is subject to the discretion of our board of directors, applicable law and contractual restrictions.

The declaration and payment of future dividends to holders of our common stock will be at the sole discretion of our board of directors and will depend on many factors, including our actual results of operations, financial condition, capital requirements, contractual restrictions, restrictions in our debt agreements, economic conditions and other factors that could differ materially from our current expectations. For example, the Master Credit Agreement includes financial covenants consisting of a maximum Leverage Ratio (as defined in the Master Credit Agreement) of 65%, above which the Company and certain of its subsidiaries are prohibited from incurring additional indebtedness, and a Consolidated Fixed Charge Coverage Ratio (as defined in the Master Credit Agreement) covenant, which (i) requires the Company to increase the balance of its debt service reserve account if the Company's Consolidated Fixed Charge Coverage Ratio falls below 1.50:1.00, and (ii) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. The payment of dividends is also prohibited during default situations under the terms of the Master Credit Agreement. For a more complete description of the Master Credit Agreement and applicable restrictions, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Significant Sources of Cash" and Note 4, "Long-term Debt" to our consolidated financial statements. As of our most recent fiscal year end, our fixed charge ratio fell below the 1.50:1.00 coverage ratio, but was above the 1.25:1.00 ratio. As a result, we are required to increase the balance of our debt service reserve account by \$3.3 million. EPR has agreed to delay the additional interest reserve payment until the end of the 2016/2017 ski season.

Stock Performance Graph

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Set forth below is a line graph comparing the percentage change in the cumulative total shareholder return on our common stock with the cumulative total return of the Russell 200 Index and the S&P Small Cap 600 Consumer Discretionary Index from May 1, 2015, the first day of trading in fiscal year 2016, through April 30, 2016, our fiscal year end. The following is based on an investment of \$100 in our common stock, the Russell 2000 Index and the S&P Small Cap 600 Consumer Discretionary Index, with dividends reinvested where applicable.

Source: Bloomberg

Index	Period Ending	
	5/1/2015	4/30/2016
Peak Resorts	100.00	51.09
Russell 2000	100.00	93.43
S&P Small Cap 600 Consumer Discretionary	100.00	92.38

Item 6. Selected Financial Data.

The table below summarizes our selected consolidated financial information as of and for the periods indicated. You should read the following selected consolidated financial data together with our consolidated financial statements and

related notes filed as part of this annual report. Our historical results for any prior period are not necessarily indicative of results to be expected in any future period. The data presented in the table and footnotes below are in thousands, except for diluted net income (loss) per share attributed to Peak Resorts, Inc. and the revenue per skier visit amounts.

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	Year ended April 30,				
	2016	2015	2014	2013	2012
Income Statement Information					
Revenues	\$ 95,729	\$ 104,858	\$ 105,205	\$ 99,688	\$ 82,044
Operating expense (1)	72,215	78,586	78,833	72,437	67,285
Depreciation and Amortization	10,709	9,450	9,155	8,850	9,510
Land and building rent	1,386	1,440	1,464	1,428	1,679
Settlement of lawsuits	-	(2,100)	700	-	-
Gain on involuntary conversion	195	-	-	-	-
Interest expense, net	10,814	15,458	17,359	12,785	11,516
Defeasance fee paid with debt restructure	-	5,000	-	-	-
Gain on sale/leaseback	333	333	333	333	333
Write off of incremental stock issuance cost	-	-	-	-	1,168
Investment income	8	11	11	9	23
Income (loss) before income tax (2)	(5,304)	(2,632)	(1,962)	4,530	(8,757)
Net income (loss)	\$ (3,226)	\$ (1,854)	\$ (1,501)	\$ 2,707	\$ (5,295)
Basic and diluted earnings (loss) per share	\$ (0.23)	\$ (0.22)	\$ (0.38)	\$ 0.68	\$ (1.33)
Other Financial Information (unaudited)					
Reported EBITDA (3)	\$ 16,240	\$ 25,400	\$ 25,365	\$ 25,939	\$ 13,031
Capital expenditures	\$ 16,338	\$ 14,144	\$ 10,028	\$ 14,900	\$ 21,817
Other Data (unaudited)					
Operations:					
Skier visits (4)	1,166	1,554	1,570	1,520	1,221
Revenue per skier visit (5)	\$ 82.11	\$ 67.45	\$ 67.02	\$ 65.53	\$ 67.22
Revenue per visit (6)	\$ 73.32	\$ 61.34	\$ 60.06	\$ 59.14	\$ 60.94
Tube visits	140	155	182	166	125
Total visits	1,306	1,709	1,752	1,686	1,346
Other Balance Sheet Data					
Cash and cash equivalents	\$ 5,396	\$ 16,849	\$ 13,186	\$ 11,971	\$ 6,179
Restricted cash (7)	\$ 61,099	\$ 37,519	\$ 13,063	\$ 12,141	\$ 11,036
Total assets	\$ 313,963	\$ 241,540	\$ 206,537	\$ 201,749	\$ 185,043
Long-term debt and capitalized lease obligations (including current portions and line of credit) (8)	\$ 140,718	\$ 100,062	\$ 175,148	\$ 171,525	\$ 160,729
Net debt (9)	\$ 135,322	\$ 83,213	\$ 161,962	\$ 159,554	\$ 154,550
Dividends declared	\$ 5,768	\$ 3,449	\$ -	\$ -	\$ -
Total stockholders' equity	\$ 71,634	\$ 80,438	\$ 3,488	\$ 4,990	\$ 2,282

(1) Operating expenses before depreciation and amortization and land and building rent.

(2) The Company was an S-corporation for federal and state income tax purposes until April 30, 2011 when it terminated its S-corporation election. As a result, we did not have a provision for income taxes for fiscal 2011. The Company revoked its S-corporation election effective April 30, 2011. In connection with the revocation, deferred income taxes were reinstated for the tax effect of temporary differences. Net income and basic and diluted earnings per share assuming a pro forma tax adjustment for the year ended April 30, 2011 were \$3.9 million and \$0.97, respectively, after giving effect to the 100 for 1 common stock split.

- (3) See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures” for a definition of Reported EBITDA and reconciliation to net income (loss).
- (4) A skier visit represents a person utilizing a ticket or pass to access a mountain resort for any part of one day and includes both paid and complimentary access and excludes tube visits.

- (5) Revenue per skier visit is calculated by dividing total revenue by total skier visits during the respective periods.
- (6) Revenue per visit is calculated by dividing total revenue by total visits (ski and tube) during the respective periods.
- (7) As of April 30 of each year, the end of our fiscal year, we are required to include in restricted cash interest due on our outstanding debt with EPR, our primary lender, and rent under the lease for the Mad River resort for the 10 months following April 30. In addition, the Company is holding funds in escrow in connection with its efforts to raise funds under the EB-5 investor program for the development of Mount Snow. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Significant Uses of Cash" for a discussion of the EB-5 program.
- (8) The Financial Accounting Standards Board issued Accounting Standards Update No. 2015-03, "Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs," which requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, and no longer permits recording these costs as assets. The new guidance is effective for annual periods beginning after December 15, 2015. As early adoption is permitted, we have elected to incorporate the early adoption of this guidance into our financial statement presented herein, including applying the guidance retrospectively to all prior periods presented.
- (9) Net debt is defined as long-term debt and capital lease obligations plus long-term debt and capital lease obligations due within one year, less cash and cash equivalents.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this annual report on Form 10-K. In addition to historical condensed consolidated financial information, the following discussion contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. See "Cautionary Note About Forward-Looking Statements" included elsewhere in this annual report on Form 10-K.

Overview

We own or lease and operate 14 ski resorts throughout the Midwestern, Northeastern and Southeastern U.S. Our ski resorts, which include both day ski resorts and overnight drive ski resorts, offer snow skiing, snowboarding and other snow sports. During the last two ski seasons, we had an average of 1.4 million skier visits each year.

We and our subsidiaries operate in a single business segment—resort operations. The consolidated financial data for our fiscal years ended April 30, 2016, 2015, and 2014 presented in this annual report is comprised of the data of our 14 ski resorts. Also included in the financial information presented are ancillary services, primarily consisting of food and beverage services, equipment rental, ski instruction, hotel/lodging and retail.

The opening and closing dates of our ski resorts are dependent upon weather conditions, but our peak ski season generally runs from early December to mid-April. See Item 1, "Business—Seasonality" for an illustration of the opening and closing dates for the 2011/2012 through 2015/2016 ski seasons for our 14 ski resorts.

We, like other day ski resort and overnight drive ski resort operators, earn our revenues in six principal categories. In order of their contribution, they are: lift and tubing tickets, food and beverage sales, equipment rentals, ski instruction, hotel/lodging, and retail. For more detailed information about each revenue category, see "Business—Revenue Components."

Our single largest source of revenue is the sale of lift tickets (including season passes) which represented approximately 47.6%, 48.5% and 49.1% of net revenue for fiscal 2016, 2015 and 2014, respectively. Lift ticket revenue is driven by the volume of lift tickets and season passes sold and the pricing of these items. Most of our season pass products are sold before the start of the ski season. Season pass revenue, although collected prior to the ski season, is recognized in the consolidated statement of earnings (loss) over the ski season based upon the estimated length of the season. For the 2015/2016, 2014/2015 and 2013/2014 ski seasons, approximately 38.1%, 29.9% and 28.2%, respectively, of total lift revenue recognized was comprised of season pass revenue. There can be no assurance that future season pass sales will be similar to historical trends.

The cost structure of our operations has a significant fixed component with variable expenses including, but not limited to, retail and food and beverage cost of sales, labor, power and utilities. As such, profit margins can fluctuate based on the level of revenues.

Seasonality and Quarterly Results

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Our resort operations are seasonal in nature. In particular, revenue and profits for our operations are substantially lower and historically result in losses from late spring to late fall, which occur during our first and second fiscal quarters. Revenue and profits generated by our summer operations are not sufficient to fully offset our off-season expenses from our operations. During fiscal 2016 and 2015, 88.3% and 89.0%, respectively, of resort revenues were recognized in the third and fourth fiscal quarters. Therefore, the operating results for any interim period are not necessarily indicative of the results that may be achieved for any subsequent quarter or for a full year.

Recent Trends

The timing and duration of favorable weather conditions impact our revenues in regard to the timing and number of skier visits. Though the amount of snowfall early in the ski season does encourage skier visits, all of our ski resorts have snowmaking capabilities in the event that the natural snowfall is insufficient. Cold weather, however, is essential to a successful ski season. There is no way to predict favorable weather conditions in the future. We sell season passes prior to the start of the ski season to help mitigate any negative effects that unfavorable weather may have on our revenues. Driven by the positive response for the newly introduced Peak Pass product for the 2016/2017 season, overall unit presales were up 40 percent, compared to the prior year, resulting in pass-related deferred revenue growth of 29 percent over the same time period.

We faced significant weather challenges during the 2015/2016 ski season due to unseasonably warm weather in the Midwest and the Northeast. Early season warm weather significantly impacted our Christmas season. The warmer weather continued throughout the season causing lower visits. The acquisition of Hunter Mountain in January 2016 mitigated the impact. Fiscal 2016 Reported EBITDA was \$16.2 million, down \$9.2 million from fiscal 2015, and revenue for fiscal 2016 was down \$9.1 million from fiscal 2015. Though we have increased the prices of most of our lift tickets, passes and other products and services in each of the last two ski seasons, there can be no assurance that we will be able to increase prices in the future or predict the impact that pricing increases may have on visitation or revenue.

Our skier visits of 1.2 million in fiscal 2016 were down 25.0% from fiscal 2015. This compares to a 28.1% decrease in total U.S. skier visits to Northeast resorts and a 16.7% decrease in total U.S. skier visits to Midwest resorts reported by the NSAA's Kottke National End Season Survey 2015/2016 Preliminary Report. Our total resort visits, which include tube visits, were down 23.6% from fiscal 2015. Total visits to our Northeast resorts were down from 1.07 million in fiscal 2015 to 0.85 million in fiscal 2016. Total visits to our Midwest resorts decreased from 0.64 million in fiscal 2014 to 0.45 million in fiscal 2016. Total visits during the Christmas period were down from 0.13 million in fiscal 2015 to 0.08 million in fiscal 2016, due to the adverse weather impacting the Christmas holiday period primarily at our Midwest resorts. Total visits other than during the three holiday periods (Christmas, MLK Weekend and President's Weekend) were down from 1.3 million in fiscal 2015 to 0.96 million in fiscal 2016. In addition, season pass holder visits decreased from 0.60 million in fiscal 2015 to 0.41 million in fiscal 2016, while pay-per-visit total visits decreased from 0.95 million in 2015 to 0.76 million in fiscal 2016. The warm weather continued into the early spring ski season affecting visits. March and April visits were 0.15 million in fiscal 2016 down from 0.33 million in fiscal 2015.

Recent Events

Financing/Liquidity

The Company has experienced lower than normal liquidity levels as of the end of fiscal 2016. The weather during the ski season was unfavorably warm which resulted in fewer ski days and lower profitability for the Company. In addition, the Company is still waiting on the first investor's approval with regards to our approved EB-5 program. In anticipation of the EB-5 approval, which would release all funds from escrow and allow those funds to spend on project related activities, the company has spent more than \$13 million of our working capital on starting the West Lake Construction project, which is part of the overall Mt. Snow Development Project. The Company received approval

for a \$10 million short term financing option which would provide additional liquidity until the start of our 2016/2017 ski season. The Company has not yet executed the loan, as we continue to wait for EB-5 approval. If EB-5 is not approved in the next few months, the Company will need to execute on this loan. The board made the decision in April 2016 that it would not be prudent to declare a dividend due to lower cash levels primarily caused by the delay in the approval of our EB-5 program, as well as the unseasonably warm weather during the 2015/2016 ski season which drove down revenue compared to the prior season.

In addition, the Master Credit Agreement includes financial covenants consisting of a maximum Leverage Ratio (as defined in the Master Credit Agreement) of 65%, above which the Company and certain of its subsidiaries are prohibited from incurring additional indebtedness, and a Consolidated Fixed Charge Coverage Ratio (as defined in the Master Credit Agreement) covenant, which (a) requires the Company to increase the balance of its debt service reserve account if the Company's Consolidated Fixed Charge Coverage Ratio falls below 1.50:1.00, and (b) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. As of our most recent fiscal year end, our fixed charge ratio fell below the 1.50:1.00 coverage ratio, but was above the 1.25:1.00 ratio. As a result, the Company must increase the balance of its debt service

reserve by \$3.3 million. EPR has agreed to defer the payment of the reserve until the end of the 2016/2017 ski season. The Company continues to explore financing options to fund short and long-term capital needs.

The company has received approval for a \$10 million short term financing option, if needed, to assist with the remainder of our summer season if our EB-5 projects first investor approval is not received in the near term. The board made the decision April 2016 that it would not be prudent to declare a dividend due lower cash levels of the company due to the delay in approval our EB-5 program. In addition, the company is also working on evaluating various alternatives, to assist with our long term liquidity. Please refer below in the MD&A section for more specific information on our liquidity, the EB-5 program, and the West Lake construction project.

Resort Acquisition

On January 6, 2016, the Company completed the acquisition of the Hunter Mountain ski resort located in Hunter, New York, through the purchase of all of the outstanding stock of each of Hunter Mountain Ski Bowl, Inc., Hunter Mountain Festivals, Ltd., Hunter Mountain Rentals, Inc., Hunter Resort Vacations, Inc., Hunter Mountain Base Lodge, Inc., and Frosty Land, Inc. pursuant to the terms of the Purchase Agreement entered into on November 30, 2015. The Company acquired Hunter Mountain for total cash consideration of \$35.0 million plus the assumption of two capital leases estimated at approximately \$1.7 million.

A portion of the Hunter Mountain acquisition price was financed pursuant to the Hunter Mountain Credit Agreement, and the remainder was financed with funds drawn on the Company's Line of Credit Agreement with Royal Banks of Missouri. See "Liquidity and Capital Resources—Significant Sources of Cash" for additional information.

We have included Hunter Mountain's results of operations in our financial statements since the date of acquisition.

Initial Public Offering and Debt Restructure

During fiscal 2015, we completed the initial public offering of our common stock, selling 10,000,000 shares at \$9.00 per share. After deducting \$6.3 million of underwriting discounts and commissions and \$1.4 million of offering expenses payable by us, we received net proceeds of \$82.3 million. With the proceeds from the offering, we (i) repaid approximately \$75.8 million of our outstanding debt; (ii) paid approximately \$0.4 million to acquire the portion of the land underlying Crotched Mountain that we previously leased; and (iii) paid a defeasance fee to our lender of \$5.0 million in connection with the prepayment of a portion of our debt. We used the remaining proceeds for working capital and general corporate purposes.

On November 10, 2014, in connection with our initial public offering, we entered into a Restructure Agreement EPR, our primary lender, providing for the Debt Restructure as follows: (i) prepayment of approximately \$75.8 million of formerly non-prepayable debt secured by the Crotched Mountain, Attitash, Paoli Peaks, Hidden Valley and Snow Creek resorts with proceeds from our initial public offering; and (ii) retirement of one of the notes associated with the future development of Mount Snow. On December 1, 2014, we entered into various agreements in order to effectuate the Debt Restructure. See "—Liquidity and Capital Resources—Significant Sources of Cash" for a more detailed description of the Debt Restructure and related documents.

In exchange for the prepayment right, we granted EPR a purchase option on the Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley properties, subject to certain conditions. If EPR exercises a purchase option, EPR will enter into an agreement with the Company for the lease of each such acquired property for an initial term of 20 years, plus options to extend the lease for two additional periods of ten years each. All previously existing option agreements between the Company and EPR were terminated.

Additionally, we agreed to extend the maturity dates on all non-prepayable notes and mortgages secured by the Mount Snow, Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley properties remaining after the Debt Restructure by seven years to December 1, 2034, and to extend the lease for the Mad River property, previously terminating in 2026, until December 31, 2034.

We also granted EPR a right of first refusal to provide all or a portion of the financing associated with any purchase, ground lease, sale/leaseback, management or financing transaction contemplated by the Company with respect to any new or existing ski resort property for a period of seven years or until financing provided by EPR for such transactions equals or exceeds \$250 million in the aggregate. Proposed financings from certain types of institutional lenders providing a loan to value ratio of less than 60% (as relates to the applicable property being financed) are excluded from the right of first refusal. We granted EPR a separate right of first refusal in the event that the Company wishes to sell, transfer, convey or otherwise dispose of any or all of the Attitash ski resort for seven years. The Attitash right excludes the financing or mortgaging of Attitash.

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In connection with the Debt Restructure, we entered into a Master Credit and Security Agreement with EPR containing additional terms and conditions governing our restructure debt with EPR, including restrictions on certain transactions and the payment of dividends and required financial covenants.

Capital Projects

We had one major capital project in fiscal 2016. We started the construction of the West Lake project which will be financed through the EB-5 program, once our first investor is approved. The West Lake project includes the construction of a new water storage reservoir for snowmaking with capacity of up to 120 million gallons.

We had three major capital projects in fiscal 2015. We replaced aging and inefficient snow making equipment at our Attitash, Mount Snow and Wildcat resorts with new high efficiency equipment.

We had one major capital project in fiscal 2014. At Alpine Valley in Ohio, we replaced the pump house and maintenance buildings, significantly improved our snowmaking capacity and improved our uphill capacity with the addition of two ski lifts.

Results of Operations

The following table sets forth, for the periods indicated, our results of operations (dollars in thousands):

	Year ended April 30,			Percent increase (decrease)	Percent increase (decrease)
	2016	2015	2014	2016/2015	2015/2014
Revenues					
Lift and tubing tickets	\$ 45,541	\$ 50,821	\$ 51,672	-10.4%	-1.6%
Food and beverage	15,816	18,927	18,638	-16.4%	1.6%
Equipment rental	7,036	8,017	8,584	-12.2%	-6.6%
Ski instruction	6,580	7,242	7,130	-9.1%	1.6%
Hotel/lodging	7,972	7,623	7,479	4.6%	1.9%
Retail	4,560	5,261	4,811	-13.3%	9.4%
Summer activities	4,309	3,671	3,646	17.4%	0.7%
Other	3,915	3,296	3,245	18.8%	1.6%
	95,729	104,858	105,205	-8.7%	-0.3%
Costs and Expenses					
Resort operating expenses					

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Labor and labor related expenses	39,331	38,744	38,950	1.5%	-0.5%
Retail and food and beverage cost of sales	7,735	9,571	9,122	-19.2%	4.9%
Power and utilities	6,839	6,950	8,500	-1.6%	-18.2%
Other	18,310	17,405	17,370	5.2%	0.2%
Depreciation and amortization	72,215	72,670	73,942	-0.6%	-1.7%
General and administrative expenses	10,709	9,450	9,155	13.3%	3.2%
Land and building rent	4,513	4,088	3,240	10.4%	26.2%
Real estate and other taxes	1,386	1,440	1,464	-3.8%	-1.6%
Settlement of lawsuit	1,932	1,828	1,651	5.7%	10.7%
Other operating income	-	-	700	0.0%	100.0%
Gain on settlement of lawsuit	90,755	89,476	90,152	1.4%	-0.7%
	-	2,100	-	-100.0%	100.0%

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Gain on involuntary conversion	195	-	-	100.0%	0.0%
Income from Operations	5,169	17,482	15,053	-70.4%	16.1%
Other Income (expense)					
Interest, net of interest capitalized of \$867, \$488 and \$344 in 2016, 2015 and 2014, respectively	(10,814)	(15,458)	(17,359)	-30.0%	-11.0%
Defeasance fee paid with debt restructure	-	(5,000)	-	100.0%	0.0%
Gain on sale/leaseback	333	333	333	0.0%	0.0%
Investment income	8	11	11	-27.3%	0.0%
	(10,473)	(20,114)	(17,015)	-47.9%	18.2%
Loss before income tax benefit	(5,304)	(2,632)	(1,962)	101.5%	34.1%
Income tax benefit	(2,078)	(778)	(461)	167.1%	68.8%
Net Loss	\$ (3,226)	\$ (1,854)	\$ (1,501)	74.0%	23.5%
Total reported EBITDA	\$ 16,240	\$ 25,400	\$ 25,365	-36.1%	0.1%

Non-GAAP Financial Measures

Reported EBITDA is not a measure of financial performance under U.S. GAAP. The following table includes a reconciliation of Reported EBITDA to net income (loss) (in thousands):

	Year ended April 30		
	2016	2015	2014
Net income (loss)	\$ (3,226)	\$ (1,854)	\$ (1,501)
Income tax benefit	(2,078)	(778)	(461)
Interest expense, net	10,814	15,458	17,359
Defeasance fee paid with debt restructure	-	5,000	-
Depreciation and amortization	10,709	9,450	9,155
Investment income	(8)	(11)	(11)
Gain on sale/leaseback	(333)	(333)	(333)
Gain on involuntary conversion	(195)	-	-
Insurance loss	400	-	-
Hunter Mountain season pass liability acquisition adjustment	157	-	-
Non-routine legal and settlement of lawsuit, net	-	(1,532)	1,157
	\$ 16,240	\$ 25,400	\$ 25,365

We have chosen to specifically include Reported EBITDA (defined as net income before interest, income taxes, depreciation and amortization, gain on sale leaseback, investment income, other income or expense and other non recurring items) as a measurement of our results of operations because we consider this measurement to be a significant indication of our financial performance and available capital resources. Because of large depreciation and

other charges relating to our ski resorts, it is difficult for management to fully and accurately evaluate our financial results and available capital resources using net income. Management believes that by providing investors with Reported EBITDA, investors will have a clearer understanding of our financial performance and cash flow because Reported EBITDA: (i) is widely used in the ski industry to measure a company's operating performance without regard to items excluded from the calculation of such measure, which can vary by company primarily based upon the structure or existence of their financing; (ii) helps investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure and asset base from our operating structure; and (iii) is used by our management for various purposes, including as a measure of performance of our operating entities and as a basis for planning.

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Items excluded from Reported EBITDA are significant components in understanding and assessing financial performance or liquidity. Reported EBITDA should not be considered in isolation or as alternative to, or substitute for, net income, net change in cash and cash equivalents or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because Reported EBITDA is not a measurement determined in accordance with GAAP and is susceptible to varying calculations, Reported EBITDA as presented may not be comparable to other similarly titled measures of other companies.

Comparison of Operating Results for the Years ended April 30, 2016 and 2015

Lift and tubing revenue decreased \$5.3 million, or 10.4%, for fiscal 2016 compared to fiscal 2015. Season pass sales and seasonal program sales decreased \$0.6 million, or 3.5%, from fiscal 2015 to fiscal 2016. The decrease in lift and tubing revenue relates primarily to the decrease in skier visits. The decrease was mitigated by the impact of the Hunter acquisition.

Food and beverage revenue decreased \$3.1 million, or 16.4%, for fiscal 2016 compared to fiscal 2015, which is attributable to decreased skier visits. The decrease was mitigated by the impact of the Hunter acquisition.

Rental revenue decreased \$1.0 million, or 12.2%, for fiscal 2016 compared to fiscal 2015, which is attributable to the decrease in resort skier visits. The decrease was mitigated by the impact of the Hunter acquisition.

Ski instruction revenue decreased \$0.7 million, or 9.1%, for fiscal 2016 compared to fiscal 2015, which is attributable to the decrease in skier visits. The decrease was mitigated by the impact of the Hunter acquisition.

Hotel and lodging revenue increased \$0.3 million, or 4.6%, for fiscal 2016 compared to fiscal 2015, which is attributable to increased summer occupancy and the impact of the Hunter acquisition.

Retail revenue decreased \$0.7 million, or 13.3%, for fiscal 2016 compared to fiscal 2015, which is attributable to the decrease in skier visits. The decrease was mitigated by the impact of the Hunter acquisition.

Summer revenue increased \$0.6 million, or 17.4%, for fiscal 2016 compared to fiscal 2015, which is attributable to the first season of the zip rider at our Attitash resort.

Other revenue increased \$0.6 million, or 18.8%, for fiscal 2016 versus 2015 as a result of the impact of the Hunter acquisition.

Labor and labor related expenses increased \$0.6 million, or 1.5%, for fiscal 2016 versus fiscal 2015. Labor efficiencies and reduced days of operations contributed \$2.4 million in labor and expense savings. Benefits and taxes contributed another \$0.7 million in savings offset by the impact of the Hunter acquisition.

Retail and food and beverage cost of sales decreased \$1.8 million, or 18.5%, for fiscal 2016 versus fiscal 2015 as a result of decreased retail and food and beverage revenue offset by the impact of the Hunter acquisition.

Power and utility expense decreased \$0.1 million, or 1.6%, for fiscal 2016 versus fiscal 2015. The decrease in operating days reduced power and utility expense by \$0.8 million offset by the impact of the Hunter acquisition.

Other resort operating expenses increased by \$0.9 million, or 5.2%, for fiscal 2016 versus fiscal 2015. The decrease in operating days reduced other resort operating expenses by \$2.4 million offset by the impact of the Hunter acquisition.

Depreciation and amortization increased \$1.2 million, or 13.1%, for fiscal 2016 versus fiscal 2015 as a result of assets put in service in the current fiscal year and the impact of the Hunter acquisition.

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General and administrative expenses increased \$0.2 million, or 5.7%, for fiscal 2016 versus fiscal 2015 primarily due to an increase in corporate payroll costs.

Real estate and other taxes increased \$0.9 million , or 5.7%, as a result of the impact of the Hunter acquisition.

The Company settled a lawsuit during fiscal 2015 which resulted in \$2.1 million of income.

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The decrease in interest expense net, of \$4.0 million, was a result of reduced interest resulting from the pay down of debt as a part of the restructuring in December 2014, \$0.6 million as a result in capitalized interest offset by the interest on the debt related to the Hunter acquisition.

In connection with the Debt Restructure, the Company paid a \$5.0 million defeasance fee to EPR in fiscal 2015.

Income tax benefit increased \$1.3 million as a result of an increase in the loss before income tax expense of \$2.7 million for fiscal 2016 as compared to fiscal 2015.

Comparison of Operating Results for the Years ended April 30, 2015 and 2014

Lift and tubing revenue decreased \$0.9 million, or 1.6%, for fiscal 2015 compared to fiscal 2014. Season pass sales and seasonal program sales increased \$0.8 million, or 4.5%, from fiscal 2014 to fiscal 2015. The increase in revenue from season pass and seasonal program sales was offset by a decrease of \$0.2 million in yield per skier visit and decreased revenue because of reduced visits of \$1.5 million. Yield is determined by dividing lift revenue by skier visits.

Food and beverage revenue increased \$0.3 million, or 1.6%, for fiscal 2015 compared to fiscal 2014, which is attributable to an increase in yield per skier visit of \$0.5 million, offset by decreased skier visits of \$0.1 million.

Rental revenue decreased \$0.6 million, or 6.6%, for fiscal 2015 compared to fiscal 2014, which is attributable to the decrease in Midwest resort skier visits versus the increase in visits to our Northeast resorts. A higher percent of visitors to our Midwest resorts rent ski equipment compared to guests at our Northeast resorts.

Ski instruction revenue increased \$0.1 million, or 1.6%, for fiscal 2015 compared to fiscal 2014, which is attributable to an increase in yield per skier visit of \$0.2 million.

Hotel and lodging revenue increased \$0.1 million, or 1.9%, for fiscal 2015 compared to fiscal 2014, which is attributable to increased skier visits in the Northeast resorts and increased summer occupancy.

Retail revenue increased \$0.5 million, or 9.4%, for fiscal 2015 compared to fiscal 2014, which is attributable to an increase in yield per skier visit of \$0.5 million.

Labor and labor related expenses decreased \$0.2 million, or 0.5%, for fiscal 2015 versus fiscal 2014. Labor efficiencies contributed \$0.1 million in labor and labor related expense savings. Benefits and taxes contributed another \$0.4 million in savings offset by \$0.3 million in workman's compensation expense as a result of increased rates.

Retail and food and beverage cost of sales increased \$0.4 million, or 4.9%, for fiscal 2015 versus fiscal 2014 as a result of increased retail and food and beverage revenue.

Power and utility expense decreased \$1.6 million, or 18.2%, for fiscal 2015 versus fiscal 2014 primarily as a result of a reduction in kilowatt hours used at our Attitash, Wildcat and Mount Snow resorts. This reduction in kilowatt hour usage is a result of the installation of energy saving snow gun technology in the current fiscal year. In addition, we were able to control peak energy usage resulting in lower per kilowatt hour rates.

Depreciation and amortization increased \$0.3 million, or 3.2%, for fiscal 2015 versus fiscal 2014 as a result of assets put in service in the current fiscal year.

General and administrative expenses increased \$0.8 million, or 26.2%, for fiscal 2015 versus fiscal 2014 primarily due to an increase in professional fees of \$0.4 million primarily related to incremental public company expenses, \$0.2 million related to an increase in salaries and related benefits and \$0.2 million increase in advertising and other

corporate expenses.

The Company settled a lawsuit during fiscal 2015 which resulted in \$2.1 million of income.

The decrease in interest expense net, of \$1.9 million, was a result of reduced interest resulting from the pay down of debt for fiscal 2015 versus fiscal 2014, offset by an increase in interest rates. In addition, the Company paid \$0.8 million in disputed interest related to the Attitash/Mount Snow Debt discussed herein.

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In connection with the Debt Restructure, the Company paid a \$5.0 million defeasance fee to EPR in fiscal 2015.

Income tax benefit increased \$0.3 million as a result of an increase in the loss before income tax expense of \$0.7 million for fiscal 2015 versus fiscal 2014.

Liquidity and Capital Resources

Significant Sources of Cash

Our available cash is the highest in our fourth quarter primarily due to the seasonality of our resort business. However, the Company has experienced lower than normal liquidity levels at the end of fiscal 2016. The weather during the ski season was unfavorably warm which resulted in fewer ski days and lower profitability for the Company. We had \$5.4 million of cash and cash equivalents at April 30, 2016 compared to \$16.8 million at April 30, 2015. Cash of \$10.6 million was provided by operating activities during the year ended April 30, 2016 compared to \$6.9 million of cash provided by the year ended April 30, 2015. We generate the majority of our cash from operations during the ski season, which occurs in our third and fourth quarters. We currently anticipate that Reported EBITDA will continue to provide a significant source of our future operating cash flows. We expect that our liquidity needs for the near term and the next fiscal year will be met by continued use of operating cash flows (primarily those generated in our third and fourth fiscal quarters) and additional borrowings under our loan arrangements discussed below, as needed. The Company continues to explore additional financing options to fund short and long-term future capital needs.

We conducted an offering to raise \$52.0 million to fund the Carinthia Ski Lodge Project and the West Lake Project. As of April 30, 2016, we had commitments for \$52.0 million in Partnership investments, all of which has been funded and is being held in escrow. Since that date, we have had 3 investors withdraw for personal reasons, which is allowed under the program while the funds are still in escrow. It is the Company's intent to replace the withdrawn funds with funds from new investors. We are currently following up with several potential investors to replace the withdrawn funds. The Company is still waiting on the first investor's approval with regards to our approved EB-5 program. Once the first investor's application is approved, all of the funds will be released from escrow. The Company has spent more than \$13 million of our working capital on starting the West Lake Construction project, which will be reimbursed to the Company once the funds are released from escrow.

The company has received approval for a \$10 million short term financing option, if needed, to assist with the remainder of our summer season if our EB-5 projects first investor approval is not received in the near term. In addition, the company is also working on evaluating various alternatives to assist with our long term liquidity. The board also made the decision April 2016 that it would not be prudent to declare a dividend due lower cash levels primarily driven by the delay in approval of our EB-5 program, as well as the unseasonably warm weather during the 2015/2016 ski season which drove down revenue compared to the prior season.

Long-term debt at April 30, 2016 and April 30, 2015 consisted of borrowings pursuant to the loans and other credit facilities with EPR, our primary lender. As discussed in "Recent Events", in November 2014, we entered into a Restructure Agreement with EPR providing for the prepayment of a portion of our outstanding debt. Furthermore, as discussed in "Resort Acquisition", we entered into the Hunter Mountain Credit Agreement in connection with our acquisition of Hunter Mountain. We have presented in the table below the borrowings at April 30, 2016 and April 30, 2015 (dollars in thousands):

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	2016	2015
Attitash/Mount Snow Debt; payable in monthly interest only payments at an increasing interest rate (11.10% at April 30, 2016 and 10.93% at April 30, 2015); remaining principal and interest due on December 1, 2034	\$ 51,050	\$ 51,050
Credit Facility Debt; payable in monthly interest only payments at an increasing interest rate (10.13% at April 30, 2016 and 2015); remaining principal and interest due on December 1, 2034	37,562	37,562

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Hunter Mountain debt; payable in monthly interest only payments at an increasing interest rate (8.0% at April 30, 2016); remaining principal and interest due on January 5, 2036	21,000	-
Sycamore Lake (Alpine Valley) Debt; payable in monthly interest only payments at an increasing interest rate (10.56% at April 30, 2016 and 10.40% at April 30, 2016); remaining principal and interest due on December 1, 2034	4,550	4,550
Wildcat Mountain Debt; payable in monthly installments of \$27, including interest at a rate of 4.00%, with remaining principal and interest due on December 22, 2020	3,612	3,790
Other debt	3,231	1,931
Less unamortized debt issuance costs	(1,903)	(811)
	119,102	98,072
Less: current maturities	759	503
	\$ 118,343	\$ 97,569

Debt Restructure

In connection with the Debt Restructure, the Company entered into the Master Credit Agreement with EPR governing the restructured debt with EPR. Pursuant to the Master Credit Agreement, EPR agreed to maintain the following loans to the Company following the prepayment of certain outstanding debt with proceeds from the Company's initial public offering: (i) a term loan in the amount of approximately \$51.1 million to the Company and its subsidiary Mount Snow, Ltd., (included in the table above as the "Attitash/Mount Snow Debt"); (ii) a term loan in the amount of approximately \$23.3 million to the Company and its subsidiaries Brandywine Ski Resort, Inc. and Boston Mills Ski Resort, Inc. (the "Boston Mills/Brandywine Debt"); (iii) a term loan in the amount of approximately \$14.3 million to the Company and its subsidiary JFBB Ski Areas, Inc. (the "JFBB Debt" and together with the Boston Mills/Brandywine Debt, included in the table above as the "Credit Facility Debt"); and (iv) a term loan in the amount of approximately \$4.6 million to the Company and its subsidiary Sycamore Lake, Inc. (included in the table above as the "Sycamore Lake (Alpine Valley) Debt").

Interest will be charged at a rate of (i) 10.13% per annum as to each of the Boston Mills/Brandywine Debt and JFBB Debt; (ii) 10.40% per annum as to the Sycamore Lake (Alpine Valley) Debt; and (iii) 10.93% per annum pursuant to the Attitash/Mount Snow Debt. Each of the notes governing the restructured debt provides that interest will increase each year by the lesser of the following: (x) three times the percentage increase in the Consumer Price Index as defined in the notes ("CPI") from the CPI in effect on the applicable adjustment date over the CPI in effect on the immediately preceding adjustment date or (y) 1.5%. Past due amounts will be charged a higher interest rate and be subject to late charges.

The Master Credit Agreement further provides that in addition to interest payments, the Company must pay the following with respect to all restructured debt other than the Attitash/Mount Snow Debt: an additional annual payment equal to 10% of the gross receipts attributable to the properties serving as collateral of the restructured debt (other than Mount Snow) for such year in excess of an amount equal to the quotient obtained by dividing (i) the annual interest payments payable pursuant to the notes governing the restructured debt (other than with respect to the Attitash/Mount Snow Debt) for the immediately preceding year by (ii) 10%. The Company must pay the following with respect to the Attitash/Mount Snow Debt: an additional annual payment equal to 12% of the gross receipts generated at Mount Snow for such year in excess of an amount equal to the quotient obtained by dividing (i) the annual interest payments payable under the note governing the Attitash/Mount Snow Debt for the immediately preceding year by (ii) 12%. An additional interest payment of \$0.2 million was due for the year ended April 30, 2016.

The Master Credit Agreement includes restrictions on certain transactions, including mergers, acquisitions, leases, asset sales, loans to third parties, and the incurrence of certain additional debt and liens. Financial covenants set forth in the Master Credit Agreement consist of a maximum leverage ratio (as defined in the Master Credit Agreement) of 65%, above which the Company and certain of its subsidiaries are prohibited from incurring additional indebtedness, and a consolidated fixed charge coverage ratio (as defined in the Master Credit Agreement) covenant, which (i) requires the Company to increase the balance of its debt service reserve account if the Company's consolidated fixed charge coverage ratio falls below 1.50:1.00 and (ii) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. The payment of dividends is also prohibited during default situations.

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Wildcat Mountain Debt

The Wildcat Mountain Debt due December 22, 2020 represents amounts owed pursuant to a promissory note in the principal amount of \$4.5 million made by WC Acquisition Corp. in favor of Wildcat Mountain Ski Area, Inc., Meadow Green-Wildcat Skilift Corp. and Meadow Green-Wildcat Corp. (the "Wildcat Note"). The Wildcat Note, dated November 22, 2010, was made in connection with the acquisition of Wildcat Mountain, which was effective as of October 20, 2010. The interest rate as set forth in the Wildcat Note is fixed at 4.00%.

Hunter Mountain Debt

The Hunter Mountain Debt due January 5, 2036 represents amounts owed pursuant to a promissory note (the "Hunter Mountain Note") in the principal amount of \$21.0 million made by the Company in favor of EPR pursuant to the Hunter Mountain Credit Agreement in connection with the Company's acquisition of Hunter Mountain, which was effective as of January 6, 2016. The Company used \$20.0 million of the Hunter Mountain Debt to finance the Hunter Mountain acquisition and \$1.0 million to cover closing costs and to add to its interest reserve account.

The Hunter Mountain Credit Agreement and Hunter Mountain Note provide that interest will be charged at an initial rate of 8.00%, subject to an annual increase beginning on February 1, 2017 by the lesser of the following: (x) three times the percentage increase in the CPI (as defined in the Hunter Mountain Note) from the CPI in effect on the applicable adjustment date over the CPI in effect on the immediately preceding adjustment date or (y) 1.75%. Past due amounts will be charged a higher interest rate and be subject to late charges.

The Hunter Mountain Credit Agreement further provides that in addition to interest payments, the Company must pay an additional annual payment equal to 8.00% of the gross receipts in excess of \$35.0 million that are attributable to all collateral under the Hunter Mountain Note for such year.

The Hunter Mountain Credit Agreement includes restrictions or limitations on certain transactions, including mergers, acquisitions, leases, asset sales, loans to third parties, and the incurrence or guaranty of certain additional debt and liens. Financial covenants set forth in the Hunter Mountain Credit Agreement consist of a maximum leverage ratio (as defined in the Hunter Mountain Credit Agreement) of 65%, above which the Company is prohibited from incurring additional indebtedness. The Company must also maintain a consolidated fixed charge coverage ratio (as defined in the Hunter Mountain Credit Agreement) which (i) requires the Company to increase the balance of its debt service reserve account if the Company's consolidated fixed charge coverage ratio falls below 1.50:1.00 and (ii) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. The payment of dividends is also prohibited during potential default or default situations.

Under the terms of the Hunter Mountain Credit Agreement, the occurrence of a change of control is an event of default. A change of control will be deemed to occur if (i) within two years after the effective date of the Hunter Mountain Credit Agreement, the Company's named executive officers (Messrs. Timothy Boyd, Stephen Mueller and Richard Deutsch) cease to beneficially own and control less than 50% of the amount of the Company's outstanding voting stock that they own as of the effective date of the Hunter Mountain Credit Agreement, or (ii) the Company ceases to beneficially own and control less than all of the outstanding shares of voting stock of those subsidiaries which are borrowers under the Hunter Mountain Credit Agreement. Other events of default include, but are not limited to, a default on other indebtedness of the Company or its subsidiaries.

The Hunter Mountain Note may not be prepaid without the consent of EPR. Upon an event of default, as defined in the Hunter Mountain Note, EPR may, among other things, declare all unpaid principal and interest due and payable. The Hunter Mountain Note matures on January 5, 2036.

As a condition to the Debt Restructure described above, the Company entered into the Master Cross Default Agreement with EPR (the "Master Cross Default Agreement"), which provides that any event of default under existing

or future loan or lien agreements between the Company or its affiliates and EPR, and any event of default under the Mad River Lease Amendment, shall automatically constitute an event of default under each of such loan and lien agreements and Mad River Lease Amendment, upon which EPR will be entitled to all of the remedies provided under such agreements and Mad River Lease Amendment in the case of an event of default. In connection with entry into the Hunter Mountain Credit Agreement on January 6, 2016, the Company entered into the Amended and Restated Master Cross-Default Agreement with EPR, which adds the Hunter Mountain Credit Agreement, Hunter Mountain Note and related transaction documents to the scope of loan agreements to which the cross-default provisions of the Master Cross Default Agreement apply.

Also in connection with the Debt Restructure, the Company and EPR entered into the Guaranty Agreement (the “2014 Guaranty Agreement”). The 2014 Guaranty Agreement obligates the Company and its subsidiaries as guarantors of all debt evidenced by the evidenced by the Master Credit Agreement and other Debt Restructure agreements. On January 6, 2016, in connection with entry into the Hunter Mountain Credit Agreement, the Company entered into a Guaranty Agreement

for the benefit of EPR, which adds the Company's new Hunter Mountain subsidiary borrowers under the Hunter Mountain Credit Agreement as guarantors pursuant to the same terms of the 2014 Guaranty Agreement and adds the debt evidenced by the Hunter Mountain Credit Agreement and Hunter Mountain Note to the debt guaranteed by the Company pursuant to the 2014 Guaranty Agreement.

Substantially all of the Company's assets serve as collateral for the Company's long term debt.

Line of Credit

Effective as of December 22, 2015, the Company entered into the Line of Credit Agreement with Royal Banks of Missouri. The Line of Credit Agreement provides for a 12-month line of credit for up to \$20.0 million to be used for acquisition purposes and working capital of up to 5.0% of the acquisition purchase price, subject to the Company's ability to extend the line of credit for up to an additional 12-month period upon the satisfaction of certain conditions. In connection with entry into the Line of Credit Agreement, the Company executed a promissory note (the "Line of Credit Note") in favor of Royal Banks of Missouri, maturing on December 22, 2016. In connection with the Hunter Mountain acquisition, the Company borrowed \$15.5 million, of which \$0.5 million was used for closing and other costs, to fund a portion of the purchase price. The line of credit debt is included as a current liability given the initial 12-month term.

Interest on amounts borrowed under the line of credit are charged at the prime rate plus 1.0%, provided that past due amounts shall be subject to higher interest rates and late charges. The effective rate at April 30, 2016 was 4.5% on the line of credit borrowings. Amounts outstanding under the Line of Credit Agreement are secured by the assets of each of the subsidiary borrowers under the Line of Credit Agreement.

The Line of Credit Agreement includes restrictions or limitations on certain transactions, including mergers, acquisitions, leases, asset sales, loans to third parties, and the incurrence of certain additional debt and liens. Financial covenants set forth in the Line of Credit Agreement consist of a maximum leverage ratio (as defined in the Line of Credit Agreement) of 65%, above which the Company is prohibited from incurring additional indebtedness, and a debt service coverage ratio (as defined in the Line of Credit Agreement) of 1:25 to 1 on a fiscal year basis. The Company must also maintain a consolidated fixed charge coverage ratio (as defined in the Master Credit Agreement) which (i) requires the Company to increase the balance of its debt service reserve account if the Company's consolidated fixed charge coverage ratio falls below 1.50:1.00 and (ii) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. The payment of dividends is also prohibited during potential default or default situations.

If the outstanding line of credit debt is not paid in full by the maturity date, and the Company is otherwise in full compliance with the terms and conditions of the Line of Credit Agreement and Line of Credit Note, the Company may elect to convert the outstanding line of credit debt to a three-year term loan, subject to an additional extension, with principal payments amortized over a 20-year period bearing interest the prime rate plus 1.0% per annum.

Except in the case of a default, the Company may prepay all or any portion of the outstanding line of credit debt and all accrued and unpaid interest due prior to the maturity date without prepayment penalty.

In the case of a default, the outstanding line of credit debt shall, at the lender's option, bear interest at the rate of 5.0% percent per annum in excess of the interest rate otherwise payable thereon, which interest shall be payable on demand.

Under the terms of the Line of Credit Agreement, the occurrence of a change of control is an event of default. A change of control will be deemed to occur if (i) for so long as the line of credit debt is outstanding and such individuals are employed by the Company, the Company's key shareholders (Messrs. Boyd, Mueller and Deutsch) cease to beneficially own and control less than 50% of the amount of the Company's outstanding voting stock that they own as of the effective date of the Line of Credit Agreement, or (ii) the Company ceases to beneficially own and

control less than all of the outstanding shares of voting stock of the subsidiary borrowers. Other events of default include, but are not limited to, a default on other indebtedness of the Company or its subsidiaries.

Fiscal 2016 compared to Fiscal 2015

We generated \$11.3 million of cash in operating activities in fiscal 2016, an increase of \$4.4 million when compared to the \$6.9 million generated fiscal 2015. The increase in operating cash flows was a result of an increase in accounts payable of \$9.0 million due to past due balances from the ski season and amounts due related to the Westlake project, offset by the increased loss from operations and an increase in accounts receivable as a result of financing season pass purchases.

Cash used in investing activities was \$74.5 million compared to \$36.7 million for fiscal 2016 compared to fiscal 2015. The increase of \$37.8 million from fiscal 2016 compared to fiscal 2015 was a result of increased additions to property and equipment, the business combination associated with the Hunter Mountain acquisition, and an increase in restricted cash.

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The increase in restricted cash is a result of the EB-5 investor funds, as discussed below, held in escrow, offset by a decrease in the funds held in the interest reserve.

Cash provided by financing activities increased by \$20.0 million in fiscal 2016 compared to fiscal 2015 because of the proceeds from the Hunter Loan financing, offset by increased distributions to stockholders and fewer additions to EB 5 funds held in escrow.

Significant Uses of Cash

Our cash uses currently include operating expenditures and capital expenditures for assets to be used in operations. We have historically invested significant cash in capital expenditures for our resort operations and expect to continue to invest in the future. Resort capital expenditures for fiscal 2016 were approximately \$15.9 million of which \$11.8 million is related to the West Lake project. We currently anticipate we will spend approximately \$3.0 million to \$4.0 million on resort capital expenditures for fiscal 2017. There are no major capital expenditure projects for fiscal 2017 anticipated. We currently plan to use cash on hand, borrowings and/or cash flow generated from future operations to provide the cash necessary to execute our capital plans and believe that these sources of cash will be adequate to meet our needs. The Company is also considering other sources of financing options to meet long-term liquidity needs.

In October 2014, we entered into a capital lease to finance the construction of the Zip Rider at Attitash. The lease is payable in 60 monthly installments of \$37,000, commencing November 2014. The Company has a \$1.00 purchase option at the end of the lease term. Messrs. Boyd, Mueller and Deutsch have personally guaranteed the lease.

In addition, in June 2015, the Company entered into capital leases to finance the installation of Low-E snow guns at Mount Snow, Attitash and Wildcat, as well as to fund the purchase of groomers for Mount Snow and Attitash. The Low-E snow guns lease is payable in 48 monthly payments of \$61,770 and the groomers lease is payable in 60 monthly payments of \$23,489, both commencing July 2015. The Company has a \$1.00 purchase option at the end of each lease term. Messrs. Boyd, Mueller and Deutsch have personally guaranteed the leases. The Company originally funded these purchases during fiscal year 2015 with operating cash.

We have \$2.3 million in third party commitments currently outstanding with our main contractor on the Mount Snow development. We may incur additional costs to support the ongoing Mount Snow development, subject to obtaining required permits and approvals. We plan to finance any future development activity through operating cash reserves, initial condominium deposits and bridge loans, which would be paid upon project completion mostly through the receipt of remaining committed condominium unit sales. We intend to fund our Mount Snow development by raising funds under the Immigrant Investor Program administered by the U.S. Citizenship and Immigration Services (“USCIS”) pursuant to the Immigration and Nationality Act. This program was created to stimulate the U.S. economy through the creation of jobs and capital investments in U.S. companies by foreign investors. The program allocates 10,000 immigrant visas (“EB-5 Visas”) per year to qualified individuals seeking lawful permanent resident status on the basis of their investment in a U.S. commercial enterprise. Under the regional center pilot immigration program first enacted in 1992, certain EB-5 Visas also are set aside for investors in regional centers designated by the USCIS based on proposals for promoting economic growth. Regional centers are organizations, either publicly owned by cities, states or regional development agencies or privately owned, which facilitate investment in job-creating economic development projects by pooling capital raised under the EB-5 Immigrant Investor Program. Areas within regional centers that are rural areas or areas experiencing unemployment numbers higher than the national unemployment average rates are designated as Targeted Employment Areas (“TEA”). The regional center pilot program was recently extended and is set to expire in September 2016. Both the Senate and House leadership have been working on

reforms to the program and various bills have been proposed. We do not expect this process to have a negative effect on our current EB-5 offering. We refer to the Immigrant Investor Program and the regional center pilot program herein as the “EB-5 program.”

We have established two wholly-owned subsidiary limited partnerships (collectively, the “Partnership”) of Mount Snow to operate within a TEA within the State of Vermont Regional Center. Through the Partnership, we sought to raise \$52.0 million by offering units in the Partnership to qualified accredited EB-5 investors for a subscription price of \$500,000 per unit, which is the minimum investment that an investor in a TEA project is required to make pursuant to EB-5 program rules. The proceeds of the offering will be used to fund loans that will be advanced to newly-created wholly-owned subsidiaries of Mount Snow to finance the development of two capital projects at Mount Snow—the West Lake Project and the Carinthia Ski Lodge Project (together, the “Projects”). The terms of these loans are expected to be 1.0% fixed for five years with up to a two year extension at 7.0% in year six and 10.0% in year seven. Upon funding of the loans, the Company will receive a development fee equal to 15.0% of the loans as well as costs incurred in developing the program. The Mount

Snow EB-5 program must be approved by both the State of Vermont Regional Business Center and the USCIS. We have received approval from both the State of Vermont's Regional Business Center and the USCIS.

The West Lake Project includes the construction of a new water storage reservoir for snowmaking with capacity of up to 120 million gallons, three new pump houses and the installation of snowmaking pipelines, trail upgrades and expansion, new ski lift and ancillary equipment. The Carinthia Ski Lodge Project includes the construction of Carinthia Ski Lodge, a new three-story, approximately 36,000-square foot skier service building located at the base of the Carinthia slopes. Carinthia Ski Lodge will include a restaurant, cafeteria and bars with seating for over 600 people, a retail store, convenience store and sales center for lift tickets and rentals. The anticipated overall cost of the Projects is \$66.0 million, of which \$52.0 million is intended to be funded with the proceeds from the EB-5 offering. The remaining \$14.0 million has been provided by Mount Snow with investments in land, snow gun installations, and improved snowmaking technology.

The Partnership has offered the units to investors primarily located in China, Taiwan, Vietnam and certain countries in the Middle East either directly or through relationships with agents qualified in their respective countries, in which case the Partnership typically pays a sales commission. Once an investor's subscription and funds are accepted by the Partnership, the investor must file a petition ("I-526 Petition") with the USCIS seeking, among other things, approval of the investment's suitability under the EB-5 program requirements and the investor's suitability and source of funds. All investments will be held in a non-interest bearing escrow account and will not be released until the USCIS approves the first I-526 Petition filed by an investor in the Partnership.

As of April 30, 2016, we had commitments for \$52.0 million in Partnership investments, all of which has been funded and is being held in escrow. Since that date, we have had 3 investors withdraw for personal reasons, which is allowed under the program while the fund are still in escrow. It is the Company's intent to replace the withdrawn funds with funds from new investors. We are currently following up with several potential investors to replace the withdrawn funds. The first investor's I-526 Petition was filed in May 2014 and is pending approval by the USCIS. The Projects commenced in the second half of calendar year 2015, and due to the delay in the investor's I-526 petition approval, we now estimate that the Projects will be substantially completed in advance of the 2017-2018 ski season.

The Company's board of directors declared three cash dividends of \$0.1375 each during the twelve-month period ended April 30, 2016. The dividends were payable on August 21, 2015, November 25, 2015 and February 24, 2016 to shareholders of record on July 10, 2015, October 13, 2015 and January 4, 2016, respectively. Due to the Company still waiting on the first investor's I-526 Petition to be approved by the USCIS, as well as the unseasonably warm weather during the 2015/2016 ski season which drove down revenue compared to the prior season, the Company's Board of Directors decided it was not prudent to declare a dividend in the fourth quarter of 2016. We cannot assure you that this initial dividend rate will be reinstated or that we will continue to pay dividends in the future. The declaration and payment of future dividends will be at the sole discretion of our board of directors and will depend on many factors, including our actual results of operations, financial condition, capital requirements, contractual restrictions, restrictions in our debt agreements, economic conditions and other factors that could differ materially from our current expectations.

The Master Credit Agreement includes financial covenants consisting of a maximum Leverage Ratio (as defined in the Master Credit Agreement) of 65%, above which the Company and certain of its subsidiaries are prohibited from incurring additional indebtedness, and a Consolidated Fixed Charge Coverage Ratio (as defined in the Master Credit Agreement) covenant, which (a) requires the Company to increase the balance of its debt service reserve account if the Company's Consolidated Fixed Charge Coverage Ratio falls below 1.50:1.00, and (b) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. The payment of dividends is also prohibited during default situations under the terms of the Master Credit Agreement. Furthermore, our results of operations and financial condition could be materially and adversely affected by the factors described in this "Risk Factors" section, which could limit our ability to pay dividends in the future. As of our most recent fiscal year end, our fixed charge ratio fell below the 1:50:1:00 coverage ratio, but was above the 1.25:1.00 ratio. As a result, we are required increase the balance of our

debt service reserve account by \$3.3 million. EPR has agreed to delay the additional interest reserve payment until the end of the 2016/2017 ski season.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with GAAP requires us to select appropriate accounting policies and to make judgments and estimates affecting the application of those accounting policies. In applying our accounting policies, different business conditions or the use of different assumptions may result in materially different amounts reported in the consolidated financial statements.

We have identified the most critical accounting policies which were determined by considering accounting policies that involve the most complex or subjective decisions or assessments. We also have other policies considered key accounting

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policies; however, these policies do not meet the definition of critical accounting policies because they do not generally require us to make estimates or judgments that are complex or subjective. We have reviewed these critical accounting policies and related disclosures with our board of directors. Our significant accounting policies are more fully described in Note 1 to our consolidated financial statements.

As an “emerging growth company,” we have elected to delay the adoption of new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our financial statements may not be comparable to those of other public companies.

Goodwill

Description

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. Goodwill is not amortized, but is tested for impairment annually as of March 31st and at any time when events or circumstances suggest impairment may have occurred. The Company has 14 resorts, represented by 12 reporting units (Jack Frost and Big Boulder; and Boston Mills and Brandywine are managed and reported on collectively) with allocated goodwill in two reporting units. Goodwill is the Company's only indefinite-lived intangible.

Judgments and Uncertainties

The testing for impairment consists of a comparison of the fair value of the reporting unit with its carrying amount. If the carrying amount of the reporting unit, including goodwill, exceeds the fair value, an impairment will be recognized equal to the difference between the carrying value of the reporting unit goodwill and the implied fair value of the goodwill. For the testing of goodwill for impairment, the Company determines the estimated fair value of its reporting units based upon a discounted future cash flow analysis.

Effect if Actual Results Differ From Assumptions

We believe that the fair value of the reporting unit exceeds the carrying amount and therefore no impairment has been recorded for goodwill. If these assumptions are not correct, this could impact the carrying value of our goodwill assets if the undiscounted cash flows are less than the carrying value. If the undiscounted cash flows are less than the carrying value, an impairment would be recorded to the extent the fair value of such assets is less than their carrying value. The estimate of fair value would be a judgment made by management regarding future cash flows that could differ, possibly materially, from actual results.

Income Taxes

Description

We must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits and deductions and in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes, as well as the interest and penalties relating to uncertain tax positions. The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The

second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as this requires us to determine the probability of various possible outcomes. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity.

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A significant amount of time may pass before a particular matter, for which we may have established a reserve, is audited and fully resolved.

Judgments and Uncertainties

The estimates of our tax contingencies reserve, if any, contain uncertainty because management must use judgment to estimate the potential exposure associated with our various filing positions.

Effect if Actual Results Differ From Assumptions

Although we believe the estimates and judgments discussed herein are reasonable and we have adequate reserves for our tax contingencies, actual results could differ, and we may be exposed to increases or decreases in those reserves and tax provisions that could be material.

An unfavorable tax settlement could require the use of cash and could possibly result in an increased tax expense and effective tax rate in the year of resolution. A favorable tax settlement could possibly result in a reduction in our tax expense, effective tax rate, income taxes payable, other long-term liabilities and/or adjustments to our deferred tax assets, deferred tax liabilities or intangible assets in the year of settlement or in future years.

Management has made the assumption that the deferred tax assets will generally be recovered through the reversal of the deferred tax liabilities. Changes in the timing of the reversal pattern of these deferred tax liabilities, such as due to changes in asset lives, could necessitate a further evaluation of whether a valuation allowance is required. While management does not expect a need will arise to evaluate the valuation allowance, this would require management to estimate future taxable income, which would be subjective.

Depreciable Lives of Assets

Description

Mountain and lodging operational assets, furniture and fixtures, computer equipment, software, vehicles and leasehold improvements are primarily depreciated using the straight-line method over the estimated useful life of the asset. Assets may become obsolete or require replacement before the end of their useful life in which case the remaining book value would be written-off or we could incur costs to remove or dispose of such assets no longer in use.

Judgments and Uncertainties

The estimate of our useful lives of the assets contain uncertainty because management must use judgment to estimate the useful life of the asset.

Effect if Actual Results Differ From Assumptions

Although we believe the estimates and judgments discussed herein are reasonable, actual results could differ, and we may be exposed to increased expense related to depreciable assets disposed of, removed or taken out of service prior to its originally estimated useful life, which may be material. A 10% decrease in the estimated total useful lives of depreciable assets would have increased depreciation expense by approximately \$1.0 million for fiscal 2016.

Long-lived Asset Impairment Evaluation

Description

We evaluate our long-lived assets, including property, equipment and land held for development, for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, we compare undiscounted cash flows expected to be generated by the asset to its carrying value. If the carrying value exceeds the expected undiscounted cash flow, an impairment

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adjustment would be made to reduce the carrying value of the asset to its fair value. Fair value is determined by application of valuation techniques, including discounted cash flow models, and independent appraisals, if considered necessary.

Judgments and Uncertainties

The determination of whether the carrying value is recoverable requires management to determine if events have occurred which could indicate such carrying values could be impaired. Any evaluation of impairment would require management to use its judgment regarding the estimated future cash flows generated by such assets.

Effects if Actual Results Differ From Assumptions

We believe there have been no events warranting evaluation of long-lived assets for impairment. If these assumptions are not correct, this could impact the carrying value of our long-lived assets if the undiscounted cash flows are less than the carrying value. If the undiscounted cash flows are less than the carrying value, an impairment would be recorded to the extent the fair value of such assets is less than their carrying value. The estimate of fair value would be a judgment made by management regarding future cash flows that could differ, possibly materially, from actual results

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Fluctuations

On December 1, 2014, the Company completed its Debt Restructure as discussed more fully in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" providing for the prepayment of certain of its debt owed to EPR and the restructuring of all existing loan terms. Debt owed to EPR as of April 30, 2016 was \$93.2 million, exclusive of the debt to fund the Hunter Mountain acquisition described below. The interest rate on this debt is subject to fluctuation, but the interest rate can be only increased by a factor of 1.015 annually. At the factor of 1.015, the additional annual interest expense on this variable rate outstanding debt is approximately \$0.15 million.

In addition, effective as of January 6, 2016 we incurred \$21.0 million of debt to fund a portion of the purchase price for the acquisition of Hunter Mountain and other costs pursuant to the terms of the Hunter Mountain Credit Agreement and Hunter Mountain Note with EPR, as more fully discussed in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." The interest rate relating to this debt increases by a factor of 1.0175 annually. At the factor of 1.0175, the additional annual interest expense on this variable rate outstanding debt is approximately \$0.03 million.

In addition, \$15.0 million of the Hunter Mountain acquisition price and an additional \$0.5 million of other costs were financed with funds drawn on the Company's line of credit with Royal Banks of Missouri, as more fully discussed in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." Interest on the amounts borrowed are charged at the prime rate plus 1.0%, provided that past due amounts shall be subject to higher interest rates and late charges.

If interest rates increased 1%, the additional interest cost to the Company would be approximately \$1.1 million for one year. We do not perform any interest rate hedging activities related to our outstanding debt.

Item 8. Financial Statement and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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To the Board of Directors and Stockholders

Peak Resorts, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Peak Resorts, Inc. and Subsidiaries as of April 30, 2016 and 2015, and the related consolidated statements of loss, stockholders' equity, and cash flows for each of the three years in the period ended April 30, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Peak Resorts, Inc. and Subsidiaries as of April 30, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended April 30, 2016, in conformity with U.S. generally accepted accounting principles.

/s/ RSM US LLP

St. Louis, Missouri

July 14, 2016

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Peak Resorts, Inc. and Subsidiaries

Consolidated Statements of Income (Loss)

(In thousands, except per share data)

	Years ended April 30,		
	2016	2015	2014
Revenues	\$ 95,729	\$ 104,858	\$ 105,205
Costs and Expenses			
Resort operating expenses	72,215	72,670	73,942
Depreciation and amortization	10,709	9,450	9,155
General and administrative expenses	4,513	4,088	3,240
Land and building rent	1,386	1,440	1,464
Real estate and other taxes	1,932	1,828	1,651
Settlement of lawsuit	-	-	700
	90,755	89,476	90,152
Other Operating Income			
Gain on settlement of lawsuit	-	2,100	-
Gain on involuntary conversion	195	-	-
Income from Operations	5,169	17,482	15,053
Other Income (expense)			
Interest, net of interest capitalized of \$867, \$488, and \$344 in 2016, 2015, and 2014, respectively	(10,814)	(15,458)	(17,359)
Defeasance fee paid with debt restructure	-	(5,000)	-
Gain on sale/leaseback	333	333	333
Investment income	8	11	11
	(10,473)	(20,114)	(17,015)
Loss before income tax benefit	(5,304)	(2,632)	(1,962)
Income tax benefit	(2,078)	(778)	(461)
Net Loss	\$ (3,226)	\$ (1,854)	\$ (1,501)
Basic and diluted loss per share	\$ (0.23)	\$ (0.22)	\$ (0.38)
Cash dividends declared per common share	\$ 0.4125	\$ 0.2466	\$ -

See Notes to Consolidated Financial Statements.

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Peak Resorts Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except share and per share data)

	April 30, 2016	April 30, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 5,396	\$ 16,849
Restricted cash balances	61,099	37,519
Accounts receivable	4,772	1,639
Inventory	2,730	1,583
Deferred income taxes	1,092	970
Prepaid expenses and deposits	2,680	1,930
	77,769	60,490
Property and equipment-net	192,178	143,944
Land held for development	37,542	35,780
Intangible assets, net	846	
Goodwill	5,009	627
Other assets	619	699
	\$ 313,963	\$ 241,540
Liabilities and Stockholders' Equity		
Current liabilities		
Acquisition line of credit	\$ 15,500	\$ -
Accounts payable and accrued expenses	18,696	8,218
Accrued salaries, wages and related taxes and benefits	919	927
Unearned revenue	13,233	8,606
EB-5 investor funds in escrow	52,004	30,002
Current portion of deferred gain on sale/leaseback	333	333
Current portion of long-term debt and capitalized lease obligation	2,456	999
	103,141	49,085
Long-term debt	118,343	97,569
Capitalized lease obligation	4,419	1,494
Deferred gain on sale/leaseback	3,178	3,511
Deferred income taxes	12,672	8,831
Other liabilities	576	612
Commitments and contingencies		
Stockholders' Equity		
Common stock, \$.01 par value, 20,000,000 shares authorized, 13,982,400 shares issued	140	140
Additional paid-in capital	82,728	82,538
Accumulated Deficit	(11,234)	(2,240)
	71,634	80,438
	\$ 313,963	\$ 241,540

See Notes to Consolidated Financial Statements.

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Peak Resorts, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(In thousands)

	Years ended April 30,		
	2016	2015	2014
Cash Flows from Operating Activities			
Net loss	\$ (3,226)	\$ (1,854)	\$ (1,501)
Adjustments to reconcile loss to net cash provided by operating activities, before business combination:			
Deferred income tax	(2,078)	(946)	(511)
Depreciation and amortization of property and equipment and intangibles	10,709	9,450	9,155
Amortization and write-off of deferred financing costs	291	141	52
Amortization of other liabilities	(36)	(36)	(36)
Gain on sale/leaseback	(333)	(333)	(333)
Stock based compensation	190	-	-
Gain on involuntary conversion	(195)		
Changes in operating assets and liabilities, net of effect of acquisitions:			
Accounts receivable	(2,738)	(1,243)	(30)
Inventory	(806)	(42)	(85)
Prepaid expenses and deposits	(504)	(497)	(550)
Other assets	84	(202)	(76)
Accounts payable and accrued expenses	7,459	1,245	1,331
Accrued salaries, wages and related taxes and benefits	(258)	41	(188)
Unearned revenue	1,634	1,148	2,534
Net cash provided by operating activities	10,193	6,872	9,762
Cash Flows from Investing Activities			
Additions to property and equipment	(12,407)	(12,116)	(6,281)
Business combination (net of cash acquired of \$1,640)	(33,360)	-	-
Additions to land held for development	(1,358)	(109)	(97)
Proceeds from involuntary conversion	459		
Change in restricted cash	(23,580)	(24,456)	(923)
Net cash used in investing activities	(70,246)	(36,681)	(7,301)
Cash Flows from Financing Activities			
Borrowings on long-term debt and capitalized lease obligation	1,250	-	-
Proceeds from Hunter Loan Financing	36,500	-	-
Additions to EB-5 investor funds held in escrow	22,002	30,002	-
Payment on long-term debt and capital lease obligations	(2,080)	(77,058)	(1,167)
Net proceeds from issuance of common stock	-	82,253	-
Payment of deferred financing costs	(1,383)	(198)	-
Distributions to stockholders	(7,689)	(1,527)	(79)

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Net cash provided by (used in) financing activities	48,600	33,472	(1,246)
Net (Decrease) Increase in Cash and Cash Equivalents	(11,453)	3,663	1,215
Cash and Cash Equivalents, beginning of year	16,849	13,186	11,971
Cash and Cash Equivalents, end of year	\$ 5,396	\$ 16,849	\$ 13,186
Supplemental Schedule of Cash Flow Information			
Cash paid for interest, including \$867, \$488 and \$344 capitalized in 2016, 2015 and 2014, respectively	\$ 11,007	\$ 15,810	\$ 16,952

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Supplemental Disclosure of Noncash Investing
and Financing Activities

Capital lease agreements to acquire equipment	\$ 3,950	\$ 2,028	\$ 144
Acquisition of equipment with long-term borrowings	\$ -	\$ -	\$ 3,603
Land held for development financed with long-term borrowings	\$ 404	\$ -	\$ 1,000
Assets under construction included in retainage / accounts payable	\$ 3,459	\$ -	\$ -

See Notes to Consolidated Financial Statements.

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Peak Resorts Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity

(In thousands except share data)

	Common Stock		Additional	Retained	
	Shares	Dollars	Paid-in	earnings	Total
			Capital	(Deficit)	
Balances, April 30, 2013	3,982,400	\$ 40	\$ 385	\$ 4,564	\$ 4,989
Net loss	-	-	-	(1,501)	(1,501)
Balances, April 30, 2014	3,982,400	40	\$ 385	\$ 3,063	\$ 3,488
Issuance of common stock, net of issuance cost	10,000,000	100	82,153	-	82,253
Net loss	-	-	-	(1,854)	(1,854)
Dividends declared	-	-	-	(3,449)	(3,449)
Balances, April 30, 2015	13,982,400	140	82,538	(2,240)	80,438
Net loss	-	-	-	(3,226)	(3,226)
Dividends declared	-	-	-	(5,768)	(5,768)
Stock based compensation	-	-	190	-	190
Balances, April 30, 2016	13,982,400	\$ 140	\$ 82,728	\$ (11,234)	\$ 71,634

See Notes to Consolidated Financial Statements.

PEAK RESORTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended April 30, 2016, 2015 and 2014

(In thousands, except share and per share data)

Note 1. Nature of Business and Significant Accounting Policies

Description of business: Peak Resorts, Inc. (the "Company") and its subsidiaries operate in a single business segment—ski resort operations. The Company's ski resort operations consist of snow skiing, snowboarding and snow sports areas in Wildwood and Weston, Missouri; Bellefontaine and Cleveland, Ohio; Paoli, Indiana; Blakeslee and Lake Harmony, Pennsylvania; Bartlett, Bennington and Pinkham Notch, New Hampshire; West Dover, Vermont; and Hunter, New York and an 18 hole golf course in West Dover, Vermont. The Company also manages hotels in Bartlett, New Hampshire; West Dover, Vermont and Hunter, New York.

The Company's revenues are highly seasonal in nature. The vast majority of revenues are generated during the ski season, which occurs during the third and fourth fiscal quarters. Operations occurring outside of the ski season typically result in losses and negative cash flows. Additionally, operations on certain holidays contribute significantly to the Company's revenues, most notably Christmas, Dr. Martin Luther King, Jr. Day and Presidents Day.

The seasonality of the Company's revenues amplifies the effect on the Company's revenues, operating earnings and cash flows of events that are outside the Company's control. While the Company's geographically diverse operating locations help mitigate its effects, adverse weather conditions could limit customer access to the Company's resorts, render snowmaking wholly or partially ineffective in maintaining ski conditions, cause increased energy use and other operating costs related to snowmaking efforts and, in general, can result in decreased skier visits regardless of ski conditions.

The Company's operating segments are aggregated into a single reportable segment. Management has determined a single reportable segment is appropriate based on the uniformity of services and similar operating characteristics.

Principles of consolidation: The consolidated financial statements include the accounts of Peak Resorts, Inc., the parent company, and all of its wholly owned subsidiaries, hereinafter collectively referred to as the "Company": Boulder View Tavern, Inc., Deltrecs, Inc. (Deltrecs, Inc. has two wholly owned subsidiaries: Boston Mills Ski Resort, Inc. and Brandywine Ski Resort, Inc.), Hidden Valley Golf Course, Inc., JFBB Ski Areas, Inc. (doing business as "Jack Frost" and "Big Boulder"), L.B.O. Holding, Inc. (doing business as "Attitash Mountain"), Mad River Mountain, Inc., Mount Snow Ltd. (and its wholly owned subsidiaries) Carinthia Group I, LP, a limited partnership in which Mount Snow LTD is the sole general partner, Paoli Peaks, Inc., S N H Development, Inc. (doing business as

"Crotched Mountain"), Snow Creek, Inc., Sycamore Lake, Inc. (doing business as "Alpine Valley"), WC Acquisition Corp. (doing business as "Wildcat Mountain Ski Area"), and Hunter Mountain Acquisition, Inc. (Hunter Mountain Acquisition, Inc. has six wholly owned subsidiaries Hunter Mountain Ski Bowl, Inc., Hunter Mountain Festivals, Ltd., Hunter Mountain Rental, Inc., Hunter Resort Vacation, Inc., Hunter Mountain Base Lodge, Inc., and Frostyland, Inc.). All material intercompany transactions and balances have been eliminated.

Use of estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts and disclosures reported in the consolidated financial statements and accompanying notes. Significant items subject to estimates and assumptions include the carrying value of property and equipment, and land held for development. As future events and their effects cannot be determined with certainty, actual results could differ significantly from those estimates.

Statements of cash flows: For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Additionally, all credit card and debit card transactions that process in less than seven days are classified as cash and cash equivalents. The majority of payments due from banks for third-party credit card and debit card transactions process within 24 to 48 hours, except for transactions occurring on a Friday, which are generally processed the following Monday. The amounts due from banks for these transactions classified as cash and cash equivalents totaled \$1,841 and \$1,386 at April 30, 2016 and 2015, respectively.

Restricted cash: The provisions of certain of the Company's debt instruments generally require that the Company make and maintain a deposit, to be held in escrow for the benefit of the lender, in an amount equal to the estimated minimum interest payment through December 31 of each fiscal year. In the absence of an event of default under the Company's promissory notes, the requirement to maintain such a deposit is eliminated when the Mount Snow Development Debt discussed in Note 4 is repaid in full. Restricted cash at April 30, 2016 and 2015 is comprised of the interest related escrow balances and EB-5 investors funds held in escrow.

In addition, the Company has funds it is holding in escrow in connection with its efforts to raise funds under the U.S. government's Immigrant Investor Program, commonly known as the EB-5 program (the "EB-5 Program"). The EB-5 Program was first enacted in 1992 to stimulate the U.S. economy through the creation of jobs and capital investments in U.S. companies by foreign investors. In turn, these foreign investors are, pending petition approval, granted visas for lawful residence in the U.S. Under the EB-5 Program, a limited number of visas are reserved for such foreign investors each year.

Reserve for uncollectible accounts receivable: The Company performs ongoing reviews of the collectability of accounts receivable and, if considered necessary, establishes a reserve for estimated credit losses. In assessing the need for and in determining the amount of any reserve for credit losses, the Company considers the level of historical bad debts, the credit worthiness of significant debtors based on periodic credit evaluations and significant economic developments that could adversely impact upon a customer's ability to pay amounts owed the Company.

Inventory: Inventory is stated at the lower of cost (first-in, first-out method) or market and consists primarily of retail goods, food and beverage products.

Property and equipment: Property and equipment is carried at cost net of accumulated depreciation, amortization and impairment charges, if any. Costs to construct significant assets include capitalized interest during the construction and development period. Expenditures for replacements and major betterments or improvements are capitalized; maintenance and repair expenditures are charged to expense as incurred. Depreciation and amortization are determined using both straight-line and accelerated methods over estimated useful lives ranging from 3 to 25 years for land improvements, 5 to 40 years for building and improvements and 3 to 25 years for equipment, furniture and fixtures.

Land held for development: The land held for development is carried in the accompanying consolidated balance sheets at acquisition cost plus costs attributable to its development, including capitalized interest as part of this ongoing development.

Deferred development costs: Costs related to major development projects at the Company's ski resorts, including planning, engineering and permitting, are capitalized. When acquiring, developing and constructing real estate assets, the Company capitalizes costs. Capitalization begins when the activities related to development have begun and ceases when activities are substantially complete and the asset is available for use. Costs capitalized include permits,

licenses, fees, legal costs, interest, development, and construction costs.

Deferred financing costs: Debt issuance expenses, included in long-term debt in the accompanying consolidated balance sheets, incurred in connection with certain mortgage indebtedness are being amortized under the straight-line basis which approximates the interest method over the term of the related debt.

Goodwill and Intangible Assets: Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. Goodwill is not amortized, but is tested for impairment annually as of March 31 and at any time when events or circumstances suggest impairment may have occurred. The Company's resorts are reporting units and two reporting units have goodwill. The testing for impairment consists first of an assessment of qualitative factors to determine whether it is necessary to perform a quantitative goodwill impairment test. The Company will determine, based on a qualitative assessment, whether it is more likely than not that its fair value is less than its carrying amount. If the qualitative assessment determines it is more likely than not that the fair value is less than the carrying amount, a quantitative assessment would then be completed. If, based on the quantitative analysis, the carrying amount of the reporting unit, including goodwill, exceeds the fair value, an impairment will be recognized equal to the difference between the carrying value of the reporting unit goodwill and the implied fair value of the goodwill. For the quantitative testing of goodwill for impairment, the Company determines the estimated fair value of its reporting units based upon a discounted future cash flow analysis. During 2016 and 2015, the company determined no impairment existed.

With the recent Hunter Mountain acquisition, the Company now has recorded two intangible assets. The intangible assets are customer relationships and trade names. Both of these assets are definite-lived assets and have estimated useful lives of 15

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years. The Company will utilize straight-line amortization for these intangibles. The intangibles were valued at their fair value at the acquisition date using discounted cash flow models.

Long-lived Assets: The Company evaluates potential impairment of long-lived assets and long-lived assets to be disposed of whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If the sum of the expected cash flows, on an undiscounted basis, is less than the carrying amount of the asset, an impairment loss is recognized in the amount by which the carrying amount of the asset exceeds its fair value. The Company does not believe any events or changes in circumstances indicating an impairment of the carrying amount of a long-lived asset occurred during the years ended April 30, 2016, 2015 and 2014.

Business combinations: Historical acquisitions were accounted for as purchase transactions. Accordingly, the assets and liabilities of acquired entities were recorded at their estimated fair values at the dates of the acquisitions.

Revenue recognition: Revenues from operations are generated from a wide variety of sources including snow pass sales, snow sports lessons, equipment rentals, retail product sales, food and beverage operations, and golf course operations. Revenues are recognized as services are provided or products are sold. Sales of season passes are initially deferred in unearned revenue and recognized ratably over the expected ski season which typically runs from early December to mid-April.

Advertising costs: Advertising costs are expensed at the time such advertising commences. Advertising expense for the years ended April 30, 2016, 2015, and 2014 was \$2,784, \$2,155, and \$2,206, respectively.

Taxes collected from customers: Taxes collected from customers and remitted to tax authorities are local and state sales taxes on snow pass sales as well as food service and retail transactions at the Company's resorts. Sales taxes collected from customers are recognized as a liability, with such liability being reduced when collected amounts are remitted to the taxing authority.

Income taxes: Deferred income tax assets and liabilities are measured at enacted tax rates in the respective jurisdictions where the Company operates. In assessing the ability to realize deferred tax assets, the Company considers whether it is more likely than not that some portion or all deferred tax assets will not be realized and a valuation allowance would be provided if necessary.

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 740, "Income Taxes", also provides guidance with respect to the accounting for uncertainty in income taxes recognized in a Company's consolidated financial statements, and it prescribes a recognition threshold and measurement attribute criteria for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company does not have any material uncertain tax positions.

With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2012 due to the statute of limitations.

The Company's policy is to accrue income tax related interest and penalties, if applicable, within income tax expense.

Recent accounting pronouncements:

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory." This standard provides guidance on the measurement of inventory that is measured using first-in, first-out or average cost. An entity should measure in scope inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The standard will be effective for the first interim period within fiscal years beginning after December 15, 2016 and is required to be adopted prospectively and early adoption is permitted. The adoption of this accounting standard is not expected to have a material impact on the Company's financial position or results of operations and cash flows.

In September 2015, the FASB issued ASU 2015-16, "Simplifying the Accounting for Measurement-Period Adjustments." The standard requires that adjustments to provisional amounts identified during the measurement period of a business combination be recognized in the reporting period in which those adjustments are determined, including the effect on earnings, if any, calculated as if the accounting had been completed at the acquisition date. The standard eliminates the previous requirement to retrospectively account for such adjustments but requires additional disclosures related to the income statement effects of adjustments to provisional amounts identified during the measurement period. The standard is effective

for the annual period beginning after December 15, 2015 and interim periods within those annual periods, with early adoption permitted, and is to be applied prospectively. The Company has adopted this standard and will apply this standard, as applicable, on any future measurement period adjustments.

In November 2015, the FASB issued ASU 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." The standard changes how deferred taxes are classified on an entity's balance sheets. The standard eliminates the current requirement for entities to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet. Instead, entities will be required to classify all deferred tax assets and liabilities as noncurrent. The standard is effective for financial statements issued for annual periods beginning after December 15, 2016, with early adoption permitted, and may be applied prospectively or retrospectively. The adoption of this new accounting standard will amend presentation requirements, but will not affect the Company's overall financial position or results of operations and cash flows.

In February 2016 the FASB issued ASU 2016-02, "Leases (Topic 842)." The pronouncement requires the recognition of a liability for lease obligations and a corresponding right-of-use asset on the balance sheet and disclosure of key information about leasing arrangements. This pronouncement is effective for reporting periods beginning after December 15, 2018 using a modified retrospective adoption method. While the Company is currently evaluating the provisions of ASU 2016-02 to determine how it will be affected, the primary effect of adopting the new standard will be to record assets and obligations for current operating leases.

In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers (Topic 606)", an update of ASU 2014-09, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2016-08 will replace most existing revenue recognition guidance under U.S. generally accepted accounting principles when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is not permitted. The updated standard becomes effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Pursuant to the JOBS Act, the Company is permitted to adopt the standard for annual reporting periods beginning after December 15, 2017 and interim periods within annual periods beginning after December 15, 2018. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." The new guidance requires entities to record all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement when the awards vest or are settled. The guidance also requires entities to present excess tax benefits as an operating activity and cash paid to a taxing authority to satisfy statutory withholding as a financing activity on the statement of cash flows. Additionally, the guidance allows entities to make a policy election to account for forfeitures either upon occurrence or by estimating forfeitures. The standard is effective for financial statements issued for fiscal years beginning after December 15, 2016 (the Company's first quarter of fiscal 2018), with early adoption permitted. The Company is currently evaluating the impacts the adoption of this accounting standard will have on the Company's financial position or results of operations and cash flows.

Note 2. Property and Equipment

Property and equipment consists of the following at April 30, 2016 and 2015 (dollars in thousands):

	2016	2015
Land and improvements	\$ 35,321	\$ 28,197
Buildings and improvements	86,914	72,351
Equipment, furniture and fixtures	163,373	126,853
	285,608	227,401
Less: accumulated depreciation and amortization	93,430	83,457
	\$ 192,178	\$ 143,944

At April 30, 2016 and 2015, equipment with a cost of \$7,668 and \$2,804, respectively, and accumulated depreciation of \$800 and \$425, respectively, was subject to the capital leases discussed in Note 10.

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Depreciation expense for the years ended April 30, 2016, 2015, and 2014 totaled \$10,690, \$9,450, and \$9,155, respectively.

Note 3. Goodwill and Intangible Assets

Goodwill

The goodwill balance as of April 30, 2016 and 2015 was \$5,009 and \$627, respectively, which is included in our single business segment, resort operations. The additions to goodwill in the current year of \$4,382 related to the acquisition of Hunter Mountain. The prior year goodwill balance related to the acquisition of Alpine Valley. The goodwill balances represent the excess of the purchase price over the net assets acquired. Goodwill is not amortized, but tested periodically for impairment. The Company did not record any impairment of goodwill for the years ended April 30, 2016, 2015 and 2014.

Intangible Assets

The Intangible assets at April 30, 2016 consisted of the following:

	Life (years)	Year ended April 30, 2016		Net book value
		Gross carrying amount	Accumulated amortization	
Trade name	15	\$ 768	\$ 17	\$ 751
Customer relationships	15	97	2	95
		\$ 865	\$ 19	\$ 846

Prior to 2016, the company did not have any finite lived intangible assets recorded. Amortization expense for the years ended April 30, 2016 was \$19. Amortization expense for intangible assets for the next five fiscal years is estimated to be \$58 each year.

Both the goodwill and intangible assets identified in this note are related to the Company's two most recent acquisitions.

Note 4. Long term Debt

Long term debt at April 30, 2016 and 2015 consisted of borrowings pursuant to the loans and other credit facilities discussed below, as follows (dollars in thousands):

	2016	2015
Attitash/Mount Snow Debt; payable in monthly interest only payments at an increasing interest rate (11.10% at April 30, 2016 and 10.93% at April 30, 2015); remaining principal and interest due on December 1, 2034	\$ 51,050	\$ 51,050
Credit Facility Debt; payable in monthly interest only payments at an increasing interest rate (10.13% at April 30, 2016 and 2015); remaining principal and interest due on December 1, 2034	37,562	37,562
Hunter Mountain debt; payable in monthly interest only payments at an increasing interest rate (8.0% at April 30, 2016); remaining principal and interest due on January 5, 2036	21,000	-

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Sycamore Lake (Alpine Valley) Debt; payable in monthly interest only payments at an increasing interest rate (10.56% at April 30, 2016 and 10.40% at April 30, 2016); remaining principal and interest due on December 1, 2034	4,550	4,550
Wildcat Mountain Debt; payable in monthly installments of \$27, including interest at a rate of 4.00%, with remaining principal and interest due on December 22, 2020	3,612	3,790
Other debt	3,231	1,931
Less unamortized debt issuance costs	(1,903)	(811)
	119,102	98,072
Less: current maturities	759	503
	\$ 118,343	\$ 97,569

Debt Restructure

On November 10, 2014, in connection with the Company's initial public offering, the Company entered into a Restructure Agreement with certain affiliates of EPR Properties ("EPR"), the Company's primary lender, providing for the (i) prepayment of approximately \$75.8 million of formerly non-prepayable debt secured by the Crotched Mountain, Attitash, Paoli Peaks, Hidden Valley and Snow Creek resorts and (ii) retirement of one of the notes associated with the future development of Mount Snow (the "Debt Restructure"). On December 1, 2014, the Company entered into various agreements in order to effectuate the Debt Restructure, as more fully described in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 5, 2014. Pursuant to the Debt Restructure, the Company paid a defeasance fee of \$5.0 million to EPR in addition to the consideration described below.

In exchange for the prepayment right, the Company granted EPR a purchase option on the Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley properties, subject to certain conditions. If EPR exercises a purchase option, EPR will enter into an agreement with the Company for the lease of each such acquired property for an initial term of 20 years, plus options to extend the lease for two additional periods of ten years each. All previously existing option agreements between the Company and EPR were terminated.

Over the years, the Company has depreciated the book value of these properties pursuant to applicable accounting rules, and as such, it has a low basis in the properties. As a result, the Company will realize significant gains on the sale of the properties to EPR if the option is exercised. The Company will be required to pay capital gains tax on the difference between the purchase price of the properties and the tax basis in the properties, which is expected to be a substantial cost. To date, EPR has not exercised the option.

Additionally, the Company agreed to extend the maturity dates on all non-prepayable notes and mortgages secured by the Mount Snow, Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley properties remaining after the Debt Restructure by seven years to December 1, 2034, and to extend the lease for the Mad River property, previously terminating in 2026, until December 31, 2034 (the "Lease Amendment").

The Company also granted EPR a right of first refusal to provide all or a portion of the financing associated with any purchase, ground lease, sale/leaseback, management or financing transaction contemplated by the Company with respect to any new or existing ski resort property for a period of seven years or until financing provided by EPR for such transactions equals or exceeds \$250 million in the aggregate. Proposed financings from certain types of institutional lenders providing a loan to value ratio of less than 60% (as relates to the applicable property being financed) are excluded from the right of first refusal. The Company granted EPR a separate right of first refusal in the event that the Company wishes to sell, transfer, convey or otherwise dispose of any or all of the Attitash ski resort for seven years. The Attitash right excludes the financing or mortgaging of Attitash.

In connection with the Debt Restructure, the Company entered into a Master Credit and Security Agreement with EPR (the “Master Credit Agreement”) governing the restructured debt with EPR. Pursuant to the Master Credit Agreement, EPR agreed to maintain the following loans to the Company following the prepayment of certain outstanding debt with proceeds from the Company’s initial public offering: (i) a term loan in the amount of approximately \$51.1 million to the Company and its subsidiary Mount Snow, Ltd., (included in the table above as the “Attitash/Mount Snow Debt”); (ii) a term loan in the amount of approximately \$23.3 million to the Company and its subsidiaries Brandywine Ski Resort, Inc. and Boston Mills Ski Resort, Inc. (the “Boston Mills/Brandywine Debt”); (iii) a term loan in the amount of approximately \$14.3 million to the

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Company and its subsidiary JFBB Ski Areas, Inc. (the “JFBB Debt” and together with the Boston Mills/Brandywine Debt, included in the table above as the “Credit Facility Debt”); and (iv) a term loan in the amount of approximately \$4.6 million to the Company and its subsidiary Sycamore Lake, Inc. (included in the table above as the “Sycamore Lake (Alpine Valley) Debt”).

Interest will be charged at a rate of (i) 10.13% per annum as to each of the Boston Mills/Brandywine Debt and JFBB Debt; (ii) 10.40% per annum as to the Sycamore Lake (Alpine Valley) Debt; and (iii) 10.93% per annum pursuant to the Attitash/Mount Snow Debt. Each of the notes governing the restructured debt provides that interest will increase each year by the lesser of the following: (x) three times the percentage increase in the Consumer Price Index as defined in the notes (“CPI”) from the CPI in effect on the applicable adjustment date over the CPI in effect on the immediately preceding adjustment date or (y) 1.5% (the “Capped CPI Index). Past due amounts will be charged a higher interest rate and be subject to late charges.

The Master Credit Agreement further provides that in addition to interest payments, the Company must pay the following with respect to all restructured debt other than the Attitash/Mount Snow Debt: an additional annual payment equal to 10% of the gross receipts attributable to the properties serving as collateral of the restructured debt (other than Mount Snow) for such year in excess of an amount equal to the quotient obtained by dividing (i) the annual interest payments payable pursuant to the notes governing the restructured debt (other than with respect to the Attitash/Mount Snow Debt) for the immediately preceding year by (ii) 10%. The Company must pay the following with respect to the Attitash/Mount Snow Debt: an additional annual payment equal to 12% of the gross receipts generated at Mount Snow for such year in excess of an amount equal to the quotient obtained by dividing (i) the annual interest payments payable under the note governing the Attitash/Mount Snow Debt for the immediately preceding year by (ii) 12%. An additional interest payment of \$0.2 million was due for the year ended April 30, 2016.

The Master Credit Agreement includes restrictions on certain transactions, including mergers, acquisitions, leases, asset sales, loans to third parties, and the incurrence of certain additional debt and liens. Financial covenants set forth in the Master Credit Agreement consist of a maximum leverage ratio (as defined in the Master Credit Agreement) of 65%, above which the Company and certain of its subsidiaries are prohibited from incurring additional indebtedness, and a consolidated fixed charge coverage ratio (as defined in the Master Credit Agreement) covenant, which (i) requires the Company to increase the balance of its debt service reserve account if the Company’s consolidated fixed charge coverage ratio falls below 1.50:1.00 and (ii) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. The payment of dividends is also prohibited during default situations.

Under the terms of the Master Credit Agreement, the occurrence of a change of control is an event of default. A change of control will be deemed to occur if (i) within two years after the effective date of the Master Credit Agreement, the Company’s named executive officers (Messrs. Timothy Boyd, Stephen Mueller and Richard Deutsch) cease to beneficially own and control less than 50% of the amount of the Company’s outstanding voting stock that they own as of the effective date of the Master Credit Agreement, or (ii) the Company ceases to beneficially own and control less than all of the outstanding shares of voting stock of those subsidiaries which are borrowers under the Master Credit Agreement. Other events of default include, but are not limited to, a default on other indebtedness of the Company or its subsidiaries.

None of the restructured debt may be prepaid without the consent of EPR. Upon an event of default, as defined in the Debt Restructure Agreements, EPR may, among other things, declare all unpaid principal and interest due and payable. Each of the notes governing the restructured debt matures on December 1, 2034.

As a condition to the Debt Restructure, the Company entered into the Master Cross Default Agreement with EPR (the “Master Cross Default Agreement”). The Master Cross Default Agreement provides that any event of default under existing or future loan or lien agreements between the Company or its affiliates and EPR, and any event of default under the Lease Amendment, shall automatically constitute an event of default under each of such loan and lien agreements and Lease Amendment, upon which EPR will be entitled to all of the remedies provided under such

agreements and Lease Amendment in the case of an event of default.

Also in connection with the Debt Restructure, the Company and EPR entered into the Guaranty Agreement (the “2014 Guaranty Agreement”). The 2014 Guaranty Agreement obligates the Company and its subsidiaries as guarantors of all debt evidenced by the Debt Restructure Agreements. The table below illustrates the potential interest rates applicable to the Company’s fluctuating interest rate debt for each of the next five years, assuming an effective rate increase by the Capped CPI Index:

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Rates as of April 30,	Attitash/Mount Snow Debt	Credit Facility Debt	Hunter Mountain Debt	Sycamore Lake/(Alpine Valley) Debt
2016	11.10%	10.13%	8.00%	10.56%
2017	11.27%	10.28%	8.14%	10.72%
2018	11.44%	10.44%	8.28%	10.88%
2019	11.61%	10.59%	8.43%	11.04%
2020	11.78%	10.75%	8.57%	11.21%
2021	11.96%	10.91%	8.72%	11.38%

(1) For 2016, the dates of the rates presented are as follows: (i) April 1, 2016 for the Attitash/Mount Snow Debt; (ii) October 1, 2015 for the Credit Facility Debt; (iii) January 6, 2016 for Hunter Mountain Debt and (iv) December 1, 2015 for the Sycamore Lake (Alpine Valley) Debt.

The Capped CPI Index is an embedded derivative, but the Company has concluded that the derivative does not require bifurcation and separate presentation at fair value because the Capped CPI Index was determined to be clearly and closely related to the debt instrument.

Wildcat Mountain Debt

The Wildcat Mountain Debt due December 22, 2020 represents amounts owed pursuant to a promissory note in the principal amount of \$4.5 million made by WC Acquisition Corp. in favor of Wildcat Mountain Ski Area, Inc., Meadow Green Wildcat Skilift Corp. and Meadow Green Wildcat Corp. (the “Wildcat Note”). The Wildcat Note, dated November 22, 2010, was made in connection with the acquisition of Wildcat Mountain, which was effective as of October 20, 2010. The interest rate as set forth in the Wildcat Note is fixed at 4.00%.

Hunter Mountain Debt

On January 6, 2016, the Company completed the acquisition of the Hunter Mountain ski resort located in Hunter, New York through the purchase of all of the outstanding stock of each of Hunter Mountain Ski Bowl, Inc., Hunter Mountain Festivals, Ltd., Hunter Mountain Rentals, Inc., Hunter Resort Vacations, Inc., Hunter Mountain Base Lodge, Inc., and Frosty Land, Inc. (collectively, “Hunter Mountain”) pursuant to the terms of the Stock Purchase Agreement (the “Purchase Agreement”) with Paul Slutzky, Charles B. Slutzky, David Slutzky, Gary Slutzky and Carol Slutzky-Tenerowicz entered into on November 30, 2015. The Company acquired Hunter Mountain for total cash consideration of \$35.0 million plus the assumption of two capital leases estimated at approximately \$1.7 million. A portion of the Hunter Mountain acquisition price was financed pursuant to the Master Credit and Security Agreement (the “Hunter Mountain Credit Agreement”) entered into between the Company and EPR as of January 6, 2016.

The Hunter Mountain Debt due January 5, 2036 represents amounts owed pursuant to a promissory note (the “Hunter Mountain Note”) in the principal amount of \$21.0 million made by the Company in favor of EPR pursuant to the Hunter Mountain Credit Agreement, which was effective as of January 6, 2016. The Company used \$20.0 million of the Hunter Mountain Debt to finance the Hunter Mountain acquisition and \$1.0 million to cover closing costs and to add to its interest reserve account.

The Hunter Mountain Credit Agreement and Hunter Mountain Note provide that interest will be charged at an initial rate of 8.00%, subject to an annual increase beginning on February 1, 2017 by the lesser of the following: (x) three times the percentage increase in the CPI (as defined in the Hunter Mountain Note) from the CPI in effect on the applicable adjustment date over the CPI in effect on the immediately preceding adjustment date or (y) 1.75%. Past

due amounts will be charged a higher interest rate and be subject to late charges.

The Hunter Mountain Credit Agreement further provides that in addition to interest payments, the Company must pay an additional annual payment equal to 8.00% of the gross receipts in excess of \$35.0 million that are attributable to all collateral under the Hunter Mountain Note for such year.

The Hunter Mountain Credit Agreement includes restrictions or limitations on certain transactions, including mergers, acquisitions, leases, asset sales, loans to third parties, and the incurrence or guaranty of certain additional debt and liens. Financial covenants set forth in the Hunter Mountain Credit Agreement consist of a maximum leverage ratio (as defined in the Hunter Mountain Credit Agreement) of 65%, above which the Company is prohibited from incurring additional indebtedness. The Company must also maintain a consolidated fixed charge coverage ratio (as defined in the Hunter

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Mountain Credit Agreement) which (i) requires the Company to increase the balance of its debt service reserve account if the Company's consolidated fixed charge coverage ratio falls below 1.50:1.00 and (ii) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. The payment of dividends is also prohibited during potential default or default situations.

Under the terms of the Hunter Mountain Credit Agreement, the occurrence of a change of control is an event of default. A change of control will be deemed to occur if (i) within two years after the effective date of the Hunter Mountain Credit Agreement, the Company's named executive officers (Messrs. Boyd, Mueller and Deutsch) cease to beneficially own and control less than 50% of the amount of the Company's outstanding voting stock that they own as of the effective date of the Hunter Mountain Credit Agreement, or (ii) the Company ceases to beneficially own and control less than all of the outstanding shares of voting stock of those subsidiaries which are borrowers under the Hunter Mountain Credit Agreement. Other events of default include, but are not limited to, a default on other indebtedness of the Company or its subsidiaries.

The Hunter Mountain Note may not be prepaid without the consent of EPR. Upon an event of default, as defined in the Hunter Mountain Note, EPR may, among other things, declare all unpaid principal and interest due and payable. The Hunter Mountain Note matures on January 5, 2036.

In connection with entry into the Hunter Mountain Credit Agreement on January 6, 2016, the Company entered into the Amended and Restated Master Cross-Default Agreement with EPR, which adds the Hunter Mountain Credit Agreement, Hunter Mountain Note and related transaction documents to the scope of loan agreements to which the cross-default provisions of the Master Cross Default Agreement apply.

Also on January 6, 2016, in connection with entry into the Hunter Mountain Credit Agreement, the Company entered into a Guaranty Agreement for the benefit of EPR, which adds the Company's new Hunter Mountain subsidiary borrowers under the Hunter Mountain Credit Agreement as guarantors pursuant to the same terms of the 2014 Guaranty Agreement and adds the debt evidenced by the Hunter Mountain Credit Agreement and Hunter Mountain Note to the debt guaranteed by the Company pursuant to the 2014 Guaranty Agreement.

Substantially all of the Company's assets serve as collateral for the Company's long term debt.

Future aggregate annual principal payments under all indebtedness reflected by fiscal year are as follows (in thousands):

2017	\$ 1,225
2018	1,827
2019	757
2020	215
2021	2,820
Thereafter	114,161
	\$ 121,005

Deferred financing costs are net of accumulated amortization of \$482 and \$191 at April 30, 2016 and 2015, respectively. Amortization of deferred financing costs for the year ended April 30, 2016 was \$291. Amortization of deferred financing costs will be \$466 the year ending April 30, 2017 and \$90 for each of the four years ending April

30, 2018, 2019, 2020 and 2021.

Line of Credit

The remaining \$15.0 million of the Hunter Mountain acquisition price was financed with funds drawn on the Company's line of credit with Royal Banks of Missouri pursuant to the Credit Facility, Loan and Security Agreement (the "Line of Credit Agreement") between the Company and Royal Banks of Missouri, effective as of December 22, 2015. The Company drew an additional \$0.5 million to pay closing costs.

The Line of Credit Agreement provides for a 12-month line of credit for up to \$20.0 million to be used for acquisition purposes and working capital of up to 5.0% of the acquisition purchase price, subject to the Company's ability to extend the line of credit for up to an additional 12-month period upon the satisfaction of certain conditions. In connection with entry into the Line of Credit Agreement, the Company executed a promissory note (the "Line of Credit Note") in favor of Royal Banks of Missouri, maturing on December 22, 2016. The line of credit debt is included as a current liability given the initial 12-month term.

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Interest on the amounts borrowed are charged at the prime rate plus 1.0%, provided that past due amounts shall be subject to higher interest rates and late charges. The effective rate at April 30, 2016 was 4.5% on the line of credit borrowings. Amounts outstanding under the Line of Credit Agreement are secured by the assets of each of the subsidiary borrowers under the Line of Credit Agreement.

The Line of Credit Agreement includes restrictions or limitations on certain transactions, including mergers, acquisitions, leases, asset sales, loans to third parties, and the incurrence of certain additional debt and liens. Financial covenants set forth in the Line of Credit Agreement consist of a maximum leverage ratio (as defined in the Line of Credit Agreement) of 65%, above which the Company is prohibited from incurring additional indebtedness, and a debt service coverage ratio (as defined in the Line of Credit Agreement) of 1:25 to 1 on a fiscal year basis. The Company must also maintain a consolidated fixed charge coverage ratio (as defined in the Master Credit Agreement) which (i) requires the Company to increase the balance of its debt service reserve account if the Company's consolidated fixed charge coverage ratio falls below 1.50:1.00 and (ii) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. The payment of dividends is also prohibited during potential default or default situations.

If the outstanding line of credit debt is not paid in full by the maturity date, and the Company is otherwise in full compliance with the terms and conditions of the Line of Credit Agreement and Line of Credit Note, the Company may elect to convert the outstanding line of credit debt to a three-year term loan, subject to an additional extension, with principal payments amortized over a 20-year period bearing interest at the prime rate plus 1.0% per annum.

Except in the case of a default, the Company may prepay all or any portion of the outstanding line of credit debt and all accrued and unpaid interest due prior to the maturity date without prepayment penalty.

In the case of a default, the outstanding Line of Credit Debt shall, at the lender's option, bear interest at the rate of 5.0% percent per annum in excess of the interest rate otherwise payable thereon, which interest shall be payable on demand.

Under the terms of the Line of Credit Agreement, the occurrence of a change of control is an event of default. A change of control will be deemed to occur if (i) for so long as the line of credit debt is outstanding and such individuals are employed by the Company, the Company's key shareholders (Messrs. Timothy Boyd, Stephen Mueller and Richard Deutsch) cease to beneficially own and control less than 50% of the amount of the Company's outstanding voting stock that they own as of the effective date of the Line of Credit Agreement, or (ii) the Company ceases to beneficially own and control less than all of the outstanding shares of voting stock of the subsidiary borrowers. Other events of default include, but are not limited to, a default on other indebtedness of the Company or its subsidiaries.

Additional Interest Reserve

The Master Credit Agreement includes financial covenants consisting of a maximum Leverage Ratio (as defined in the Master Credit Agreement) of 65%, above which the Company and certain of its subsidiaries are prohibited from incurring additional indebtedness, and a Consolidated Fixed Charge Coverage Ratio (as defined in the Master Credit Agreement) covenant, which (a) requires the Company to increase the balance of its debt service reserve account if the Company's Consolidated Fixed Charge Coverage Ratio falls below 1.50:1.00, and (b) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. The payment of dividends is also prohibited during default situations under the terms of the Master Credit Agreement. As of the Company's most recent fiscal year end, the Company's fixed charge ratio fell below the 1:50:1:00 coverage ratio, but was above the 1.25:1.00 ratio. As a result, the Company is required to increase the balance of the Company's debt service reserve account by \$3.3 million. EPR has agreed to delay the additional interest reserve payment until the end of the 2016/2017 ski season.

Note 5. Income Taxes

The provision for income taxes for the years ended April 30, 2016, 2015, and 2014 consists of the following (in thousands):

	2016	2015	2014
Current:			
Federal	\$ -	\$ -	\$ -
State taxes based on income	-	168	50

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	-	168	50
Deferred:			
Federal	(1,753)	(895)	(635)
State	(325)	(51)	124
	\$ (2,078)	\$ (778)	\$ (461)

Deferred income taxes consist of the following at April 30, 2016 and 2015 (in thousands):

	2016	2015
Deferred tax assets:		
Deferred gain on sale/leaseback	\$ 1,194	\$ 1,307
Accrued compensation	238	222
Unearned revenue	897	748
Net operating loss carryforwards	11,146	7,746
	13,475	10,023
Deferred tax liabilities:		
Property and equipment	(25,055)	(17,884)
	(25,055)	(17,884)
	\$ (11,580)	\$ (7,861)

Deferred income taxes are included in the April 30, 2016 and 2015 consolidated balance sheet as follows (in thousands):

	2015	2014
Current assets	\$ 1,092	\$ 970
Noncurrent liabilities	(12,672)	(8,831)
	\$ (11,580)	\$ (7,861)

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that the deductible temporary differences and carryforwards are expected to be available to reduce taxable income. Based on the reversal patterns of existing taxable temporary differences, the net deferred tax assets will be recovered. There was no valuation allowance deemed necessary.

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Loss carryforwards for tax purposes as of April 30, 2016, have the following expiration dates (in thousands):

Expiration date	Amount
2019	\$ 278
2031	16,227
2032	1,939
2033	2,907
2034	343
2035	8,217
	\$ 29,911

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The Company accounts for income taxes in accordance with ASC 740, Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

For fiscal years 2016, 2015, and 2014, the expected income tax rate differs from the statutory rate as follows (in thousands):

	2016	2015	2014
Computed "expected" tax (benefit)	\$ (1,804)	\$ (895)	\$ (667)
Increase (decrease) in income tax (benefit) resulting from:			
Permanent differences	38	41	46
State income tax	(325)	60	174
Other	13	16	(14)
Income tax (benefit)	\$ (2,078)	\$ (778)	\$ (461)

In connection with the Company's initial public offering in November 2014, a change of ownership in the Company occurred pursuant to the provisions of the Tax Reform Act of 1986. As a result, the Company's usage of its net operating loss carryforwards will be limited each year; however, management believes the full benefit of those carryforwards will be realized prior to their respective expiration dates.

The Company accounts for unrecognized tax benefits also in accordance with ASC 740, Income Taxes, which prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution to any related appeals or litigation, based solely on the technical merits of the position. The Company has no accrual for interest or penalties related to uncertain tax positions at April 30, 2016 and 2015, and did not recognize interest or penalties in the Statements of Operations during the years ended April 30, 2016, 2015, and 2014.

The major jurisdictions in which the Company files income tax returns include the federal and state jurisdictions within the United States. The tax years after 2009 remain open to examination by federal and state taxing jurisdictions. However, the Company has NOLs beginning in 2001 which would cause the statute of limitations to remain open for the year in which the NOL was incurred.

Management regularly assesses the likelihood that its net deferred tax assets will be recovered from future taxable income. To the extent management believes that it is more likely than not that a net deferred tax asset will not be realized, a valuation allowance is established. When a valuation allowance is established or increased, an income tax charge is included in the consolidated financial statements and net deferred tax assets are adjusted accordingly. Changes in tax law, statutory tax rates, and estimates of the Company's future taxable income levels could result in actual realization of the net deferred tax assets being materially different from the amounts provided for in the consolidated financial statements. If the actual recovery amount of the deferred tax asset is less than anticipated, the Company would be required to write off the remaining deferred tax asset and increase the tax provision, resulting in a reduction of net income and stockholders' equity.

The Company does not have any unrecognized tax benefits and has not incurred any interest and penalties for fiscal years 2016, 2015, and 2014.

Note 6. Acquisition

Hunter Mountain

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Effective January 6, 2016, the Company acquired all of the outstanding common stock of Hunter Mountain in Hunter, New York, for \$35.0 million paid to the sellers in cash and the Company's assumption of \$1.7 million in capitalized lease obligations. The Company incurred approximately \$0.1 million in transaction costs recorded within general and administrative expenses on the income statement. The company also incurred \$1.3 million of financing costs which were capitalized as deferred financing costs associated with the debt obligations.

The Company financed \$20.0 million, of the acquisition price pursuant to the terms of the Hunter Mountain Credit Agreement and Hunter Mountain Note with EPR, which bears interest at a rate of 8.0%, subject to annual increases as discussed in Note 4, "Long-term Debt." The Company borrowed an additional \$1.0 million under the Hunter Mountain Credit Agreement to fund closing and other costs. Debt under the Hunter Mountain Note requires monthly interest payments until its maturity on January 5, 2036. An additional \$15.0 million of the Hunter Mountain acquisition price was financed through a draw on the Company's line of credit with Royal Banks of Missouri, which bears interest at the prime rate plus 1.0% and matures on December 22, 2016, as discussed in Note 4 above under the title "Line of Credit".

Hunter Mountain's results of operations are included in the accompanying consolidated financial statements for the year ended April 30, 2016 from the date of acquisition. The preliminary allocation of the purchase price is as follows (in thousands):

Cash and cash equivalents	\$ 1,640
Income tax receivable	395
Inventories	341
Prepays	246
Buildings and improvements	14,052
Land	6,200
Equipment	19,120
Other assets	4
Goodwill	4,382
Intangible assets	865
Total assets acquired	47,245
Accounts payable and accrued expenses	1,481
Accrued salaries, wages and related taxes & benefits	250
Unearned revenue and deposits	2,993
Capital Lease Obligations	1,724
Deferred tax liability	5,797
Net assets acquired	\$ 35,000

The purchase price allocation is preliminary, mainly due to continued review of the deferred tax liability and intangibles. The Company adjusted the purchase price allocation in the fourth quarter as a result of obtaining more information regarding the values of certain assets and liabilities. The adjustments were primarily to increase (decrease) Buildings and Improvements, Equipment, Intangible Assets, Goodwill, and the Deferred Tax Liability by \$752, \$7,470, \$865, \$(6,280), and \$3,085, respectively. The income statement effect related to these adjustments was not material.

The Company paid \$35.0 million for the transaction and as part of the allocation received \$1.6 million in cash, resulting in a net cash change of \$33.4 million in cash. As part of the transaction, the Company has recognized goodwill associated with the expected synergies of combining operations as well as the overall enterprise value of the resort. No goodwill will arise for income tax purposes and accordingly, none of the book goodwill will be deductible for tax purposes. Hunter Mountain will be considered its own reporting unit with respect to goodwill impairment, which will be completed at least annually.

The revenue and net loss included in the accompanying consolidated statements of net loss resulting from the Hunter Mountain acquisition since the Acquisition Date (January 6, 2016) were \$13,614 and \$3,083, respectively.

The following presents the unaudited pro forma consolidated financial information as if the acquisition of Hunter Mountain was completed on May 1, 2014, the beginning of the Company's 2015 fiscal year. The following pro forma financial information includes adjustments for depreciation and interest paid pursuant to the Hunter Mountain Note and property and equipment recorded at the date of acquisition. This pro forma financial information is presented for informational purposes

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only and does not purport to be indicative of the results of future operations or the results that would have occurred had the acquisition taken place on May 1, 2014. (In thousands except per share data)

	Year ended April 30	
	2016	2015
Net revenues	\$ 102,860	\$ 132,233
Net loss	\$ (9,776)	\$ (1,426)
Pro forma basis and diluted loss per share	\$ (0.70)	\$ (0.17)

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Note 7. Sale/Leaseback

In November 2005, the Company sold Mad River Mountain and simultaneously leased the property back for a period of 21 years. The resultant gain was deferred and is being ratably recognized in income over the term of the lease.

Note 8. Employee Benefit Plan

The Company maintains a tax-deferred savings plan for all eligible employees. Employees become eligible to participate after attaining the age of 21 and completing one year of service. Employee contributions to the plan are tax-deferred under Section 401(k) of the Internal Revenue Code of 1986, as amended. Company matching contributions are made at the discretion of the board of directors. No contributions were made in 2016, 2015, and 2014.

On November 4, 2015, the Company's board of directors adopted the Peak Resorts, Inc. 2014 Equity Incentive Plan (the "Incentive Plan"), and on November 5, 2014, the Company's stockholders approved the Incentive Plan. The stockholders approved a maximum of 559,296 shares to be available for issuance under the Incentive Plan. The Incentive Plan authorizes the Company to grant stock options, stock appreciation rights, restricted stock, restricted stock units, stock bonuses, other stock based awards, cash awards, or any combination thereof, as defined in and allowed by the Incentive Plan. During fiscal 2016, the company issued 63,741 restricted stock units to independent directors, of which 5,334 were forfeited, resulting in a remaining balance of 500,889 shares available for issuance. The company has recorded compensation expense of \$0.2 million associated with these awards during fiscal 2016.

Note 9. Financial Instruments and Concentrations of Credit Risk

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The following methods and assumptions were used to estimate the fair value of each class of financial instruments to which the Company is a party:

Cash and cash equivalents, restricted cash: Due to the highly liquid nature of the Company's short term investments, the carrying values of cash and cash equivalents and restricted cash approximate their fair values.

Accounts receivable: The carrying value of accounts receivable approximate their fair value because of their short term nature.

Accounts payable and accrued expenses: The carrying value of accounts payable and accrued liabilities approximates fair value due to the short term maturities of these amounts.

Long term debt: The fair value of the Company's long term debt is estimated based on the quoted market prices