

Section 1: 10-K (10-K)

[Table of Contents](#)

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, 2019.

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)

17409 Hidden Valley Drive
Wildwood, Missouri
(Address of principal executive offices)

43-1793922
(I.R.S. Employer
Identification No.)

63025
(Zip Code)

(636) 938-7474

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol (s)	Name of each exchange on which registered
<u>Common Stock, \$0.01 par value per share</u>	SKIS	<u>NASDAQ Global Market</u>

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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, 2018, 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 \$51.0 million.

As of June 25, 2019, 15,165,832 shares of the registrant's common stock were outstanding.

Documents incorporated by reference:

Portions of the registrant's Definitive Proxy Statement for its 2019 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, 2019.




Table of Contents

PART I

Item 1.	Business.	4
Item 1A.	Risk Factors.	13
Item 1B.	Unresolved Staff Comments.	27
Item 2.	Properties.	28
Item 3.	Legal Proceedings.	29
Item 4.	Mine Safety Disclosures.	29

PART II

Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.	29
Item 6.	Selected Financial Data.	29
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations.	32
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk.	48
Item 8.	Financial Statements and Supplementary Data.	F-1
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.	49
Item 9A.	Controls and Procedures.	49
Item 9B.	Other Information.	49

PART III

Item 10.	Directors, Executive Officers and Corporate Governance.	50
Item 11.	Executive Compensation.	50
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.	50
Item 13.	Certain Relationships and Related Transactions, and Director Independence.	50
Item 14.	Principal Accounting Fees and Services.	50

PART IV

Item 15.	Exhibits, Financial Statement Schedules.	51
Item 16.	Form 10-K Summary.	51



CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

Statements made in this Annual Report on Form 10-K (the "Report") include the use of the terms "we," "us" and "our" which unless specified otherwise refer collectively to Peak Resorts, Inc. ("Peak Resorts") and its subsidiaries.

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 Report. 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;
- 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 and transition acquired operations, systems and personnel;
- 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 and Hunter Mountain ski resorts;
- 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 Report 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 Report 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.

Item 1. Business.

General

We are a leading owner and operator of high-quality, individually branded ski resorts in the U.S. We currently operate 17 ski resorts primarily located in the Northeast, Mid-Atlantic and Midwest United States, 16 of which we own. The majority of our resorts are located within 100 miles of major metropolitan markets, including New York City, Boston, Philadelphia, Washington D.C., Baltimore, Cleveland, Kansas City and St. Louis, enabling day and overnight drive accessibility. Our resorts are comprised of more than 2,300 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, zip tours, golf, 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 14 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. Our strong branding reinforces customer loyalty and serves to attract new visitors through focused marketing campaigns and word of mouth.

Combined, our resorts generated approximately 2.4 million ski and tubing visits in the 2018/2019 ski season. With the addition of three resorts acquired in November 2018 and organic revenue growth at our existing resorts, we recorded record revenue of \$184.4 million for fiscal 2019, an increase of 40.1% over fiscal 2018. Our three new resorts contributed revenue of \$42.3 million; and revenue for fiscal 2019 from our existing resorts was up \$10.4 million as compared to the prior year due to growth in visits and season pass sales. As the U.S. economy continues to improve, 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 15% of the 476 ski resorts being owned by companies with four or more ski resorts. We believe 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 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 History

Peak Resorts, Inc. was incorporated in Missouri on September 24, 1997, as a holding company to own or lease and operate day 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 17 ski resorts.

On November 20, 2014, we completed our initial public offering ("IPO") 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".

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

[Table of Contents](#)

Festivals, Ltd., Hunter Mountain Rentals, Inc., Hunter Resort Vacations, Inc., Hunter Mountain Base Lodge, Inc., and Frosty Land, Inc. (collectively, “Hunter Mountain”). 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.

On November 2, 2016, we completed a private placement (the “Private Placement”) of securities to CAP 1 LLC (“Cap 1”). The securities issued in the Private Placement included \$20 million in Series A Cumulative Convertible Preferred Stock (the “Series A Preferred Stock”) and warrants to purchase up to 2,719,018 shares of our common stock at prices ranging from \$6.50 per share to \$9.00 per share (the “2016 Warrants”). In connection with the Private Placement, we entered into a Stockholders’ Agreement granting Cap 1 the right to nominate a director to sit on the Company’s board of directors, preemptive rights with respect to certain future issuances of securities, and consent rights regarding certain acquisitions and dispositions, in each case subject to stock ownership requirements and exceptions.

On November 21, 2018, we completed the acquisition of all of the issued and outstanding shares of common stock of Snow Time Inc. (“Snow Time”), the owner of the Liberty Mountain, Roundtop Mountain and Whitetail resorts located in Pennsylvania serving the Baltimore and Washington D.C. metropolitan areas. Consideration paid to acquire Snow Time totaled \$71.6 million, which consisted of cash of \$66.6 million, net of cash acquired of \$1.0 million, and 1,183,432 shares of common stock with a value of \$6.0 million. Snow Time’s acquired resorts also include two 18-hole golf courses, a 115-room hotel and conference center and more than 20 food and beverage locations across the three resorts, among other amenities.

We financed part of the cash consideration paid in the Snow Time acquisition with a \$50.0 million senior secured term loan (the “Term Loan”) from Cap 1 and the remaining cash consideration from proceeds received upon issuance of an additional \$20 million in Series A Preferred Stock and warrants to purchase up to 2,719,018 shares of common stock to Cap 1 on terms identical to those issued to Cap 1 in connection with the Private Placement (the “2018 Option Warrants”). As consideration for the Term Loan and in lieu of fees, we also issued Cap 1 a warrant to purchase 1,750,000 shares of common stock at \$10.00 per share (the “Financing Warrant” and, together with the 2016 Warrants and 2018 Option Warrants, the “Warrants”). At this time, the Stockholders’ Agreement entered into with Cap 1 in 2016 was amended to account for the issuance of the new shares of Series A Preferred Stock and warrants, but otherwise remained unchanged (referred to herein as the “Stockholders’ Agreement”). See Notes 5 and 6 to the accompanying consolidated financial statements.

Our Resorts

Our 17 ski resorts consist of 6 overnight drive ski resorts and 11 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 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.

During the 2016/2017 ski season, the Company introduced the Peak Pass, a season pass which currently features a total of 6 pass options valid at 14 different mountain locations across 5 states in the Northeast, Mid-Atlantic and Midwest U.S. Participating resorts include Mount Snow in Vermont; Attitash, Wildcat and Crotched Mountains in New Hampshire; Hunter Mountain in New York; Liberty Mountain, Whitetail Mountain, Roundtop Mountain, Jack Frost and Big Boulder in Pennsylvania; and Alpine Valley, Boston Mills, Brandywine and Mad River Mountain in Ohio. The Company believes the variety of each resort’s on-mountain experience, as well as the proximity of these resorts, makes the Peak Pass a unique and affordable product for the vast majority of skiers and riders in the Northeastern, Mid-Atlantic and Midwest U.S. In the 2018/2019 ski season we introduced the Ohio Peak Pass add-on, which allowed season pass holders from our individual Ohio resorts to enjoy skiing at our existing Peak Pass resorts.

[Table of Contents](#)

The following table summarizes key statistics relating to each of our resorts as of April 30, 2019:

Property	State	Developed/ Acquired	Nearest Metro MSA	Population Base (millions)	Skiable Acres	Total Lifts	Vertical Drop (ft.)
Alpine Valley Attitash	OH	2012	Cleveland, Akron, Canton	7.1	54	7	260
Mountain Resort	NH	2007	Boston	13.9	307	11	1,750
Big Boulder	PA	2005	Philadelphia, New York City	27.3	65	11	475
Boston Mills	OH	2002	Cleveland, Akron, Canton	7.1	40	8	264
Brandywine Crotched	OH	2002	Cleveland, Akron, Canton	7.1	48	10	264
Mountain	NH	2003	Boston	13.9	105	5	1,000
Hidden Valley	MO	1982	St Louis	3.9	60	9	310
Hunter Mountain	NY	2016	New York City, Boston, Albany	27.4	285	12	1,600
Jack Frost Ski Resort	PA	2005	Philadelphia, New York City	27.3	80	12	600
Liberty Mountain Resort	PA	2018	Baltimore, Washington DC	9.7	98	9	620
Mad River Mountain	OH	2001	Columbus, Dayton New York City,	2.8	144	12	300
Mount Snow	VT	2007	Boston, Albany	27.4	490	20	1,700
Paoli Peaks	IN	1997	Louisville, Nashville	3.0	65	8	300
Roundtop Mountain Resort	PA	2018	Baltimore, Washington DC	9.7	106	9	600
Snow Creek	MO	1985	Kansas City	2.9	40	6	300
Whitetail Mountain	PA	2018	Baltimore, Washington DC	9.7	125	9	935
Wildcat Mountain	NH	2010	Boston	13.9	225	5	2,112

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 Report.

Capital Projects

As part of our mission to build value by investing in our current properties through expansions, new products and amenities that will elevate our customers’ skiing and off-season experiences, during fiscal 2019 we completed two major projects and continued to move forward with capital improvement projects at our other resorts.

- At Hunter Mountain, we completed the Hunter North expansion project that increased the resort’s skiable acreage by approximately 25% and added automated snowmaking, a six-passenger detachable high-speed chair lift and parking area.
- At Mount Snow, we completed the Carinthia Ski Lodge project. The Carinthia Ski Lodge project included the construction of a new ski lodge at the resort’s Carinthia base, comprised of a three-story, 36,000-square foot skier service building which includes i) a restaurant, cafeteria and bars with seating for over 600 people, ii) retail facilities, and iii) a sales center for lift tickets and equipment rentals.
- At Hidden Valley, we completed the permitting process and began to source materials and make site improvements for the construction of a zip line tour which we anticipate will generate additional sales and diversify that resort’s revenue base. The zip tour opened in May 2019.

Ski Industry

The National Ski Areas Association (“NSAA”) Kottke National End of Season Survey - Preliminary Report (the “Kottke Report”) estimated the U.S. ski industry had approximately 59.1 million skier visits in the 2018/2019 ski season, up 5.8 million, or 10.9%, from the 2017/2018 ski season. The Kottke Report also reported that there were 476 ski areas operating during the 2018/2019 ski season in the U.S., up 4 areas from the 2017/2018 ski season. Given the consistency and strength of annual skier visits over the last 30 years, as well as the state of the 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.



[Table of Contents](#)

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.

The ski industry statistics stated in the foregoing sections have been derived from data published by the Kottke National End of Season Survey 2017/2018 and other industry publications, including those of the NSAA.

Revenue Components

The following table shows our net revenue by the principal revenue category from which it was derived (dollars in thousands). Snow Time data is included from the date of acquisition.

	Year ended April 30,		
	2019	2018	2017
Revenues			
Lift and tubing tickets	\$ 93,168	\$ 61,683	\$ 58,100
Food and beverage	32,210	24,749	23,078
Equipment rental	15,065	9,991	8,582
Ski instruction	15,256	9,128	8,562
Hotel/lodging	8,909	9,874	9,731
Retail	9,277	6,748	6,395
Summer activities	4,727	4,459	4,549
Other	5,814	5,030	4,252
	<u>\$ 184,426</u>	<u>\$ 131,662</u>	<u>\$ 123,249</u>

- *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 day drive resorts generally offer cafeteria-style and self-service options to provide a limited menu of simple foods, liquor, beer and wine. In addition to self-service options, our overnight drive resorts feature casual dining options with table service geared to their base of customers. We try to maximize revenues and simplify operations by focusing on a limited menu that requires minimal special preparation and related personnel costs.
- *Equipment Rental*— 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 \$54 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 equipment rental bottlenecks, we believe we have significantly enhanced the skiers' resort experience, which corresponds to increased rental revenues and return visits by first-time skiers.
- *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 to \$54 per person per lesson. Individual instructions and private lessons may range from \$45 to \$135 or more per lesson.
- *Hotel/Lodging*— Because we primarily operate day ski resorts, not all of our resorts offer hotel or other lodging services. At our resorts where we own hotels, we derive revenue from room rentals, and the operation of retail, restaurant, banquet, conference, spa and health club facilities. At our resorts with condominium properties we

[Table of Contents](#)

operate as hotels under rental management agreements, we also derive revenue from housekeeping and other services provided to individual unit owners.

During fiscal 2019, we operated hotels at our Hunter Mountain and Mount Snow ski resorts, where third parties own 100% of all available quarter-share interval interests, and we retain ownership of common areas and commercial space of the hotel. At Mount Snow, we manage other condominium properties from which we derive rental and property management fees. At our Mount Snow and Liberty Mountain resorts, we own and operate traditional hotel properties. During fiscal 2018 we sold our interest in the commercial space of a condominium property at our Attitash resort which had operated as a hotel under a rental management agreement with third-party quarter-share interval owners.

- *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 are made in light of consumer trends and local demographic conditions. To an extent, we have centralized our retail purchasing function, however individual ski resort management personnel oversee their merchandise selection as they see fit for their markets. At certain resorts we lease merchandise operations to third-party merchants.
- *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 golf, zip tours, water parks, mountain coasters, weddings and conferences, camps, paintball and festivals.

Seasonality

Our revenues are highly seasonal in nature. The vast majority of revenue is generated during the ski season, which occurs during the winter months in our third and fourth fiscal quarters. Some of our properties offer off season attractions, such as golf, zip tours, water parks, mountain coasters, weddings and conferences, camps, and festivals; however, these activities do not comprise a substantial portion of our annual revenues. As a result, our resorts typically experience operating losses and negative operating cash flows during the first and second quarters of each fiscal year.

The seasonality of our revenues amplifies the effect of events outside our control, especially weather. While our geographically diverse operating locations help mitigate the effect of weather conditions, adverse weather could lower attendance due to suboptimal skiing conditions or limited access to our resorts, render snowmaking wholly or partially ineffective in maintaining ski conditions, and increase operating costs related to snowmaking efforts and inefficient labor utilization.

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 following table illustrates the opening and closing dates of our resorts over the last five ski seasons:

[Table of Contents](#)

Resort	2018/2019 Open Dates	2017/2018 Open Dates	2016/2017 Open Dates	2015/2016 Open Dates	2014/2015 Open Dates
Alpine Valley	Dec 19 - Mar 10	Dec 9 - Feb 18	Dec 11 - Mar 17 Dec 26 - Apr 20	Jan 3 - Mar 6 Dec 26 - Mar 27	Dec 30 - Mar 22 Dec 6 - Apr 5 Nov 20 - Apr 19
Attitash Mountain Resort	Dec 8 - Apr 7	Dec 15 - Apr 8	20	27	Dec 6 - Apr 5 Nov 20 - Apr 19
Big Boulder	Nov 16 - Apr 7 Dec 19 - Mar 23	Nov 11 - Apr 8	Nov 25 - Apr 9 Dec 16 - Mar 19	Jan 2 - Mar 27	19
Boston Mills	Dec 19 - Mar 23	Dec 9 - Mar 26	19	Jan 4 - Mar 8	Jan 1 - Mar 22
Brandywine	Dec 19 - Mar 23	Dec 9 - Mar 26	Dec 16 - Mar 5	Jan 5 - Mar 11 Dec 29 - Mar 20	Jan 2 - Apr 1 Nov 28 - Apr 5
Crotched Mountain	Dec 8 - Mar 30 Dec 21 - Mar 17	Dec 15 - Apr 1	Dec 10 - Apr 9	20	Nov 28 - Apr 5
Hidden Valley	17	Dec 15 - Mar 4 Nov 21 - Apr 14	Dec 10 - Feb 20	Jan 10 - Mar 6 Dec 13 - Mar 27	Jan 2 - Mar 8
Hunter Mountain (1)	Nov 17 - Apr 7 Nov 16 - Mar 29	14	Nov 25 - Apr 9 Dec 10 - Mar 19	Dec 26 - Mar 13	Dec 12 - Mar 29
Jack Frost Ski Resort	Dec 23 - Mar 24	—	—	—	—
Liberty Mountain Resort (1)	Dec 19 - Mar 24	Dec 9 - Mar 25	Dec 16 - Mar 19	Jan 2 - Mar 8	Dec 20 - Mar 22
Mad River Mountain	Oct 27 - Apr 14	Nov 11 - Apr 22	Nov 23 - Apr 16	Nov 26 - Apr 3	Nov 21 - Apr 19
Mount Snow	Jan 12 - Mar 10 Dec 23 - Mar 24	Dec 15 - Feb 19	Dec 16 - Feb 20	Jan 4 - Mar 6	Dec 31 - Mar 8
Paoli Peaks	Jan 12 - Mar 10 Dec 23 - Mar 24	Dec 15 - Feb 19	Dec 16 - Feb 20	Jan 4 - Mar 6	Dec 31 - Mar 8
Roundtop Mountain Resort (1)	Dec 22 - Mar 17	Dec 26 - Mar 11	Dec 16 - Mar 5	Dec 31 - Mar 6	Dec 31 - Mar 8
Snow Creek	Dec 22 - Mar 17	Dec 26 - Mar 11	Dec 16 - Mar 5	Dec 31 - Mar 6	Dec 31 - Mar 8
Whitetail Mountain (1)	Dec 23 - Mar 17	—	—	—	—
Wildcat Mountain	Oct 27 - Apr 28	Nov 11 - Apr 22	Nov 24 - Apr 29	Nov 26 - Apr 24	Nov 9 - Apr 30

- (1) We acquired the Hunter Mountain ski resort in January 2016 and the Liberty Mountain, Roundtop Mountain and Whitetail ski resorts in November 2018.

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 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.

Our resorts attempt to maximize community awareness through social media, radio advertisements, special events and promotions and “free media” advertising, when possible. We host competitions and charity events, and issue media passes and encourage live radio and television broadcasts for news segments such as weather or sports. Events we have hosted include the 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 there are high barriers to entry for new ski resorts due to i) the limited private lands on which ski resorts can be developed, ii) the difficulty in getting necessary government approvals and permits to build on public land and iii) the substantial capital resources needed to construct necessary ski infrastructure. As such, we believe the risk that our market will become saturated with new industry participants is relatively low. We believe 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 we compete primarily with other existing day and overnight drive ski resorts and non-ski related day vacations.

Our competition varies by geographical area. While we believe our Midwestern market ski resorts face only limited competition within their relative metropolitan markets, there are many other day and overnight drive ski resorts which compete with our Northeastern and Mid-Atlantic market ski resorts. We compete with approximately 145 resorts in the Northeastern market and 47 resorts in the Mid-Atlantic market, which includes Pennsylvania.

Competitive Strengths

We believe our strengths are as follows:

We own a high-quality branded portfolio. We own 16 and operate 17 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

[Table of Contents](#)

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. Over our history, we have made significant investments throughout our portfolio of resorts in an effort to improve the profitability of our ski resorts through energy-efficient snowmaking machinery, high-speed/high-capacity lifts, new and renovated lodges and lodging facilities and additional features such as terrain parks, zip tours, and various other infrastructure investments. We believe 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, off season revenue generation and customer satisfaction. We have found that our ability to transport customers up the mountain on high-speed chairlifts and otherwise reduce lift lines attracts skiers, promotes a better skiing experience, and leads to higher restaurant and retail sales and increased customer satisfaction. Our most recent expansive capital projects that were completed in fiscal 2019 include the construction of snow making infrastructure and the new Carinthia ski lodge at our Mount Snow ski resort in Vermont and expansion of the terrain and installation of a new lift at our Hunter Mountain ski resort in New York.

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 14 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 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 senior executive team has over 60 years of combined experience owning, operating and acquiring ski resorts in the United States. 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 of resorts provides a more attractive risk-adjusted return than overnight fly resorts due to the stability in our visits. Furthermore, we believe 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 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 35.2%, from 735 in 1984 to 476 in 2019 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 portfolio of resorts is competitively well-positioned.

Our ski resort portfolio is diverse. Our portfolio of 17 ski resorts consists of 6 overnight drive ski resorts and 11 day ski resorts located across seven states ranging from Missouri to New Hampshire. We believe our portfolio mix enables us to reach a large customer base seeking high-quality ski resorts within driving distance

[Table of Contents](#)

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, Baltimore, Washington D.C., Cleveland Kansas City 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 our 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 our common stockholders' interests are aligned. Our management team owns approximately 15% of our current outstanding shares of common stock. We believe this ownership by management aligns our interests with those of our common stockholders.

Intellectual Property

We understand the importance to the sales and marketing of our resorts that a strong brand can maintain. *Wildcat Mountain Ski Area*SM, *Mount Snow*[®], *Boston Mills Ski Resort*SM, *Hidden Valley*SM, *Crotched Mountain Ski Area*SM, *Alpine Valley*, *Hunter Mountain*SM, *Liberty Mountain Resort*SM, *Whitetail Resort*SM, *Roundtop Mountain Resort*SM, *Mountain Passport*SM, and *NIGHT Club Card*SM 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 National Forest Service to grant 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 17 resorts, only Wildcat Mountain and portions of Attitash and Mount Snow operate under special use permits under the 1986 Act. The skiable terrain at our other resorts is located on land that we own or lease from third parties, including state governments.

Each area of National Forest land maintains a land and resource management plan, which establishes standards and guidelines for the Forest Service to follow and consider in reviewing and approving proposed uses. 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 other operational matters.

Our 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 new special use permits for each of these resorts as provided by the Forest Service regulations and terms of the existing special use permits. To our knowledge, the Forest Service has never refused to issue a new special use permit to replace an expiring special use permit for an operating ski resort.

Special use permits contain requirements and impose obligations on our part, including that we indemnify the Forest Service from third-party claims arising out of our operations under the special use permits and that we comply with all applicable laws. We are required to pay an annual fee to the Forest Service for special use permits which could range from 1.5% to 4.0% of revenue from sales and services provided on Forest Service land. Historically we have paid fees ranging from 1.5% to 2.5% of such revenue and do not expect that this will change in the near future. The calculation of the fee is based on sales from lift tickets, season passes, ski instruction, food, beverages and merchandise, as well as equipment rental fees, and other ancillary services.

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 special use permits to accommodate changes in plans or

[Table of Contents](#)

operations. Permit amendments must be consistent with the land and resource management plan and are subject to the provisions of the National Environmental Policy Act ("NEPA").

The Forest Service may terminate a special use permit if it determines that termination is required for specific compelling reasons. However, to our knowledge, no special use permit for a ski resort has ever been terminated by the Forest Service without the consent of the operator.

We must propose a master development plan for all improvements 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 plan are approved by the Forest Service through separate applications.

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 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 which are at least as strict as the federal regulations and which 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

As of April 30, 2018, our Company employed 659 year-round full-time employees and 304 year-round part-time employees. In addition, during the height of our 2018/2019 ski season, we employed approximately 9,000 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, current reports on Form 8-K and proxy and information statements as soon as practicable after we file these reports with the Securities and Exchange Commission (the "SEC"). The SEC also maintains a website 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 Report. 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 Our Business and Industry

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

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

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

Our ability to operate and attract visitors to our resorts is influenced by weather conditions. Unseasonably warm weather can adversely affect our resorts' opening and closing dates, the number of days we operate during a ski season, our ability to manufacture snow and maintain good ski conditions, and the number of skier visits to our resorts. Such events could have a material adverse effect on our business, financial condition, results of operations or cash flows. For example, warm weather may result in inadequate natural snowfall and render snowmaking wholly or partially ineffective in maintaining quality skiing conditions. Early season snow conditions and skier perceptions of such snow conditions may influence the momentum and success of the overall season. There is no way for us to predict future weather patterns or the impact weather patterns may have on our business, financial condition, results of operations or cash flows.

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 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. Climate change may also cause 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 visits.

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. Air temperatures and the timing and amount of snowfall controls our resorts' opening and closing dates and can influence the number and type of skier visits. The majority of our skier visits are from mid-December to early April. Accordingly, during the past three fiscal years, we generated, on average, 89.3% 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 2018/2019 ski season, we generated 48.6% of our revenues on weekends and 26.7% 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 while our resorts' winter sports activities are not in operation. Operating results for any fiscal quarter are not indicative of the results that may be achieved for any subsequent quarter or for a full fiscal year. A high degree of seasonality in our revenues and our dependence on weekends and major holidays increases the impact of weather and other 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 have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

The Tax Cuts and Jobs Act legislation (the "2017 Tax Act") included a provision under which net operating losses ("NOLs"), incurred in calendar year 2018 and thereafter may be carried forward for an indefinite period. However, the 2017 Tax Act limited the amount of income that such NOL carryforwards can be used to offset in a subsequent tax year. The 2017 Tax Act also placed limitations on our ability to deduct interest expense in a given tax year. However, the 2017 Tax Act provides that interest expense not deducted in the year incurred by virtue of those limitations, may be carried forward indefinitely. The interest limitations of the 2017 Tax Act may increase the likelihood that our NOL carryovers arising prior to calendar year 2018 will be utilized prior to their expiration. However, because any interest carryover amounts retain their character as interest, in future years we may not be able to realize the benefit of any accumulated interest carryforwards.

Uncertainty exists with respect to the future realization of the NOL carryforwards and the amount of any NOL carryforwards we will be able to utilize in a given future period. To the extent available, we intend to use these NOL carryforwards to offset future taxable income. There can be no assurance, however, that we will generate sufficient taxable income in the carryforward period to utilize any NOL 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 NOLs and certain other tax attributes existing as of the date of such ownership change. In connection with our IPO in November 2014, a change in ownership occurred pursuant to the provisions of the Code. Our acquisition of the Hunter Mountain ski resort resulted in a change in ownership of that entity under the Code. As a result, usage of NOL carryforwards which existed prior to our IPO and usage of NOL carryforwards acquired in the Hunter Mountain ski resort acquisition will be limited each year and may expire before we have the ability to utilize them.

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 ski industry is highly competitive and capital intensive. Our ski resorts located in the Northeast and Mid-Atlantic states, compete against other ski resorts in their markets for both day and overnight drive skiers. Our competitive position depends on several 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 have a material adverse effect on our business, financial condition, results of operations or cash flows.

We believe that while our Midwestern ski resorts face only limited competition from other ski resorts in the region, 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 Mid-Atlantic states face similar competition from non-ski competitors. Our ability to maintain or improve skier visits at our resorts 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. Our failure to compete on these or other factors could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Changes in consumer behavior 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 behavior 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. A reduction in average household income in 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 could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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. 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 result in disruption to other parts of our business and 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 i) assume liabilities, ii) record goodwill and intangible assets which are subject to impairment, iii) incur amortization expense related to intangible assets and iv) increase our expenses and working capital requirements, all of which may reduce our return on invested capital. Failure to manage and successfully integrate the acquisitions we make could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

There can be no assurance we will be able to identify additional suitable acquisition candidates or consummate future acquisitions or strategic transactions on acceptable terms. Failure to successfully consummate future acquisitions or strategic transactions on acceptable terms could disrupt our business strategy and have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

We depend on the use of information technology systems, including systems used for lift access, 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.

[Table of Contents](#)

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. The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

We rely on information technology systems which are susceptible to damage, disruption or shutdowns as a result of various circumstances including, for example, failures during the process of upgrading or replacing technology, power outages, hardware failures, computer viruses, computer hackers, telecommunication failures, user errors, or 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 may be disrupted, resulting in an inability to operate our business.

We possess sensitive customer and employee information which is stored on our own systems, on hosted third-party servers, and which may be shared with third-party service providers such as those we use for payroll and management of employee benefits. While we believe we have taken reasonable and appropriate security measures to protect this information, hackers and data thieves may operate sophisticated attacks that could breach our information systems and compromise this information. 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.

A breach of our network security, a third-party's network security or our failure to comply with applicable regulations may result in i) the loss of valuable business data and/or our customers' or employees' personal information, ii) increased costs to implement additional protections and processes, iii) a disruption of our business and a loss of revenue, iv) damage to our relationships and reputation, v) fines or lawsuits, vi) costs related to cyber or other security threats or breaches which may not be fully insured or indemnified, or vii) other circumstances which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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, i) non-compliance with applicable privacy regulations by us or by third parties engaged by us, ii) a breach of security on systems storing our guest data, iii) a loss of guest data, or iv) fraudulent use of guest data could adversely impact our reputation or result in fines or other damages and litigation.

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 may be required to comply with applicable forest management 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 NEPA. For our resorts that operate on National Forest land, both acts require the U.S. Forest Service to 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

[Table of Contents](#)

that substantially increase the cost or decrease the desirability of implementing the project and which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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 are subject to regulation and liability for i) the presence or release of regulated materials at, on or emanating from properties we now or formerly own or lease and operate and ii) newly discovered environmental conditions or contamination associated at or from any of our properties. In the future, we may also be subject to greater liability a result of changes in environmental laws and regulations or their enforcement. We believe our operations are in substantial compliance with applicable environmental, health and safety requirements; however, our compliance efforts do not eliminate the risk that we may be held liable for remediation costs, incur fines or be subject to claims for damages. The amount of any such liability for remediation costs, fines, or damages or remediation costs may be material which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

If we lose key management, operations, or sales and marketing personnel, or if we experience high employee turnover, we could experience reduced revenues, an inefficient operating environment and diversion of management resources.

Our success depends largely on the continued contributions of our key management, administration, operations, and sales and marketing personnel, many of whom would be difficult to replace. With the exception of certain of our executive officers, we generally do not have employment or non-compete agreements with our key employees. If one or more members of our senior management or key professionals were to resign, the loss of personnel could result in loss of sales, an inefficient operating environment and diversion of management resources, which would have a negative effect on our business. We do not maintain “key man” insurance policies on any of our personnel.

We rely on the collective experience of our employees, particularly in resort operations, to ensure we continuously evaluate and adapt to new ski industry trends in order remain competitive. Although we are not generally dependent on any one employee involved in our operations, we may experience significantly high employee turnover. If we are not able to replace departing employees with new employees who have comparable skills and capabilities, our operations could suffer, and we may be unable to meet our customers’ expectations or adapt to new trends in our industry and may not be able to compete effectively.

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 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. If we are not in compliance with all applicable rules and certification requirements or if the volume of fraud in our transactions rises to certain levels, 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 any of these events were to occur it could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

Sustaining our successful financial performance depends, in part, on our ability to maintain and improve the quality of our facilities, products, and management resources, which requires significant capital expenditures. Although we believe 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, and these improvements are generally capital intensive. We may finance resort capital expenditures through internally generated funds, available lines of credit or proceeds from the issuance of debt or equity. There can be no assurance that sufficient funds will be available to fund these capital expenditures or that these capital expenditures will sustain our customer base, attract additional skiers or generate additional revenues. To the extent we are unable to obtain the necessary funds, it could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Future acquisitions may require the use of internally generated funds, available lines of credit and the proceeds from the offering of additional debt or equity financing. The use of debt to finance acquisitions would increase our leverage position and the use of equity to finance acquisitions 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, we 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 have a material adverse effect on our business, financial condition, results of operations or cash flows.

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 which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

The high fixed cost structure of ski resort operations can result in significantly lower operating income 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 factors, could adversely affect revenue and operating costs. As such, our operating income, 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.

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

Revenue generated from Mount Snow and Hunter Mountain in fiscal 2019 represented approximately 42.4% of our total fiscal 2019 revenues. Mount Snow and Hunter Mountain, like our other resorts, are subject to various risks such as those described in this Report, including natural disasters, changes in consumer behavior, competition from other area ski resorts, and regional weather. The occurrence of such events or conditions that negatively impact Mount Snow and Hunter Mountain would have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

We lease some or all of our property at Paoli Peaks and Mad River Mountain from third parties. Our lease at Paoli Peaks terminates in 2078 and our lease at Mad River Mountain terminates in 2034. Combined, these resorts contributed 4.5% of our total revenues for the year ended April 30, 2019. The termination of either of these leases or our inability to renew these leases on commercial terms could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

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 depend on a seasonal workforce and have experienced a shrinking labor pool in some of the areas we operate our business.

Our resort operations are highly dependent on a large seasonal workforce, and in recent years we have experienced a shrinking labor pool in some of the areas where we operate resorts. 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 we will be able to recruit and hire adequate personnel as the business requires, and material increases in the cost of securing our workforce may be possible in the future. Increased seasonal wages or an inadequate workforce could have a material adverse effect on our business, financial condition, results of operations or cash flows.

We are subject to risks associated with our workforce.

In addition, we are subject to various federal and state laws governing matters such as minimum wage requirements, overtime compensation and other working conditions, healthcare benefits, discrimination and family and medical leave. 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 continue to increase, our operating expenses will increase which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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, tornado 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 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 our 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 expensive to defend and could divert management's attention and resources. While we believe we have

[Table of Contents](#)

adequate insurance coverage, the outcome of all current or future litigation may nonetheless have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

We have experienced, and expect to continue to experience, periods of 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 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 Pennsylvania, New Hampshire, New York 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 be renewed on terms as favorable as the current terms, or at all. Any failure to have access to adequate water supplies to support our current operations and future operations could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Risks Related to Our Capital Structure and Ownership of Our Common Stock

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 briefly suspended dividend payments as a result of operating performance, debt agreement covenant compliance, and liquidity considerations. We resumed quarterly dividend payments in February 2017. We cannot assure you that the current dividend rate will be sustained or that we will 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 results of operations, financial condition, capital requirements, restrictions on dividends set by the terms of debt agreements and Series A Preferred Stock, economic conditions and other factors. The board may suspend the payment of dividends on common stock at any time and for any reason if it deems such action to be in the best interests of the Company and its stockholders. If we do not pay dividends, the price of our common stock must appreciate for investors to realize a gain on their investment. This appreciation may not occur and our stock may decline in value.

We are a holding company with no operations of our own and depend on our subsidiaries for cash.

We are a holding company with no operations of our own. Accordingly, our working capital needs and our ability to service debt and pay dividends on our common and preferred stock is dependent on the distribution of cash from our subsidiaries. Each of our subsidiaries is a distinct legal entity, and, under certain circumstances, legal, contractual and debt covenant restrictions contained in existing financing agreements may limit or prevent any of them from making distributions to us. In addition, future financing or other arrangements entered into by our subsidiaries could limit their ability to make distributions to us. In the event that we do not receive adequate distributions from our subsidiaries, we may not be able to meet our working capital needs and may be unable to service our debt or make dividend payments on our common or preferred stock.

Cancellation of or modifications to 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.

We have funded certain capital projects, and may fund other future capital projects, by raising funds under the Immigrant Investor Program (the "EB-5 Program"), administered by the United States Citizenship and Immigration

[Table of Contents](#)

Services (the “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.

Under the EB-5 Program, an annual allocation of immigrant visas (“EB-5 Visas”) is made available for qualified individuals seeking lawful permanent resident status on the basis of their investment in a new commercial enterprise that generates jobs. Currently and since 2015, the demand for the annual allocation of EB-5 Visas has exceeded the supply, and potential investors may be subject to lengthy waiting periods for such visas. These waiting periods could exceed fifteen years. Furthermore, raising funds pursuant to the EB-5 Program has become significantly more difficult, and USCIS subjects EB-5 investor applicants to lengthy adjudications that can exceed two or three years.

The EB-5 Program is not a permanent program and has been extended on a year-to-year basis. The continuity of the EB-5 Program is dependent on future action by Congress and is subject to political uncertainty, and Congress may materially modify aspects of the EB-5 Program in ways that would make it unfeasible for us to rely on EB-5 financing for future financing. The Department of Homeland Security may also issue more restrictive regulations governing the minimum investment amounts or other aspects of the EB-5 Program.

We cannot guarantee we will be able to rely on the EB-5 Program as a potential source of funding to implement future plans to improve our resorts. In this case, 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 could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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

We have historically relied on one lender and its affiliates, EPR Properties (“EPR”), for substantially all of our financing and credit needs, including financing relating to our resort acquisitions. As of April 30, 2019, amounts due to EPR totaled \$114.2 million. 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.

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

Pursuant to the terms of our borrowing agreements with EPR, we have entered into an option agreement (the “Option Agreement”) that provides EPR with a purchase option on our Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley ski resorts. The purchase option is exercisable as to any one or more of such properties on the maturity date of the applicable underlying promissory note at a purchase price to be calculated in accordance with the terms of the Option Agreement. Upon the closing of any sale under the Option Agreement, 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.

We have a low adjusted tax basis in these properties as we have taken tax depreciation since the time they were acquired. As a result, we would realize significant taxable gains on the sale of the properties if EPR exercises a purchase option, and we may be required to pay substantial income taxes on taxable gains from any such sale.

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 our levels of coverage may not be sufficient to cover the ultimate cost of claims. If we are held liable for amounts exceeding the limits of our insurance coverage or for claims outside the scope of our coverage, it could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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 adversely affected if we or other companies within or outside our industry sustain significant losses or make significant insurance claims.

We qualify as an emerging growth company, smaller reporting company and a non-accelerated filer under Rule 12b-2 of the Securities Exchange Act of 1934. As a result, we are not required by Section 404 of the Sarbanes-Oxley Act to have our independent registered public accounting firm attest to the effectiveness of our internal controls over financial reporting and are able to use extended transition periods for complying with new or revised accounting standards.

Our management is required by Section 404 of the Sarbanes-Oxley Act to make a formal assessment of the effectiveness of our internal controls over financial reporting. Our independent registered public accounting firm, however, is not required to attest to the effectiveness of our internal controls over financial reporting until such time as we are no longer either an emerging growth company or a non-accelerated filer as defined by Rule 12b-2 of the Securities Exchange Act of 1934. This lack of attestation by our independent registered accounting firm may increase the risk that we fail to detect and remedy any weakness of deficiencies in our internal control over financial reporting. Additionally, at such time as we are subject to the auditor attestation requirements, 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. If we are unable to establish and maintain effective internal controls it could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Until such time as we no longer qualify as an emerging growth company, we may take advantage of extended transition periods for complying with new or revised accounting standards and reduced disclosure options. As a result, our financial statements and disclosures may not be comparable to other companies who do not qualify as an emerging growth company.

The issuance of shares of our Series A Preferred Stock and Warrants reduces the relative voting power of holders of our common stock, may dilute the ownership of such holders and may adversely affect the market price of our common stock.

Cap 1, as holder of our Series A Preferred Stock, is entitled to vote, on an as-converted basis, together with holders of our common stock on all matters submitted to a vote of the holders of our common stock. As such, the issuance of the Series A Preferred Stock reduces the relative voting power of the holders of our common stock. Current stockholders have no preemptive rights to purchase any securities in order to maintain their proportionate interest in the Company.

In addition, conversion of the Series A Preferred Stock to common stock and exercise of the Warrants by Cap 1 would dilute the ownership interest of existing holders of our common stock, and any sales of the underlying shares of common stock in the public market could adversely affect prevailing market prices of our common stock. Sales by holders of a substantial number of shares of our common stock in the public market, or the perception that such sales might occur, could have a material adverse effect on the price of our common stock.

Cap 1 may exercise significant influence over us.

Because Cap 1 is entitled to vote its Series A Preferred Stock on an as-converted basis, Cap 1 and its affiliates currently own approximately 37.9% of the Company's outstanding voting power. Assuming the conversion of the Series A Preferred Stock and exercise of the Warrants also owned by Cap 1, Cap 1 and its affiliates would own approximately 53.4% of the outstanding shares of our common stock and voting power. Additional pre-emptive rights and rights of first offer in the documents governing our Series A Preferred Stock may allow Cap 1 to maintain its ownership position. Cap 1 has agreed to vote shares of common stock issued upon exercise of the Warrants in favor of the board of directors' recommendations as to the election of directors and matters submitted to a vote of the stockholders (except in the case of non-routine matters such as tender offers, mergers, acquisitions and similar transactions) for up to three years after the issuance date or until a change of control. However, Cap 1 has the ability to significantly influence, and may in the future be able to control, the outcome of any matter submitted for the vote of the holders of our common stock.

Under the terms of the Series A Preferred Stock, the Series A Preferred Stock generally ranks, with respect to the liquidation, dividends and redemption, senior to other securities. The Stockholders' Agreement provides that, so long as Cap 1 beneficially owns, on an as-converted basis, at least 11.4% of the outstanding equity securities of the Company, Cap 1's approval is required in order for the Company or any subsidiary to i) materially change the nature of its business from owning, operating and managing ski resorts or ii) acquire or dispose of any resorts, assets or properties for aggregate consideration equal to or greater than 30% of the enterprise value of the Company and its subsidiaries.

The Stockholders' Agreement grants Cap 1 the right to nominate a director so long as it beneficially owns, on an as-converted basis, at least 20% of the outstanding equity securities of the Company, subject to satisfaction of reasonable qualification standards and Nominating and Corporate Governance Committee approval of the nominee. Notwithstanding the fact that all directors will be subject to fiduciary duties to us and to applicable law, the interests of the directors designated by Cap 1 may differ from the interests of our security holders as a whole or of our other directors.

Our Series A Preferred Stock has rights, preferences and privileges that are not held by, and are preferential to, the rights of our common stockholders, which could adversely affect our liquidity and financial condition, and may result in the interests of the holder of our Series A Preferred Stock differing from those of our common stockholders.

The holder of our Series A Preferred Stock has the right to receive a liquidation preference entitling it to be paid out of our assets available for distribution to stockholders before any payment may be made to holders of any other class or series of capital stock as well as a preferential right to receive cumulative dividends at the rate of 8% per annum on the liquidation value of \$1,000 per share. The holder of our Series A Preferred Stock also has certain redemption and conversion rights, and there are limitations on the Company's ability to redeem other securities.

These dividend obligations could impact our liquidity and reduce the amount of cash flows available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holder of our Series A Preferred Stock could also limit our ability to obtain additional financing or increase our borrowing costs, which could have a material adverse effect on our business, financial condition, results of operations or cash flows. The preferential rights could also result in divergent interests between the holder of shares of Series A Preferred Stock and holders of our common stock.

Provisions in our amended and restated articles of incorporation, our amended and restated bylaws and Missouri law might discourage, delay, or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our common stock.

Provisions of our amended and restated articles of incorporation, our amended and restated bylaws and Missouri law might discourage, delay, or prevent a merger, acquisition, or other change in control that stockholders consider favorable, including transactions in which our stockholders might otherwise receive a premium for shares of our common stock. These provisions might also prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions include:

- The additional authorized shares of common stock and preferred stock could be used to dilute the stock ownership or voting rights of persons seeking to obtain control of us or could be issued to persons allied with the board of directors or management and thereby have the effect of making it more difficult to remove directors or members of management by diluting the stock ownership or voting rights of persons seeking to effect such a removal.
- The blank check preferred stock could be used by the board of directors for adoption of a stockholder rights plan or "poison pill."
- Existing provisions of our governing documents, including the limitations on director removal, the threshold vote required for stockholders to call a special meeting of the stockholders or act by written consent, the advance notice required for stockholder proposals and director nominations, the limitations on the increase in the number of directors and the inability of stockholders to amend the bylaws, may have anti-takeover effects.
- Similarly, applicable provisions of Missouri law, such as the business combination and control share acquisition statutes, may have anti-takeover effects, making it more difficult for or preventing a third party from acquiring control of us or changing our board of directors and management. These provisions may also have the effect of deterring hostile takeovers or delaying changes in control of us or in our management.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors are willing to pay in the future for shares of our common stock. They could also deter potential acquirers of the Company, thereby reducing the likelihood that our stockholders could receive a premium for our common stock in an acquisition.

[Table of Contents](#)

We do not believe the issuance of the Series A Preferred Stock, the Warrants and the common stock issuable upon conversion or exercise thereof will have a significant impact on any attempt to gain control of the Company. It is possible, however, that the existence of a single stockholder with a significant ownership percentage and director nomination rights could discourage third parties from attempting to gain control. It should be noted that any action taken by the Company to discourage an attempt to acquire control of the Company might result in stockholders not being able to participate in any possible premiums which might be obtained in the absence of anti-takeover provisions. Any transaction which may be so discouraged or avoided could be a transaction that the Company's common stockholders might consider to be in their best interests. However, the board of directors has a fiduciary duty to act in the best interests of the Company's stockholders at all times.

Pursuant to executive employment agreements between the Company and certain of its executive officers (the "Executives"), each Executive is entitled to change of control payments in the event of a termination of Executive's employment by the Company without cause or notice by the Company of non-renewal of the agreement, within one year of a change in control of the Company. A "change in control" includes an event or series of events by which any person or group becomes the beneficial owner, directly or indirectly, of 35% or more of the equity securities of the Company entitled to vote for members of the board of directors or equivalent governing body of the Company on a fully-diluted basis.

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.

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 above and elsewhere in this Report, 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;
- failure to realize benefits and synergies anticipated in connection with the Snow Time acquisition;
- sales, or perception of sales, in the market by our principal stockholders;
- 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.

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

As a group, Timothy Boyd, Richard Deutsch and Stephen Mueller (the "Management Stockholders") together with Cap 1 currently own 48.3% of the Company's total voting power. As a result, these holders are able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment to 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.

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 outstanding shares of our common stock 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 market upon issuance, subject to vesting conditions. As of April 30, 2019, 357,001 shares remained available for issuance.

We may not be able to refinance, extend or repay our debt when it comes due, which would have a material adverse effect on our financial condition.

The \$12.4 million Royal Banks line of credit debt outstanding at April 30, 2019 matures in full on December 27, 2019, unless extended or renewed by agreement of the parties. The \$50.0 million Cap 1 Term Loan debt outstanding at April 30, 2019 matures in full on November 30, 2020, subject to a one-year extension at our option. The \$52.0 million EB-5 Development Notes debt outstanding at April 30, 2019 matures in full on December 27, 2021, subject to extension of up to an additional two years at the option of the borrowers with lender consent.

We may need to renew or extend the Royal Banks line of credit debt prior to its maturity. In addition, we anticipate that we will need to refinance the Term Loan debt and EB-5 Development Notes debt in order to repay the outstanding amounts when they mature, which may include entering into new credit facilities or the issuance of debt or equity capital. If we are unable to repay this debt at maturity, and we are otherwise unable to extend the maturity dates or refinance these obligations, we would be in default. We cannot provide any assurances that we have or will be able to raise the necessary amount of capital to repay this debt as it matures, or that we will be able to extend the maturity dates or otherwise refinance these obligations. A default on the Term Loan would result in a default under certain other existing credit agreements, and our lenders would have the right to exercise their rights and remedies to collect, which would include foreclosing on our assets and may require us to seek bankruptcy protection.

Receipt of the Term Loan funds and issuance of additional Series A Preferred Stock significantly increases our leverage and further reduces the cash available, which may impair our flexibility to operate our business.

Receipt of the Term Loan significantly increased our already substantial debt. As a result, we face increased risk of default on our debt obligations and an increase in debt service requirements. We may also incur additional indebtedness in the future.

The amount of our outstanding debt and debt service obligations, as well as our increased Series A Preferred Stock dividend obligations, may have significant, and potentially adverse, consequences to us and our stockholders, including:

- impairing our ability to meet one or more of the financial covenants contained in our existing debt agreements or to generate cash sufficient to pay interest or principal due under those agreements, which could result in an acceleration of some or all of our outstanding debt;
- limiting our ability to borrow money, dispose of assets, or fund our working capital, capital expenditures, dividend payments, debt service, strategic initiatives or other obligations;
- limiting our flexibility in planning for, or reacting to, changes in the economy, the markets, regulatory requirements, our operations or our business;
- making us more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- making us more vulnerable to downturns in the economy or our business;

[Table of Contents](#)

- requiring a substantial portion of our cash flow from operations to make debt service payments;
- preventing us from taking advantage of business opportunities, including other resort acquisitions, as they arise; and
- inhibiting our ability to pay cash dividends on our common stock, repurchase common stock or redeem Series A Preferred Stock.

To the extent that we incur additional indebtedness, the risks described above could increase. In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to service our outstanding debt or to repay the outstanding debt as it becomes due, and we may not be able to borrow money, sell assets, or otherwise raise funds on acceptable terms, or at all, to service or refinance our debt.

Risks Relating to the Snow Time Acquisition

The Snow Time acquisition could harm our business, operating results, or financial condition.

We may incur substantial expenses in connection with the integration of the business, policies, procedures, operations, technologies, and systems of Snow Time. There are a large number of systems and functions that must continue to be integrated, including, but not limited to, management information, accounting and finance, payroll, and benefits and regulatory compliance. Acquisitions are particularly challenging because the prior practices of target companies may not meet the requirements of the Sarbanes-Oxley Act of 2002 or U.S. GAAP standards applicable to publicly traded companies. While we have assumed that a certain level of expenses would be incurred, there are a number of factors beyond our control that could affect the total amount or the timing of all of the expected integration expenses. Moreover, many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time.

We may be unable to successfully integrate our business with the business of Snow Time and realize the anticipated benefits of the Snow Time acquisition.

The Snow Time acquisition involves the combination of the businesses of two companies that have operated as independent companies. Our management has been and will continue to be required to devote significant attention and resources to integrating our business practices and operations with those of Snow Time. Potential difficulties we may encounter as part of the integration process include, but are not limited to, the following:

- inability to successfully combine our business with the business of Snow Time in a manner that permits us to achieve the full synergies anticipated from the acquisition;
- complexities associated with managing our business and the business of Snow Time, including the challenge of integrating complex systems, technology, networks, and other assets of each of the companies in a seamless manner that minimizes any adverse impact on customers, suppliers, employees, and other constituencies;
- integrating the workforces of the two companies while maintaining focus on providing consistent, high quality customer service; and
- potential unknown liabilities and unforeseen increased expenses or delays associated with the acquisition, including costs to integrate the two companies that may exceed anticipated costs.

Any of the difficulties listed above could adversely affect our ability to maintain relationships with resort visitors, suppliers, employees, lenders, and other constituencies or our ability to achieve the anticipated benefits of the Snow Time acquisition.

Our actual financial and operating results after the Snow Time acquisition could differ materially from any expectations or guidance provided by us concerning future results, including (without limitation) expectations or guidance with respect to the financial impact of any cost savings and other potential synergies.

We currently expect to realize an increase in gross revenue and other synergies as a result of the Snow Time Acquisition. These expectations are subject to numerous assumptions, however, including assumptions derived from our diligence efforts concerning the status of and prospects for Snow Time's business, and assumptions relating to the near-term prospects for our industry generally and the markets for Snow Time's resorts in particular.

[Table of Contents](#)

Additional assumptions that we have made include, without limitation, the following:

- projections of future revenues;
- anticipated cost savings and other synergies associated with the Snow Time acquisition;
- amount of goodwill and intangibles that will result from the Snow Time acquisition;
- the fair value of the assets acquired and liabilities assumed from Snow Time;
- other financial and strategic risks of the Snow Time acquisition.

We cannot provide any assurances with respect to the accuracy of our assumptions, including our assumptions with respect to future revenues or revenue growth rates, if any, of Snow Time, and we cannot provide assurances with respect to our ability to realize any cost savings that we currently anticipate. Risks and uncertainties that could cause our actual results to differ materially from currently anticipated results include, but are not limited to, those discussed in this “Risk Factors” section and those relating to our business and industry as discussed in our filings with the SEC. Any failure to integrate Snow Time successfully and to realize the financial benefits we currently anticipate from the Snow Time acquisition would have a material adverse impact on our future operating results and financial condition and could materially and adversely affect the trading price or trading volume of our common stock.

The obligations and liabilities of Snow Time, some of which may be unanticipated or unknown, may be greater than we have anticipated, which may diminish the value of Snow Time to us.

Snow Time’s obligations and liabilities, some of which may not have been disclosed to us or may not be reflected or reserved for in Snow Time’s historical financial statements, may be greater than we have anticipated. The obligations and liabilities of Snow Time could have a material adverse effect on Snow Time’s value to our business, financial condition or results of operations. In the event we are responsible for liabilities substantially in excess of any amounts recovered through rights to indemnification or alternative remedies that might be available to us, or any applicable insurance, we could suffer consequences that would substantially reduce our earnings and cash flows or otherwise materially and adversely affect our business, financial condition, or results of operations.

Item 1B. Unresolved Staff Comments.

None

[Table of Contents](#)

Item 2. Properties.

Ski Resort/Location	Total Acres	Skiable Acres	Ownership	Usage
Alpine Valley, Chesterland, OH	135	54	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Attitash Mountain Resort, Bartlett, NH	1,134	307	Partially owned/partially used per terms of a special use permit (1) (2)	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities, food/beverage facilities, hotel/lodging facilities and conference/meeting rooms
Big Boulder, Blakeslee, PA	107	65	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Boston Mills, Sagamore Hills, OH	100	40	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, rental/retail facilities and food/beverage facilities
Brandywine, Sagamore Hills, OH	102	48	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Crotched Mountain, Bennington, NH	251	105	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, rental/retail facilities and food/beverage facilities
Hidden Valley, Wildwood, MO	250	60	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities; headquarters offices
Hunter Mountain, Hunter, NY	1,537	285	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
Jack Frost Ski Resort, Blakeslee, PA	201	80	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Liberty Mountain Resort, Carrol Valley, PA	454	98	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities, food/beverage facilities, hotel/lodging facilities, golf course and conference/meeting rooms
Mad River Mountain, Zanesfield, OH	324	144	Leased (3)	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Mount Snow, West Dover, VT	588	490	Partially owned/partially used per terms of a special use permit (1)	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities, food/beverage facilities, hotel/lodging facilities, conference/meeting rooms, golf course and developable land
Paoli Peaks, Paoli, IN	65	65	Partially leased/partially owned (4)	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Roundtop Mountain Resort, Lewisburry, PA	1,112	106	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Snow Creek, Weston, MO	460	40	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities and food/beverage facilities
Whitetail Mountain, Mercersburg, PA	1,261	125	Owned	Ski resort operations, including ski lifts, ski trails, terrain park, tubing, rental/retail facilities, food/beverage facilities, golf course and developable land
Wildcat Mountain, Jackson, NH	225	225	Used per terms of a special use permit (5)	Ski resort operations, including ski lifts, ski trails, terrain park, rental/retail facilities and food/beverage facilities

- (1) 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.
- (2) During fiscal 2019, we sold our interest in the commercial space of a condominium property at our Attitash resort which had operated as a hotel under a rental management agreement with third party quarter-share intervals.



[Table of Contents](#)

- (3) The Mad River Mountain lease terminates in 2034. The Company has the right of first offer to purchase the Mad River Mountain property should the lessor desire to transfer the property to another third-party ski resort operator, subject to certain exceptions.
- (4) The Paoli Peaks lease terminates in 2078.
- (5) 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.

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 IPO. Prior to that time, there was no public market for our common stock. As of June 25, 2019, 15,165,832 shares of our common stock were outstanding, held by approximately 28 holders of record.

Dividends

In fiscal 2015, the Company’s board of directors approved the commencement of a regular quarterly cash dividend on our common stock at a quarterly rate of \$0.1375 per share. In April 2016, the board suspended common stock dividends in consideration of our then current operating performance, debt agreement covenant compliance and liquidity position. The board approved the reinstatement of the common stock dividend in February 2017 at the quarterly rate of \$0.07 per share. During fiscal 2019 and 2018, we paid quarterly cash dividends of \$0.07 per share of common stock.

The declaration and payment of future dividends to holders of our common stock will be at the sole discretion of our board of directors, subject to applicable state law, and will depend on many factors, including our actual results of operations, financial condition, capital requirements, any future contractual restrictions, restrictions in our debt agreements and terms of outstanding Series A Preferred Stock, economic conditions and other factors that could differ materially from our current expectations. As a holding company, our ability to declare and pay dividends is also dependent on our subsidiaries’ ability to make cash available to us by dividend, distribution or otherwise. 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, from and after the date that is nine months from the date of issuance, cumulative dividends accrue on the outstanding shares of Series A Preferred Stock on a daily basis in arrears at the rate of 8% per annum on the liquidation value of \$1,000 per share.

See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” for further information regarding restrictions on and terms governing our common stock and Series A Preferred Stock dividend payments.

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

[Table of Contents](#)

results to be expected in any future period. The data presented in the table and footnotes below are in thousands, except per share and per visit amounts.

	Year ended April 30,				
	2019	2018	2017	2016	2015
Income Statement Information					
Revenues	\$ 184,426	\$ 131,662	\$ 123,249	\$ 95,729	\$ 104,858
Operating expense (1)	134,309	106,811	95,072	78,660	78,586
Depreciation and amortization	19,618	13,231	12,713	10,709	9,450
Land and building rent	1,393	1,401	1,395	1,386	1,440
Settlement of lawsuits	—	—	—	—	2,100
Gain on involuntary conversion	—	—	—	195	—
Interest expense, net	15,788	13,322	12,473	10,814	15,458
Defeasance fee paid with debt restructure	—	—	—	—	5,000
Gain on sale/leaseback	333	333	333	333	333
Other income	159	160	61	8	11
Income (loss) before income tax	13,620	(2,610)	1,990	(5,304)	(2,632)
Net income (loss)	\$ 8,916	\$ 1,352	\$ 1,241	\$ (3,226)	\$ (1,854)
Basic earnings (loss) per share	\$ 0.45	\$ (0.02)	\$ 0.03	\$ (0.23)	\$ (0.22)
Diluted earnings (loss) per share	\$ 0.45	\$ (0.02)	\$ 0.03	\$ (0.23)	\$ (0.22)
Other Financial Information (unaudited)					
Reported EBITDA (2)	\$ 49,769	\$ 25,585	\$ 26,782	\$ 16,240	\$ 25,400
Capital expenditures	\$ 30,515	\$ 31,019	\$ 11,454	\$ 12,407	\$ 12,116
Other Data (unaudited)					
Operations:					
Skier visits (3)	2,112	1,652	1,538	1,166	1,554
Revenue per skier visit (4)	\$ 87.32	\$ 79.70	\$ 80.14	\$ 82.11	\$ 67.45
Revenue per visit (5)	\$ 76.11	\$ 71.75	\$ 71.95	\$ 73.32	\$ 61.34
Tube visits	311	183	175	140	155
Total visits	2,423	1,835	1,713	1,306	1,709
Other Balance Sheet Data					
Cash and cash equivalents	\$ 30,194	\$ 23,091	\$ 33,665	\$ 5,396	\$ 16,849
Restricted cash (6)	\$ 5,240	\$ 13,338	\$ 44,813	\$ 61,099	\$ 37,519
Total assets (7)	\$ 410,648	\$ 308,330	\$ 319,946	\$ 312,871	\$ 240,570
Long-term debt (including current portions and revolving lines of credit) (7)	\$ 229,797	\$ 180,866	\$ 185,585	\$ 140,718	\$ 100,062
Net debt (8)	\$ 199,603	\$ 157,775	\$ 151,920	\$ 135,322	\$ 83,213
Dividends declared	\$ 5,682	\$ 5,516	\$ 1,958	\$ 5,768	\$ 3,449
Total stockholders' equity	\$ 82,225	\$ 69,820	\$ 73,761	\$ 71,634	\$ 80,438

- (1) Operating expenses before depreciation and amortization and land and building rent, and restructuring and impairment.
- (2) See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Reported EBITDA" for a definition of Reported EBITDA and reconciliation to net income (loss).
- (3) 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.
- (4) Revenue per skier visit is calculated by dividing total revenue by total skier visits during the respective periods.
- (5) Revenue per visit is calculated by dividing total revenue by total visits (ski and tube) during the respective periods.
- (6) Includes cash balances restricted i) per debt agreements for payment of interest, ii) per debt agreements for certain construction projects, and iii) per limited partnership agreements, and held in escrow pending the completion of fundraising for the respective limited partnership.
- (7) Reflects reclassification of prior periods to reflect the adoption of the Financial Accounting Standards Board's ("FASB") i) Accounting Standards Update ("ASU") 2015-03, "Interest—Imputation of Interest

[Table of Contents](#)

(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 ii) ASU 2015-17, “Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes,” which requires the presentation of deferred tax assets and liabilities on a net basis by jurisdiction. The Company adopted ASU 2015-03 in fiscal 2015 and ASU 2015-17 in fiscal 2018.

- (8) 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 Report.

Overview

We own or lease and operate 17 ski resorts throughout the Northeast, Mid-Atlantic and Midwest, United States. 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 1.9 million skier visits each year.

We operate in a single reportable business segment—resort operations. The consolidated financial data presented in this Report is comprised of the data of our 17 ski resorts, including data of Liberty Mountain, Roundtop Mountain and Whitetail resorts since the date of the Snow Time acquisition.

The opening and closing dates of our ski resorts are dependent upon weather conditions, but our peak ski season generally runs from early December through mid-April. See Item 1, “Business—Seasonality” for information about the historical opening and closing dates for our resorts.

Like other day ski resort and overnight drive ski resort operators, we earn our revenues in six principal categories. In order of their contribution, they are: lift and tubing tickets, food and beverage sales, equipment rentals, hotel/lodging, ski instruction, and retail.

Our largest source of revenue is the sale of lift tickets (including season passes) which represented approximately 50.5%, 46.8% and 47.1% of net revenue for the years ending April 30, 2019, 2018 and 2017, 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. For the 2018/2019, 2017/2018 and 2016/2017 ski seasons, approximately 34.2%, 36.3% and 34.5%, respectively, of total lift revenue recognized was comprised of season pass revenue. Season pass revenue, although collected prior to the ski season, is recognized ratably over the ski season based upon the number of days our resorts are open.

The cost structure of our operations has significant fixed and variable components. Our significant variable expenses include retail and food and beverage cost of sales, labor costs and power and utilities. As such, operating margins can fluctuate based on the level of revenues.

Recent Developments - The Snow Time Acquisition and Related Financing

The Snow Time Acquisition

On November 21, 2018, we completed our acquisition of all of the issued and outstanding shares of common stock of Snow Time for total consideration of \$71.6 million, which consisted of \$66.6 million in cash, net of cash acquired of \$1.0 million, and 1,183,432 shares of common stock with a value of \$6.0 million based on the Company’s closing stock price on the day the transaction closed. The sellers had the right to receive \$6.0 million of common stock as determined using the average closing price of the common stock for the 20 trading days immediately preceding the closing, which was \$5.07. We acquired Snow Time in order to expand our portfolio of resorts.

Snow Time’s resort properties include Liberty Mountain Resort, Roundtop Mountain Resort and Whitetail Resort, which are day and overnight drive ski resorts located in southern Pennsylvania serving the Baltimore and Washington, D.C. metropolitan areas. The acquired resorts also include two 18-hole golf courses, a 115-room hotel and conference center and more than 20 food and beverage locations across the three resorts, among other amenities.

Term Loan Financing and Issuance of Preferred Stock and Warrants

We financed \$50.0 million of the Snow Time consideration with the \$50.0 million Term Loan from Cap 1 pursuant to the terms of the Credit Agreement entered into with Cap 1 on November 21, 2018 (the “Credit Agreement”).

As consideration for the Term Loan and in lieu of fees, we issued Cap 1 the Financing Warrant to purchase 1,750,000 shares of common stock at \$10.00 per share.

As a condition to the funding of the Term Loan, and for aggregate consideration of \$20.0 million, we exercised our existing option (the “Cap 1 Option”) to issue to Cap 1 an additional 20,000 shares of Series A Preferred Stock, along with the 2018 Option Warrants to purchase shares of common stock that expire 12 years from the date of issuance, as follows: i) 1,538,462 shares of common stock at \$6.50 per share; ii) 625,000 shares of common stock at \$8.00 per share; and iii) 555,556 shares of common stock at \$9.00 per share. The Cap 1 Option was provided for in the terms of the Securities Purchase Agreement between the Company and Cap 1, dated as of August 22, 2016, entered into in connection with the 2016 Private Placement. The Company used the Cap 1 Option proceeds to fund the remainder of the cash portion of the Snow Time Acquisition purchase price. See “—Liquidity and Capital Resources” and Notes 5 and 6 to the accompanying consolidated financial statements.

The exercise prices of the 2018 Option Warrants must be paid in cash. At our option, the exercise price of the Financing Warrant may be paid in whole or in part in cash or settled through a cashless exercise.

Stockholders’ Agreement

On November 21, 2018, in connection with the closing of the Term Loan and the Snow Time acquisition, the Company, Cap 1 and the Management Stockholders entered into the Amended and Restated Stockholders’ Agreement which added the new shares of Series A Preferred Stock, 2018 Option Warrants, Financing Warrant and Extension Warrant, and the shares of common stock underlying such securities, to the scope of Stockholders’ Agreement entered into by the parties in 2016. The Stockholders’ Agreement otherwise remains unchanged and i) provides Cap 1 a right to nominate a director to sit on the Company’s board of directors so long as Cap 1 beneficially owns, on a fully diluted, as-converted basis, at least 20% of the outstanding equity securities of the Company, ii) restricts transfers of the Company’s securities by Cap 1 and the Management Stockholders, iii) provides Cap 1 with a right of first offer to purchase shares of the Company’s common stock from the Management Stockholders, iv) grants Cap 1 preemptive rights with respect to future issuances of securities, and v) requires Cap 1’s approval, so long as it meets certain ownership requirements (as defined), in order for the Company to a) materially change the nature of its business or b) acquire or dispose of any resorts, assets or properties for aggregate consideration equal to or greater than 30% of the enterprise value (as defined) of the Company and its subsidiaries.

Seasonality

Our revenues are highly seasonal in nature. The vast majority of revenue is generated during the ski season, which occurs during the winter months in our third and fourth fiscal quarters. Some of our properties offer off season attractions, such as golf, roller coasters, swimming, summer concerts and zip rides; however, these activities do not comprise a substantial portion of our annual revenues. As a result, our resorts typically experience operating losses and negative operating cash flows during the first and second quarters of each fiscal year.

The seasonality of our revenues amplifies the effect of events outside our control, especially weather. While our geographically diverse operating locations help mitigate the effect of weather conditions, adverse weather could lower attendance due to suboptimal skiing conditions or limited access to our resorts, render snowmaking wholly or partially ineffective in maintaining ski conditions, and increase operating costs related to snowmaking efforts and inefficient labor utilization. During years ended April 30, 2019, 2018 and 2017, the percentage of revenue we recognized in our third and fourth fiscal quarters, combined, was 91.9%, 87.6% and 87.3%, respectively. As a result, the operating results for any quarterly period are not necessarily indicative of the results that may be achieved for any subsequent quarter or for a full year.

Weather Impact

The timing and duration of favorable weather conditions significantly influences the timing and volume of skier visits and the associated revenue. While natural snowfall early in the ski season influences 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 and there is no way to predict future weather conditions. We sell season passes prior to the start of the ski season to help mitigate any negative effects unfavorable weather may have on our revenues.

During the 2018/2019 ski season we experienced favorable weather conditions in the Northeast that allowed two of our resorts to open in October, which was a first for these resorts while under our ownership. We did, however, experience some weather challenges which delayed the opening of some of our Midwest and Mid-Atlantic resorts until after the Christmas holiday. During the 2017/2018 ski season we encountered significant weather-driven challenges, including bitterly cold weather which depressed skier visits at times and rainy weather during a holiday weekend which depressed skier visits during one of our historically busiest weekends. Favorable weather conditions in the Northeast towards the end of the ski season helped to mitigate the impact of unfavorable weather conditions in the middle of the season. Similarly, we faced significant weather challenges during the 2016/2017 ski season due to unseasonably warm weather in the Midwest midway through the ski season.

In addition to our continued investment in snow making technologies and infrastructure, we rely on our season pass products to help mitigate the impact on our revenues from adverse weather.

Season Pass Products

For the 2016/2017 ski season we introduced the Peak Pass which currently allows skiers to utilize any of our resorts in the Northeast and Mid-Atlantic United States, in addition to certain of our resorts in the Midwest United States. The introduction of the Peak Pass contributed to the increased revenue we experienced in our 2019 and 2018 fiscal years as compared to our 2017 fiscal year, despite significant weather challenges during those fiscal years. Our pre-season season pass sales for the upcoming 2019/2020 increased 19.8% in dollars and 20.8% in units as compared to the 2018/2019 season, inclusive of sales from the resorts acquired in the Snow Time acquisition in both periods. Our 2018/2019 season pre-season pass sales had increased 8.6% in both dollars and units as compared to the same period for the 2017/2018 ski season.

Skier Visits

Our ski resorts operate in the Northeast, Mid-Atlantic and Midwest United States. Our skier visits of 2.1 million in fiscal 2019, which includes visit to the resorts acquired from Snow Time, were up 27.8% from fiscal 2018. Our skier visits increased 7.1% at legacy Peak Resorts properties. This compares to a 4.3% increase in total skier visits across the entire industry to Northeast, Mid-Atlantic and Midwest resorts as reported by the Kottke Report. Our total resort visits, which include tubing visits, were up 32.0% from fiscal 2018. Total visits to our Northeast and Mid-Atlantic resorts, in particular, increased to 1.81 million in fiscal 2019 from 1.25 million in fiscal 2018. Total visits to our Midwest resorts increased to 0.61 million in fiscal 2019 from 0.59 million in fiscal 2018.

Capital Projects

As part of our mission to build value by investing in our current properties through expansions, new products and amenities that will elevate our customers' skiing and off-season experiences, during fiscal 2019 we completed two major projects and continued to move forward with capital improvement projects at our other resorts.

- At Hunter Mountain, we completed the Hunter North expansion project which increased the resort's skiable acreage by approximately 25% and added automated snowmaking, a six-passenger detachable high-speed chair lift and parking area.
- At Mount Snow, we completed the Carinthia Ski Lodge project. The Carinthia Ski Lodge project included the construction of a new ski lodge at the resort's Carinthia base, comprised of a three-story, 36,000-square foot skier service building which includes i) a restaurant, cafeteria and bars with seating for over 600 people, ii) retail facilities, and iii) a sales center for lift tickets and equipment rentals.

[Table of Contents](#)

- At Hidden Valley, we completed the permitting process and substantially completed the construction of a zip line tour which we anticipate will generate additional sales and diversify that resort's revenue base. The zip line tour opened in May 2019.

Results of Operations

The following table presents our consolidated statements of operations for the years ended April 30, 2019, 2018 and 2017 (dollars in thousands):

	Year ended April 30,			Percent	Percent
	2019	2018	2017	increase (decrease)	increase (decrease)
				2019/2018	2018/2017
Revenues:					
Lift and tubing tickets	\$ 93,168	\$ 61,683	\$ 58,100	51.0 %	6.2 %
Food and beverage	32,210	24,749	23,078	30.1 %	7.2 %
Equipment rental	15,065	9,991	8,582	50.8 %	16.4 %
Ski instruction	15,256	9,128	8,562	67.1 %	6.6 %
Hotel/lodging	8,909	9,874	9,731	(9.8)%	1.5 %
Retail	9,277	6,748	6,395	37.5 %	5.5 %
Summer activities	4,727	4,459	4,549	6.0 %	(2.0)%
Other	5,814	5,030	4,252	15.6 %	18.3 %
	184,426	131,662	123,249	40.1 %	6.8 %
Costs and Expenses:					
Resort operating costs:					
Labor and labor related expenses	61,440	53,026	48,253	15.9 %	9.9 %
Retail and food and beverage cost of sales	14,903	11,855	10,820	25.7 %	9.6 %
Power and utilities	11,417	8,331	7,843	37.0 %	6.2 %
Other	31,977	23,381	20,403	36.8 %	14.6 %
	119,737	96,593	87,319	24.0 %	10.6 %
Depreciation and amortization	19,618	13,231	12,713	48.3 %	4.1 %
General and administrative expenses	11,221	5,797	5,431	93.6 %	6.7 %
Real estate and other non-income taxes	3,351	2,286	2,322	46.6 %	(1.6)%
Land and building rent	1,393	1,401	1,395	(0.6)%	0.4 %
Restructuring and impairment charges	190	2,135	—	(91.1)%	100.0 %
	155,510	121,443	109,180	28.1 %	11.2 %
Income from operations	28,916	10,219	14,069	183.0 %	(27.4)%
Other (expense) income:					
Interest, net of amounts capitalized of \$783, \$1,256, \$1,545, respectively	(15,788)	(13,322)	(12,473)	18.5 %	6.8 %
Gain on sale/leaseback	333	333	333	— %	— %
Other income	159	160	61	(0.6)%	162.3 %
	(15,296)	(12,829)	(12,079)	19.2 %	6.2 %
Income (loss) before income taxes	13,620	(2,610)	1,990	(621.8)%	(231.2)%
Income tax (benefit) expense	4,704	(3,962)	749	(218.7)%	(629.0)%
Net income	\$ 8,916	\$ 1,352	\$ 1,241	559.5 %	8.9 %
Reported EBITDA	\$ 49,769	\$ 25,585	\$ 26,782	94.5 %	(4.5)%

Year Ended April 30, 2019, Compared with the Year Ended April 30, 2018

Net Revenue. Net revenue increased by \$52.8 million, or 40.1%, for the year ended April 30, 2019, compared with the year ended April 30, 2018. The increase is primarily attributable to i) \$42.3 million of revenue associated with the resort properties acquired in the Snow Time acquisition and ii) a \$10.5 million increase in revenues at legacy Peak Resorts properties. The increased revenues at legacy Peak Resorts properties are primarily attributable to an earlier opening of our 2018/2019 ski season at the majority of our resorts and favorable weather conditions which increased skier visits,



[Table of Contents](#)

partially offset by reduced lodging and food and beverage sales at our Attitash resort as a result of our decision to cease operations of a hotel/restaurant facility as of the beginning of fiscal year 2019 (the “Attitash Hotel Closure”).

Resort Operating Costs. Resort operating costs increased \$23.1 million, or 24.0%, for the year ended April 30, 2019, compared with the prior year. The increase is primarily attributable to i) \$21.9 million of resort operating costs associated with the resort properties acquired in the Snow Time acquisition and ii) a \$1.2 million increase in resort operating costs at legacy Peak Resorts properties. The increased operating costs at legacy Peak Resorts properties are primarily attributable to i) increased power and utility costs a result of a greater number of operating days as well as increased electric transmission charges associated with two of our Pennsylvania resorts and ii) increased costs of goods sold associated with higher retail and food and beverage sales, partially offset by a decrease in labor costs associated with i) the Attitash Hotel Closure and ii) our ongoing efforts to manage staffing levels at our resorts.

Depreciation and Amortization. Depreciation and amortization expense increased by approximately \$6.4 million, or 48.3%, to \$19.6 million for the year ended April 30, 2019, primarily as a result of i) additional depreciable assets added during the third quarter of fiscal 2019, including property and equipment acquired in the Snow Time Acquisition, the Hunter Mountain expansion project and the Carinthia Ski Lodge project and ii) additional amortizing intangible assets added during the third quarter of fiscal 2019 as a result of the Snow Time acquisition.

General and Administrative Costs. General and administrative expenses of approximately \$11.2 million for the year ended April 30, 2019, increased by approximately \$5.4 million, or 93.6%, primarily as a result of i) a \$3.8 million increase in performance-based incentive compensation, ii) \$1.0 million of professional fees and other transaction costs associated with the Snow Time acquisition and iii) increased professional fees and other costs associated with the integration of Snow Time’s operations.

Restructuring and Impairment. During the year ended April 30, 2019, we incurred restructuring charges of \$0.2 million which related to the Attitash Hotel Closure. In December 2017, we determined we would not be able to renew a management services agreement related to residential condominium units in a hotel property adjacent to our Attitash resort where we owned the commercial corridor. As a result, we decided to cease our operation of the hotel property as of April 30, 2018 (the “Attitash Hotel Closure”) and sold our interest in the hotel property. Total charges related to the Attitash Hotel Closure include \$1.6 million of asset impairment charges and \$0.3 million of severance and other costs. As of April 30, 2019, no amounts were accrued for costs associated with the Attitash Hotel Closure, and the Company expects it will not incur future additional charges related to the Attitash Hotel Closure.

Real Estate and Other Non-Income Taxes. Real estate and other non-income taxes of \$3.4 million for the year ended April 30, 2019, increased by approximately \$1.1 million, or 46.6%, as compared to the \$2.3 million of real estate and other non-income taxes for the prior year. The increase is a result of i) approximately \$0.4 million real estate taxes associated with the resort properties acquired in the Snow Time acquisition, ii) rate increases and higher assessed values at certain legacy Peak Resorts properties and iii) property tax refunds received in fiscal 2018 which did not recur in fiscal 2019.

Interest, Net. Net interest expense of \$15.8 million for the year ended April 30, 2019, increased by \$2.5 million, or 18.5%, as compared to the \$13.3 million of net interest expense for the prior year. The increase in net interest expense relates primarily to i) approximately \$1.5 million of interest on the new Term Loan which began accruing during the third quarter of fiscal 2019, ii) a \$0.5 million decrease in the amount of capitalized interest during fiscal 2019, as compared with fiscal 2018, and iii) an increase in interest rates on variable rate debt.

Income Taxes. Income tax expense of \$4.7 million for the year ended April 30, 2019 compares with an income tax benefit of \$4.0 million for the year ended April 30, 2018, as a result of an increase in our effective tax rate applied to an increased earnings before income taxes. Our effective income tax rates were 34.5% and 151.8% for the year ended April 30, 2019 and 2018, respectively. The November 2018 acquisition of the Snow Time resort properties resulted in the inclusion of their operating results only for the ski season, the profitable period of their annual operations. The 2018 tax rate reflects the enactment of the 2017 Tax Act, which permanently reduced the U.S. corporate statutory rate from 35.0% to 21.0% as of January 1, 2018.

Reported EBITDA. Reported EBITDA is not a measure of financial performance under U.S. GAAP. We have chosen to include “Reported EBITDA” (which we define as net income before interest, income taxes, depreciation, amortization, gain on sale/leaseback, other income and expense and other non-recurring items) as a measurement of our

[Table of Contents](#)

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 operations, it is difficult for management to fully and accurately evaluate our financial results and available capital resources using net income alone. In addition, the use of this non-U.S. GAAP measure provides an indication of our ability to service debt, and we consider it an appropriate measure to use because of our highly leveraged position.

We believe that by providing investors with Reported EBITDA, they will have a clearer understanding of our financial performance and cash flows 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; 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 results; and iii) is used by our board of directors, management and our lenders for various purposes, including as a measure of our operating performance and as a basis for planning.

The items we exclude from net income to arrive at Reported EBITDA are significant components for understanding and assessing our financial performance and liquidity. Reported EBITDA should not be considered in isolation or as an alternative to, or substitute for, net income, net change in cash and cash equivalents or other financial statement data presented in our consolidated financial statements as indicators of financial performance or liquidity. Because Reported EBITDA is not a measurement determined in accordance with U.S. GAAP and is susceptible to varying calculations, Reported EBITDA, as presented, may not be comparable to other similarly titled measures of other companies, limiting its usefulness as a comparative measure.

Reconciliations of net income to Reported EBITDA for the years ended April 30, 2019 and 2018 were as follows (dollars in thousands):

	<u>Year ended April 30,</u>	
	<u>2019</u>	<u>2018</u>
Net income	\$ 8,916	\$ 1,352
Income tax expense (benefit)	4,704	(3,962)
Interest expense, net	15,788	13,322
Depreciation and amortization	19,618	13,231
Acquisition related costs	1,045	—
Restructuring and impairment charges	190	2,135
Other income	(159)	(160)
Gain on sale/leaseback	(333)	(333)
Reported EBITDA	<u>\$ 49,769</u>	<u>\$ 25,585</u>

Reported EBITDA increased by \$24.2 million, or 94.5%, for the year ended April 30, 2019, as compared with the year ended April 30, 2018, primarily as a result of i) approximately \$20.0 million of Reported EBITDA associated with the resort properties acquired in the Snow Time acquisition, and ii) increased revenue offset by lower relative operating expenses at legacy Peak Resorts properties.

Year Ended April 30, 2018, Compared with the Year Ended April 30, 2017

Net Revenue. Net revenue increased \$8.4 million, or 6.8%, for the year ended April 30, 2018, compared with the year ended April 30, 2017. The increase is primarily attributable to increased resort attendance driven, in part, by earlier ski season opening dates which led to higher ticket, rentals, retail and food and beverage sales.

Resort Operating Costs. Resort operating costs increased \$9.3 million, or 10.6%, for the year ended April 30, 2018, compared with the previous year. Labor costs increased by \$4.8 million, or 9.9%, due to i) lower pre-season staffing levels in fiscal 2017 as compared to fiscal 2018, ii) increased staffing needs due to earlier ski season opening dates and higher attendance in fiscal 2018, and iii) increases in the minimum wage which impacted certain of our resorts. Other resort operating expenses increased by \$3.0 million, or 14.6%, primarily as a result of increased maintenance and supplies costs. During fiscal 2017, we experienced low liquidity levels and, as a result, implemented employee furloughs and strict spending controls on discretionary costs. By the end of fiscal 2017, our liquidity levels had normalized. As a result, our staffing levels returned to a more normal level, and our resorts incurred increased costs as they prepared for the 2017/2018 ski season. Cost of goods sold related to food and beverage and retail sales increased \$1.0 million, or 9.6%, due to increased food and beverage and retail sales stemming from higher resort attendance.

Depreciation and Amortization. Depreciation and amortization increased by \$0.5 million, or 4.1%, on a higher depreciable base which included, among other new assets, the West Lake Water project which was placed in service during the year.

General and Administrative Costs. General and administrative expenses increased \$0.4 million, or 6.7%, for the year ended April 30, 2018 compared with the year ended April 30, 2017, primarily due to higher incentive compensation expense and lower professional fee expense.

Restructuring and Impairment. During the year ended April 30, 2018 we incurred restructuring and impairment charges totaling \$2.1 million which included i) \$1.7 million related to the Attitash Hotel Closure, and ii) \$0.4 million related to the impairment of goodwill associated with our Alpine Valley ski resort. Charges related to the Attitash Hotel Closure included \$1.6 million of asset impairment charges and \$0.1 million of severance and other costs.

Interest. Excluding amounts capitalized, interest expense increased by \$0.8 million, or 6.8%, primarily as a result of increases in the interest rates on adjustable rate debt, partially offset by the effect of a \$1.7 million net repayment of interest bearing debt over the course of the year.

Income Taxes. The income tax benefit for the year ended April 30, 2018, was \$4.0 million, which compares with income tax expense of \$0.7 million for the year ended April 30, 2017. The benefit for fiscal 2018 is primarily as result of positive impacts from the enactment of the 2017 Tax Act which, among other effects, i) reduced our deferred tax liabilities and ii) reduced our effective income tax rate for the four months ending April 30, 2018.

Reported EBITDA. Reconciliations of net income to Reported EBITDA for the years ended April 30, 2018 and 2017 were as follows (dollars in thousands):

	<u>Year ended April 30,</u>	
	<u>2018</u>	<u>2017</u>
Net income	\$ 1,352	\$ 1,241
Income tax (benefit) expense	(3,962)	749
Interest expense, net	13,322	12,473
Depreciation and amortization	13,231	12,713
Restructuring and impairment charges	2,135	—
Other income	(160)	(61)
Gain on sale/leaseback	(333)	(333)
Reported EBITDA	<u>\$ 25,585</u>	<u>\$ 26,782</u>

Reported EBITDA decreased by \$1.2 million, or 4.5%, for the year ended April 30, 2018, as compared with the year ended April 30, 2017, primarily as a result of higher resort operating costs relative to revenue which was driven by increased labor costs and deferred maintenance expenditures.

Liquidity and Capital Resources

Cash Flow

Net cash provided by operating activities was \$34.5 million for the year ended April 30, 2019, as compared with net cash used by operating activities of \$0.2 million and net cash provided by operating activities of \$12.7 million for the years ended April 30, 2018 and 2017, respectively. The increase in net cash provided by operating activities in fiscal 2019 as compared with fiscal 2018, is primarily due to i) higher net income and ii) positive changes in working capital related to prepaid rentals and interest. Under the terms of the various borrowing agreements we have with EPR, we are required to, at EPR's discretion, either prepay a certain amount of interest and rental payments to EPR or deposit the equivalent amount of cash in a restricted account to fund interest payments to EPR. As of April 30, 2019 and 2018, we had prepaid interest and rentals to EPR of \$8.2 million and \$8.9 million, respectively, which are included in the caption prepaid expenses and other current liabilities in our consolidated balance sheets. As of April 30, 2017, there was no amount of interest or rent prepaid to EPR, however we had funded \$8.8 into a restricted cash account to fund interest payments to EPR, which was included in the caption restricted cash in our consolidated balance sheet as of April 30, 2017.

Net cash of \$96.2 million was used by investing activities during the year ended April 30, 2019, an increase of \$65.1 million when compared with the \$31.1 million during the year ended April 30, 2018. Investing cash flows in fiscal 2019 related primarily to i) \$65.7 million of net cash paid to acquire Snow Time, and ii) \$30.5 million in additions to property and equipment, primarily associated with the construction of the Carinthia Ski Lodge, Hunter North expansion and Hidden Valley Zip Tour projects. Additions to property and equipment during fiscal 2018 related primarily to the construction of the West Lake Water and Carinthia Ski Lodge projects.

Net cash of \$60.7 million was provided by financing activities in year ended April 30, 2019, an increase of \$71.5 million when compared with the \$10.8 million used in the year ended April 30, 2018. Financing cash flows in fiscal 2019 included i) approximately \$70 million of proceeds from the Term Loan and the issuance of Series A Preferred Stock along with the 2018 Option Warrants and Financing Warrants to finance the Snow Time acquisition, ii) approximately \$0.1 million of other borrowings and capital leases, partially offset by, iii) \$2.9 million of debt repayments, iv) \$0.9 million of financing fees related to the Term Loan, and v) \$5.6 million of distributions to stockholders. Financing cash flows in fiscal 2018 included i) the net repayment of approximately \$5.9 million of credit facility and long-term debt, ii) \$4.7 million of distributions to stockholders and iii) \$0.1 of financing fees.

Liquidity and Significant Uses of Cash

Our available cash is consistently highest in our fourth quarter primarily due to the seasonality of our resort business. We had \$30.2 million of cash and cash equivalents as of April 30, 2019, compared with \$23.1 million at April 30, 2018. In addition, we had \$5.2 million of restricted cash balances on hand as of April 30, 2019, for interest payments on the Term Loan and our revolving credit facilities. We generate the majority of our cash from operations during the ski season, which occurs during our third and fourth fiscal quarters. We currently anticipate cash flow from operations will continue to provide a significant source of our future cash flows, and believe that cash flow from operations, availability on credit facilities and available cash on hand will be sufficient to fund our recurring capital expenditure requirements and other currently anticipated cash needs for the next 12 months.

Our principal liquidity requirements over the next 12 months will be for i) debt service requirements in connection with our credit facilities and other debt, ii) capital expenditures to complete planned major projects, iii) capital expenditure needs for our continuing operations, and iv) working capital needs including the payment of operating leases. We have historically invested significant cash in capital expenditures for our resort operations and expect to continue to invest in the future.

We currently anticipate we will spend between approximately \$12.0 million to \$14.5 million on capital expenditures during fiscal 2020, which includes approximately \$3.0 million to \$3.5 million to complete snow making infrastructure improvements at the newly acquired Snow Time resorts; approximately \$0.5 million to \$1.0 million to finish construction of the zip tour at Hidden Valley; and approximately \$8.5 million to \$10.0 million on resort maintenance capital expenditures, which is consistent with our historical maintenance capital expenditures that are needed to maintain and improve the level of service and overall experiences we strive to provide our visitors. We currently plan to use cash on hand and/or cash flow generated from future operations to provide the cash necessary to execute our other capital projects and believe that these sources of cash will be adequate to meet our needs.

[Table of Contents](#)

We continually evaluate opportunities to acquire new ski resorts. We expect that we would finance the acquisition of any new ski resorts through a combination of cash on hand, existing credit facilities, new financing arrangements or the issuance of debt or equity.

The outstanding shares of the Company's Series A Preferred Stock accrue cumulative dividends on a daily basis in arrears at the rate of 8% per annum on the liquidation value of \$1,000 per share. All accrued and accumulated dividends on the Series A Preferred Stock are required to be paid prior and in preference to any cash dividend on our common stock. In addition, until the earlier of i) such date as no Series A Preferred Stock remains outstanding and ii) January 1, 2027, we are prohibited from paying any dividend on capital stock when there are accrued or unpaid dividends with respect to the Series A Preferred Stock. In accordance with the terms of the issuance of 20,000 shares of Series A Preferred Stock in November 2018, quarterly dividends on that share issuance begin to accrue in August 2019. We intend to pay Series A Preferred Stock dividends of approximately \$0.4 million during each of the first and second quarters of fiscal 2020, and, thereafter, pay Series A Preferred Stock dividends of approximately \$0.8 million per quarter (\$3.2 million per year) once dividends on the shares issued in November 2018 begin to accrue.

Financing Arrangements

Long-term debt at April 30, 2019 and 2018, consisted primarily of borrowings pursuant to the loans and other credit facilities with EPR Properties, our primary lender, Cap 1, and EB-5 limited partnerships.

We have presented in the table below the composition of our long-term debt as of April 30, 2019 and April 30, 2018 (dollars in thousands):

	2019	2018
EPR Secured Notes due 2034	\$ 93,162	\$ 93,162
EPR Secured Notes due 2036	21,000	21,000
EB-5 Development Notes due 2021	52,000	52,000
Term Loan due 2020	50,058	—
Wildcat Mountain Note due 2020	3,030	3,231
Capital Leases	1,746	2,426
Other borrowings	514	1,184
Less: Unamortized debt issuance costs	(4,128)	(4,552)
	217,382	168,451
Less: Current maturities	(1,513)	(2,614)
	<u>\$ 215,869</u>	<u>\$ 165,837</u>

EPR Secured Notes

The Company has various secured borrowings (the "EPR Secured Notes") under a master credit and security agreement and other related agreements, as amended, (together, the "EPR Agreements") with EPR Properties and its affiliates ("EPR"). Each of the EPR Secured Notes is secured by one or more of the Company's resort properties and is guaranteed by the Company. The EPR Secured Notes bear interest at specified interest rates which are subject to increase each year by the lesser of i) three times the percentage increase in the Consumer Price Index (as defined) or ii) a capped index (the "Capped CPI Index") which is 1.75% for the Hunter Mountain Secured Note and 1.50% for all other notes.

Financial covenants set forth in the EPR Agreements consist of i) a maximum leverage ratio (as defined) of 65%, above which the Company and certain of its subsidiaries are prohibited from incurring additional indebtedness, ii) a consolidated fixed charge coverage ratio (as defined) of 1.50:1.00 on a rolling four quarter basis, and iii) a prohibition of the Company paying dividends if the Company is in default (as defined) or if the fixed charge coverage ratio (as defined) is below 1.25:1.00.

Non-financial covenants set forth in the EPR Agreements include i) restrictions on certain transactions, including mergers, acquisitions, leases, asset sales, loans to third parties, and the incurrence of certain additional debt and liens and ii) a requirement that the Company obtain the consent of EPR prior to redeeming any preferred or common stock.

[Table of Contents](#)

The EPR Agreements also provide that none of the EPR Secured Notes may be prepaid without the consent of EPR and that any default under any of the EPR Secured Notes, lease agreements between the Company and EPR, or credit facilities with other lenders would constitute a default under all EPR Secured Notes and lease agreements. A change of control (as defined) would also constitute an event of default.

An additional contingent interest payment would be due to EPR if, on a calendar year basis, the gross receipts (as defined) from the properties securing the EPR Secured Notes (the “Gross Receipts”) are more than the result (the “Interest Quotient”) of dividing the total interest charges for the EPR Secured Notes by a certain percentage rate (the “Additional Interest Rate”). In such a case, the additional interest payment would equal the difference between the Gross Receipts and the Interest Quotient multiplied by the Additional Interest Rate. This calculation is made on an aggregated basis for the notes secured by the Company’s Jack Frost, Big Boulder, Boston Mills, Brandywine, Alpine Valley and Hunter Mountain ski resorts, where the Additional Interest Rate is 10%, and is made on a standalone basis for the note secured by the Company’s Mount Snow ski resort, where the Additional Interest Rate is 12%. The Company has not made any additional interest payments on the EPR Secured Notes based on these provisions.

The EPR Agreements grant EPR certain other rights including i) an option to purchase the Company’s Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley resorts that is exercisable no sooner than two years and no later than one year prior to the maturity dates of the applicable promissory notes for such properties, with any closings to be held on the applicable maturity dates, ii) a right of first refusal through 2021, subject to certain conditions, 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 properties, and iii) a right of first refusal through 2021 to purchase the Company’s Attitash ski resort in the event the Company were to desire to sell the Attitash ski resort. In the event EPR were to exercise one or more of its purchase options, the Company would be subject to capital gain taxes to the extent the purchase price exceeded the Company’s tax basis in the properties. As the Company has deducted tax depreciation for these properties on its federal income tax returns, the amount of capital gains and related taxes might be significant. To date, EPR has not exercised any purchase options. If EPR exercises a purchase option, EPR will enter into an agreement with us for the lease of each acquired property for an initial term of 20 years, plus options to extend the lease for two additional periods of ten years each.

The EPR Secured Notes include the following:

The Alpine Valley Secured Note. The \$4.6 million Alpine Valley Secured Note provides for interest only payments through its maturity on December 1, 2034. As of April 30, 2019, interest on this note accrued at a rate of 11.04%. This note is secured by a mortgage and other interests in the Company’s Alpine Valley ski resort.

The Boston Mills/Brandywine Secured Note. The \$23.3 million Boston Mills/Brandywine Secured Note provides for interest only payments through its maturity on December 1, 2034. As of April 30, 2019, interest on this note accrued at a rate of 10.59%. This note is secured by a mortgage and other interests in the Company’s Boston Mills and Brandywine ski resorts.

The Jack Frost/Big Boulder Secured Note. The \$14.3 million Jack Frost/Big Boulder Secured Note provides for interest only payments through its maturity on December 1, 2034. As of April 30, 2019, interest on this note accrued at a rate of 10.59%. This note is secured by a mortgage and other interests in the Company’s Jack Frost and Big Boulder ski resorts.

The Mount Snow Secured Note. The \$51.1 million Mount Snow Secured Note provides for interest only payments through its maturity on December 1, 2034. As of April 30, 2019, interest on this note accrued at a rate of 11.61%. This note is secured by a mortgage and other interests in the Company’s Mount Snow ski resort.

The Hunter Mountain Secured Note. The \$21.0 million Hunter Mountain Secured Note provides for interest only payments through its maturity on January 5, 2036. As of April 30, 2019, interest on this note accrued at a rate of 8.43%. This note is secured by a mortgage and other interests in the Company’s Hunter Mountain ski resort.

EB-5 Development Notes

The Company serves as the general partner for two limited partnerships, Carinthia Group 1, LP and Carinthia Group 2, LP (together, the “Limited Partnerships”), which were formed to raise \$52.0 million through the Immigrant Investor Program administered by the U.S. Citizenship and Immigration Services (“USCIS”) pursuant to the Immigration and

[Table of Contents](#)

Nationality Act (the “EB-5 Program”). The EB-5 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 immigrant visas to qualified individuals (“EB-5 Investors”) seeking lawful permanent resident status based on their investment in a U.S. commercial enterprise.

On December 27, 2016, the Company borrowed \$52.0 million from the Limited Partnerships to fund two capital projects at its Mount Snow ski resort. The development projects include i) the West Lake Water Project, which was completed during fiscal 2018 and included the construction of a new water storage reservoir for snowmaking, and ii) the Carinthia Ski Lodge Project, which was completed during fiscal 2019 and included the construction of a new skier service building. The amounts were borrowed through two loan agreements, which provided \$30.0 million for the West Lake Water Project and \$22.0 million for the Carinthia Ski Lodge project (together, the “EB-5 Development Notes”).

Amounts outstanding under the EB-5 Development Notes accrue simple interest at a fixed rate of 1.0% per annum until the maturity date, which is December 27, 2021, subject to extension of up to an additional two years at the option of the borrowers with lender consent. If the maturity date is extended, amounts outstanding under the EB-5 Development Notes will accrue simple interest at a fixed rate of 7.0% per annum during the first year of extension and a fixed rate of 10.0% per annum during the second year of extension.

Upon an event of default (as defined), amounts outstanding under the EB-5 Development Notes shall bear interest at the rate of 5.0% per annum, subject to the extension increases. For so long as amounts under the EB-5 Development Notes are outstanding, the Company is restricted from taking certain actions without the consent of the lenders, including, but not limited to transferring or disposing of the properties or assets financed with the loan proceeds. In addition, the Company is prohibited from prepaying outstanding amounts owed if such prepayment would jeopardize any of the EB-5 Investors from being admitted to the U.S. via the EB-5 Program.

The Company has evaluated the facts and circumstances surrounding the Limited Partnerships and determined the Limited Partnerships do not require consolidation in the Company’s financial statements as the Company does not have a variable interest in the Limited Partnerships under either the variable interest model or the voting interest model, as substantive participation rights give the limited partners the ability to effectively participate in significant decisions that would be expected to be made in the ordinary course of the Limited Partnerships’ business and thereby preclude the Company as general partner from exercising unilateral control over the partnerships.

Term Loan due 2020

The Company financed part of the cash consideration paid in the Snow Time acquisition with the \$50.0 million Term Loan from Cap 1 pursuant to the terms of the Credit Agreement entered into with Cap 1 on November 21, 2018.

The Term Loan has an initial term of two years and bears interest at 6.95%, payable quarterly, subject to a 2.0% increase upon an event of default. The Term Loan is secured by all real property on which the Snow Time resorts are located and improvements thereon. Amounts due under the Term Loan may be prepaid without penalty.

The Term Loan matures on November 30, 2020 and may be extended for an additional one-year period at the Company’s option, so long as no event of default has occurred. If extended, the Company has agreed to issue Cap 1 the Extension Warrant to purchase 666,667 shares of common stock, exercisable immediately from the issuance date and for up to ten years from the date of issuance, at \$7.50 per share. The Extension Warrant was not issued upon closing the Term Loan and will only be issued if the Company exercises the one-year Term Loan extension right.

As consideration for the Term Loan and in lieu of fees, the Company also issued Cap 1 the Financing Warrant to purchase 1,750,000 shares of common stock at \$10.00 per share, which is exercisable immediately and expires ten years from the date of issuance.

As a condition to the funding of the Term Loan, and for aggregate consideration of \$20.0 million, we exercised the Cap 1 Option to issue to Cap 1 an additional 20,000 shares of Series A Preferred Stock along with the 2018 Option Warrants to purchase up to 2,719,018 shares of common stock at prices ranging from \$6.50 per share to \$9.00 per share. The Company used the Cap 1 Option proceeds to fund the remainder of the cash portion of the Snow Time acquisition purchase price.

Wildcat Mountain Note

The Wildcat Mountain Note due December 22, 2020 bears interest at a fixed rate of 4.00% and is secured by a security interest in the improvements at the Company's Wildcat Mountain ski resort. The loan is payable in monthly principal and interest payments with a balloon payment of \$2.7 million due upon maturity.

Royal Banks of Missouri Credit Facilities

In December 2018, the Company renewed its existing credit facility with Royal Banks of Missouri (the "Royal Banks Credit Facility"). The Royal Banks Credit Facility provides for a \$10.0 million working capital line of credit to be used for general business purposes and a \$15.0 million acquisition line of credit to be used for the acquisition of additional ski resort properties. As of April 30, 2019, \$12.4 million was outstanding under the 2017 Royal Banks Credit Facility and \$12.6 million was unused and available.

The Royal Banks Credit Facility was renewed for one year, with loans payable in monthly interest only installments charged at the bank's prime rate plus 1.00% per annum, with any outstanding principal amounts due in December 2019. The Company is required to fund a debt service account by depositing in three equal monthly installments an amount equal to the estimated annual interest due in connection with outstanding loans under the Royal Banks Credit Facility. As of April 30, 2019, \$0.5 million was included in restricted cash on our consolidated balance sheet for these payments. The Company is required to maintain a minimum debt service coverage ratio (as defined in the credit agreement) of 1.25:1.00. In addition, were the Company's fixed charge coverage ratio (as defined in the credit agreement) to fall below 1.50:1.00, the Company would be required to prefund certain other debt service payments, and should the ratio fall below 1.25:1.00, the Company would be prohibited from paying dividends. The Royal Banks Credit Facility is secured by the assets of the Company's subsidiaries which operate its Hidden Valley, Paoli Peaks, Snow Creek, Crotched Mountain and Attitash resorts.

As of April 30, 2019, the Company was in compliance with all debt covenants under its various credit facility and debt agreements.

Series A Preferred Stock

As more fully described in Notes 5 and 6 to our consolidated financial statements filed with this Report, on November 21, 2018, we issued an additional \$20 million of Series A Preferred Stock and the 2018 Option Warrants to Cap 1, the proceeds of which were used to finance the remaining cash consideration for the Snow Time acquisition. As of April 30, 2019, a total of 40,000 shares of Series A Preferred Stock were outstanding.

The rights and preferences of the Series A Preferred Stock include, among other things, the following:

Seniority. The Series A Preferred Stock generally rank, with respect to liquidation, dividends and redemption, i) senior to common stock and to any other junior capital stock; ii) on parity with any parity capital stock; iii) junior to any senior capital stock; and iv) junior to all of our existing and future indebtedness (as defined). Until the earlier of the date that no Series A Stock remains outstanding and January 1, 2027, we are prohibited from paying cash dividends on common stock if there are accrued and unpaid dividends with respect to the Series A Preferred Stock.

Dividend Rights. From and after the date that is nine months from the date of issuance, or August 21, 2019 for the shares issued on November 21, 2018, cumulative dividends accrue on the Series A Preferred Stock on a daily basis in arrears at the rate of 8% per annum on the liquidation value of \$1,000 per share. All accrued and accumulated dividends on the Series A Preferred Stock shall be paid prior and in preference to any dividend or distribution on or redemption of any junior securities, provided that the Company may, prior to the payment of all accrued and accumulated dividends on the Series A Preferred Stock, i) declare or pay any dividend or distribution payable on the common stock in shares of common stock; or ii) repurchase common stock held by our employees or consultants upon termination of their employment or services pursuant to agreements providing for such repurchase. We may also redeem or repurchase junior securities at any time when there are no accrued or accumulated unpaid dividends on the Series A Preferred Stock.

[Table of Contents](#)

Liquidation. In the event of any liquidation (as defined), dissolution or winding up of our company, the holders of Series A Preferred Stock shall be entitled to be paid out of the assets of our company available for distribution to its stockholders, before any payment shall be made to the holders of junior securities, and subject to the rights of any parity or senior securities, an amount in cash equal to \$1,000 per share plus all unpaid accrued and accumulated dividends.

Redemption. The Series A Preferred Stock is subject to redemption i) at our option at a price of \$1,250 per share, plus all unpaid accrued and accumulated dividends, at any time on or after the third anniversary of the issuance of the Series A Preferred Stock that the average closing price of our common stock on the 30 trading days preceding notice of the exercise of the redemption right is greater than \$8.18; or ii) at the holder's option upon a change in control.

Conversion. Upon the earlier of a change of control or the nine-month anniversary of the date of issuance, the holders of the Series A Preferred Stock have the right to convert the Series A Preferred Stock into shares of common stock equal to the number of shares to be converted, times the liquidation value, divided by the conversion price and receive in cash all accrued and unpaid dividends. The initial conversion price per share is \$6.29, subject to adjustment pursuant to the terms of the Certificate of Designation. Holders of the Series A Preferred Stock also have basic anti-dilution rights.

Voting Rights. Each holder of Series A Preferred Stock shall be entitled to vote, on an as-converted basis, with holders of outstanding shares of common stock, voting together as a single class, with respect to any and all matters presented to the stockholders of our company.

We entered into a Registration Rights Agreement with Cap 1, dated November 21, 2018, granting certain registration rights with respect to the shares of common stock underlying the Series A Preferred Stock, 2018 Option Warrants and Financing Warrant. The terms and registration rights applicable to the Extension Warrant, if issued, are expected to be substantially the same as those applicable to the Financing Warrant.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements as defined under SEC rules.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires that management make certain estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates and assumptions and the differences may be material. Significant accounting policies, estimates and judgments that management believes are the most critical to aid in fully understanding and evaluating the reported financial results are discussed below.

We qualify as an “emerging growth company” under the Jumpstart Our Business Startups Act of 2012, which provides that an emerging growth company may take advantage of an extended transition period for complying with new or revised accounting standards. As an emerging growth company, we may delay the adoption of certain 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

At April 30, 2019, our goodwill balance relates to our Hunter Mountain ski resort and resorts we acquired in the Snow Time Acquisition. We conduct an assessment of the carrying value of goodwill annually, as of the last day of March, or more frequently if circumstance arise which would indicate the fair value of a reporting unit is below its carrying amount. A quantitative test of goodwill requires us to make certain assumptions and estimates in determining fair value of our reporting units. When performing such a test, we use multiple methods to estimate the fair value of our reporting units, including discounted cash flow analyses and an EBITDA-multiple approach, which derives an implied fair value of a business unit based on the market value of comparable companies expressed as a multiple of those companies' earnings before interest, taxes, depreciation and amortization (“EBITDA”). Discounted cash flow analyses require us to make significant assumptions about discount rates, sales growth, profitability and other factors. The EBITDA-multiple approach requires us to judgmentally select comparable companies based on factors such as their nature, scope and size. Significant judgment is required in making assumptions and estimates to perform a quantitative impairment test, and

[Table of Contents](#)

should our assumptions change in the future, our fair value models could result in lower fair values, which could materially affect the value of goodwill and our operating results.

In any given year we may elect to perform a qualitative impairment test for impairment. A qualitative assessment requires us to consider a number of relevant factors and conclude whether it is more likely than not that the fair value of a reporting unit is more than its carrying amount. In performing a qualitative assessment to screen for potential impairment of goodwill, we considered a number of factors, including i) macroeconomic conditions, ii) factors impacting our industry, iii) factors impacting our costs to operate our business, iv) the financial performance of reporting units compared with projections and prior periods, v) reporting unit specific events which could impact future operating results, vi) the market value of our debt and equity securities, and vii) other relevant events and circumstances identified at the time of the assessment.

We did not record any impairment of goodwill for the years ended April 30, 2019 or 2017. As a result of the annual assessment as of March 31, 2018, we recorded an impairment loss of \$0.4 million of goodwill associated with our Alpine Valley ski resort.

Income Taxes

We are subject to income taxes in the United States and numerous state jurisdictions. Significant judgments and estimates are required in determining our consolidated income tax expense or benefit. Our income tax provision and deferred tax balances reflect our best assessment of estimated current and future taxes to be paid.

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. These temporary differences will result in taxable or deductible amounts in the future. In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. In projecting future taxable income, we begin with historical results and incorporate assumptions about the amount of our future pretax operating income and take into account the similar information with respect to business combinations occurring during the period, if any. While our assumptions about future taxable income are consistent with the plans and estimates we use to manage our business, they require significant judgment and are subject to factors beyond our control, such as impact of weather on our operations.

Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and our effective tax rate. Changes in tax laws are accounted for in the period of enactment. On December 22, 2017, the U.S. government enacted the 2017 Tax Act which made broad and complex changes to the U.S. tax code that had an impact on our results and financial position as of and for our fiscal years ended April 30, 2019 and 2018. These impacts included, but were not limited to, i) a new bonus depreciation rule that allows for full expensing of qualified property, ii) a reduction of the U.S. federal corporate tax rate, iii) elimination of the corporate alternative minimum tax, iv) a new limitation on deductible interest expense, and v) limitations on NOLs generated after December 31, 2018, which caps their benefit at 80 percent of taxable income. We recorded income tax expense of \$4.7 million for the year ended April 30, 2019. We recorded an income tax benefit of \$4.0 million for the year ended April 30, 2018, which included a \$0.1 million discrete benefit at the 2017 Tax Act enactment date and an additional benefit of \$3.5 million which was directly attributable to the impact of the 2017 Tax Act's reduced corporate tax rate that became effective January 1, 2018. The additional benefit arose because we are a calendar year taxpayer and the seasonality of our business resulted in significant losses during the first eight months of fiscal 2018, which produced a tax benefit at the prior corporate tax rate of 34%, and significant income during the period January to April 2018, which was subject to the lower 21% corporate tax rate implemented by the 2017 Tax Act.

As of April 30, 2019, we have federal income tax NOL carryforwards of \$4.9 million, substantially all of which will expire in 2035. We believe it is more likely than not that the full benefit from a certain state's NOL carryforwards will not be realized. In recognition of this risk, during the year ended April 30, 2018 we provided a valuation allowance of \$0.4 million against the deferred tax assets relating to that state's NOL carryforwards. We reevaluated the adequacy of that allowance as of April 30, 2019, and believe it remains adequate. If our assumptions change and we determine we will be able to realize these NOLs, the tax benefits relating to any reversal of the valuation allowance would be recognized as a reduction of income tax expense. We expect the limitation on deductible interest contained in the 2017 Tax Act will make it more likely we will be able to utilize our existing federal NOL carryovers; however, this provision will give rise to interest carryforwards for the foreseeable future and, accordingly, will likely require the recognition of

[Table of Contents](#)

valuation allowances. As of April 30, 2019, a valuation allowance of \$0.4 million was established to reduce to zero the deferred tax asset related to interest carryforwards.

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.

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

Long-Lived Assets, Excluding Goodwill

Impairment

We review the carrying amounts of property and equipment, definite-lived intangible assets and other long-lived assets for potential impairment if an event occurs or circumstances change that indicates the carrying amount may not be recoverable. In evaluating the recoverability of a long-lived asset, we compare the carrying values of the assets with corresponding estimated undiscounted future operating cash flows. For impairment testing purposes, long-lived assets are grouped at the lowest level for which there are identifiable cash flows; however, where identifiable cash flows are not independent of the cash flows of other assets, those long-lived assets are evaluated for impairment on a higher level. In the event the carrying values of long-lived assets are not recoverable by future undiscounted operating cash flows, impairments may exist. In the event of impairment, an impairment charge would be measured as the amount by which the carrying value of the relevant long-lived assets exceeds their fair value. There was no impairment recognized during fiscal 2019. During fiscal 2018 we recognized an impairment loss to property and equipment of \$1.6 million as a result of the Attitash Hotel Closure.

Depreciable Lives of Assets

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

[Table of Contents](#)

asset. 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.

Accounting for Acquisitions

The acquisition method of accounting requires an acquirer to recognize the assets acquired and the liabilities assumed at the acquisition date measured at their estimated fair value as of that date. Extensive use of estimates and judgments are required to allocate the consideration paid in a business combination to the assets acquired and liabilities assumed. If necessary, these estimates can be revised during an allocation period when information becomes available to further define and quantify the value of assets acquired and liabilities assumed. The allocation period does not exceed a period of one year from the date of acquisition. To the extent additional information to refine the original allocation becomes available during the allocation period, the purchase price allocation would be adjusted accordingly. Should information become available after the allocation period, the effects would be reflected in operating results.

Recently Adopted Accounting Standards

In March 2016, the FASB issued ASU 2016-09, “Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting,” which provides new guidance related to accounting for share-based payments. This ASU requires entities to record the income tax effect of share-based payments when the awards vest or are settled, and clarifies the cash flow statement presentation of excess tax benefits and withholding tax payments. In addition, the ASU allows for a policy election to account for forfeitures either upon occurrence or by estimating forfeitures. The Company adopted this ASU as of April 30, 2019, and there was no impact on the Company’s consolidated financial statements upon adoption. The Company has elected to maintain its policy of accounting for the forfeiture of restricted stock units by estimating forfeitures.

Recently Issued Accounting Standards

We qualify as an “emerging growth company” under the Jumpstart Our Business Startups Act of 2012, which provides that an emerging growth company may take advantage of an extended transition period for complying with new or revised accounting standards. As an emerging growth company, we may delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842),” which requires lessees to recognize most leases on the balance sheet. This ASU requires modified retrospective adoption and will be applicable for the Company as of April 30, 2020, with early adoption permitted. We are currently evaluating the impact the adoption of this ASU will have on our consolidated financial statements, including the effect the standard will have on our deferred gain on sale/leaseback (see Note 10 to the accompanying consolidated financial statements). While we expect the pattern of expense for leases we currently classify as operating will be similar between the old and new guidance, we expect adoption of the new standard will result in a significant increase in assets and liabilities for right of use assets and lease obligations, respectively, for leases we currently classify as operating. As of April 30, 2019, our future minimum lease payments under operating leases was approximately \$14.7 million.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606),” which was subsequently modified by other ASUs from 2015 through 2017. This ASU, as amended, provides new guidance for the recognition of revenue and provides for a five-step analysis of transactions to determine when and how revenue is recognized. This ASU establishes a core principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It also requires additional disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU may be adopted using either a full or modified retrospective approach and will be applicable for the Company as of April 30, 2020, with early adoption permitted. We expect to adopt this ASU using the full retrospective approach and do not expect the adoption of this ASU will have a material impact on our consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable

[Table of Contents](#)

Item 8. Financial Statement and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

TABLE OF CONTENTS

	<u>Page #</u>
Report of Independent Registered Public Accounting Firm	F - 2
Consolidated Statements of Operations for the years ended April 30, 2019, 2018 and 2017	F - 3
Consolidated Balance Sheets as of April 30, 2019 and 2018	F - 4
Consolidated Statements of Stockholders' Equity for the years ended April 30, 2019, 2018 and 2017	F - 5
Consolidated Statements of Cash Flows for the years ended April 30, 2019, 2018 and 2017	F - 6
Notes to the Consolidated Financial Statements	F - 7

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Peak Resorts, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Peak Resorts, Inc. and its subsidiaries (the Company) as of April 30, 2019 and 2018, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended April 30, 2019, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2019 and 2018, and the results of its operations and its cash flows for the three years in the period ended April 30, 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as the Company's auditor since 2011.

St. Louis, Missouri
June 28, 2019

Peak Resorts, Inc. and Subsidiaries
Consolidated Statements of Operations
(dollars in thousands, except per share amounts)

	<u>Year ended April 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net revenue	\$ 184,426	\$ 131,662	\$ 123,249
Operating expenses:			
Resort operating costs	119,737	96,593	87,319
Depreciation and amortization	19,618	13,231	12,713
General and administrative	11,221	5,797	5,431
Land and building rent	1,393	1,401	1,395
Real estate and other taxes	3,351	2,286	2,322
Restructuring and impairment charges	190	2,135	—
Income from operations	<u>28,916</u>	<u>10,219</u>	<u>14,069</u>
Other (expense) income:			
Interest, net of amounts capitalized of \$783, \$1,256 and \$1,545, respectively	(15,788)	(13,322)	(12,473)
Gain on sale/leaseback	333	333	333
Other income	159	160	61
	<u>(15,296)</u>	<u>(12,829)</u>	<u>(12,079)</u>
Income (loss) before income taxes	13,620	(2,610)	1,990
Income tax expense (benefit)	4,704	(3,962)	749
Net income (loss)	<u>\$ 8,916</u>	<u>\$ 1,352</u>	<u>\$ 1,241</u>
Less declaration and accretion of Series A preferred stock dividends	(2,320)	(1,600)	(800)
Net income (loss) attributable to common shareholders	<u>\$ 6,596</u>	<u>\$ (248)</u>	<u>\$ 441</u>
Basic earnings (loss) per common share	<u>\$ 0.45</u>	<u>\$ (0.02)</u>	<u>\$ 0.03</u>
Diluted earnings (loss) per common share	<u>\$ 0.45</u>	<u>\$ (0.02)</u>	<u>\$ 0.03</u>
Cash dividends declared per common share	<u>\$ 0.28</u>	<u>\$ 0.28</u>	<u>\$ 0.14</u>
Cash dividends declared per preferred share	<u>\$ 80.00</u>	<u>\$ 60.00</u>	<u>\$ —</u>

See accompanying notes to consolidated financial statements.

Peak Resorts Inc. and Subsidiaries
Consolidated Balance Sheets
(dollars in thousands, except per share amounts)

	<u>April 30,</u> <u>2019</u>	<u>April 30,</u> <u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 30,194	\$ 23,091
Restricted cash	5,240	1,163
Accounts receivable	9,514	8,560
Inventory	2,544	1,971
Prepaid expenses and other current assets	14,984	12,731
Total current assets	62,476	47,516
Property and equipment, net	287,121	204,095
Land held for development	38,657	37,634
Restricted cash, construction	—	12,175
Goodwill	18,173	4,382
Intangible assets, net	3,106	731
Other assets	1,115	1,797
Total assets	\$ 410,648	\$ 308,330
Liabilities and Stockholders' Equity		
Current liabilities:		
Revolving lines of credit	\$ 12,415	\$ 12,415
Current maturities of long-term debt	1,513	2,614
Accounts payable and accrued expenses	14,207	12,079
Accrued salaries, wages and related taxes and benefits	6,281	922
Unearned revenue	22,153	16,084
Current portion of deferred gain on sale/leaseback	333	333
Total current liabilities	56,902	44,447
Long-term debt, including related party debt of \$50,058 and \$0, less current maturities, respectively	215,869	165,837
Deferred gain on sale/leaseback	2,180	2,512
Deferred income taxes	18,384	7,809
Other liabilities	770	504
Total liabilities	294,105	221,109
Series A preferred stock, \$0.01 par value per share, \$1,000 liquidation preference per share, 40,000 shares authorized, 40,000 and 20,000 shares issued and outstanding, respectively	34,318	17,401
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value per share, 40,000,000 shares authorized, 15,165,832 and 13,982,400 shares issued and outstanding, respectively	152	140
Additional paid-in capital	96,557	86,631
Accumulated deficit	(14,484)	(16,951)
Total stockholders' equity	82,225	69,820
Total liabilities and stockholders' equity	\$ 410,648	\$ 308,330

See accompanying notes to consolidated financial statements.

Peak Resorts Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(dollars in thousands)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Dollars</u>			
Balances, April 30, 2016	<u>13,982,400</u>	<u>\$ 140</u>	<u>\$ 82,728</u>	<u>\$ (11,234)</u>	<u>\$71,634</u>
Issuance of common stock warrants	—	—	3,446	—	3,446
Net income	—	—	—	1,241	1,241
Dividends declared - common stock	—	—	—	(1,958)	(1,958)
Accretive dividend - preferred stock	—	—	—	(800)	(800)
Stock based compensation	—	—	198	—	198
Balances, April 30, 2017	<u>13,982,400</u>	<u>\$ 140</u>	<u>\$ 86,372</u>	<u>\$ (12,751)</u>	<u>\$73,761</u>
Net income	—	—	—	1,352	1,352
Dividends declared - common stock	—	—	—	(3,916)	(3,916)
Dividends declared - preferred, including \$400 of accretive dividends	—	—	—	(1,600)	(1,600)
Dividends paid as restricted stock units	—	—	36	(36)	—
Stock based compensation	—	—	223	—	223
Balances, April 30, 2018	<u>13,982,400</u>	<u>\$ 140</u>	<u>\$ 86,631</u>	<u>\$ (16,951)</u>	<u>\$69,820</u>
Net income	—	—	—	8,916	8,916
Issuance of common stock	1,183,432	12	5,964	—	5,976
Issuance of common stock warrants	—	—	3,730	—	3,730
Dividends declared - common stock	—	—	—	(4,082)	(4,082)
Dividends declared - preferred, including \$720 of accretive dividends	—	—	—	(2,320)	(2,320)
Dividends paid as restricted stock units	—	—	47	(47)	—
Stock based compensation	—	—	185	—	185
Balances, April 30, 2019	<u>15,165,832</u>	<u>\$ 152</u>	<u>\$ 96,557</u>	<u>\$ (14,484)</u>	<u>\$82,225</u>

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

Peak Resorts, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(dollars in thousands)

	Year ended April 30,		
	2019	2018	2017
Cash flows from operating activities:			
Net income	\$ 8,916	\$ 1,352	\$ 1,241
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization of property and equipment and intangibles	19,618	13,231	12,713
Deferred income tax	2,868	(4,074)	303
Amortization of deferred financing costs	1,276	1,084	1,133
Loss on disposal of fixed assets	424	—	—
Stock based compensation	185	223	198
Non-cash impairment loss	—	2,029	—
Amortization of original issue premium	(10)	—	—
Amortization of other liabilities	(36)	(36)	(36)
Gain on sale/leaseback	(333)	(333)	(333)
Changes in operating assets and liabilities:			
Accounts receivable	(746)	(3,477)	(311)
Inventory	396	244	515
Prepaid expenses and other current liabilities	(1,150)	(10,798)	497
Other assets	682	(1,149)	155
Accounts payable and accrued expenses	(2,794)	(385)	(4,387)
Accrued salaries, wages and related taxes and benefits	4,645	(113)	116
Unearned revenue	570	1,992	859
Net cash provided by (used in) operating activities	<u>34,511</u>	<u>(210)</u>	<u>12,663</u>
Cash flows from investing activities:			
Additions to property and equipment	(30,515)	(31,019)	(11,454)
Additions to land held for development	(23)	(51)	(41)
Business combination, net of cash acquired of \$1,026, \$0 and \$0, respectively	(65,667)	—	—
Net cash used in investing activities	<u>(96,205)</u>	<u>(31,070)</u>	<u>(11,495)</u>
Cash flows from financing activities:			
Borrowings on lines of credit	—	12,415	10,000
Payments on lines of credit	—	(4,500)	—
Borrowings on long-term debt	50,168	102	51,533
Payments on long-term debt and capital lease obligations	(2,945)	(13,932)	(2,412)
Proceeds from issuance of preferred stock	16,197	—	16,201
Proceeds from issuance of common stock warrants	3,730	—	3,446
Distributions to stockholders	(5,599)	(4,716)	(979)
Payment of deferred financing costs	(852)	(138)	(4,470)
Payment on line of credit and bridge loans	—	—	(11,000)
Release from EB-5 investor funds held in escrow	—	—	(51,504)
Net cash provided by (used in) financing activities	<u>60,699</u>	<u>(10,769)</u>	<u>10,815</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	(995)	(42,049)	11,983
Cash, cash equivalents, and restricted cash, beginning of period	36,429	78,478	66,495
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 35,434</u>	<u>\$ 36,429</u>	<u>\$ 78,478</u>
Supplemental cash flow information:			
Cash paid income taxes	\$ 209	\$ 59	\$ 40
Cash paid interest, including amounts prepaid of \$8,229, \$8,905 and \$0, respectively	<u>\$ 14,906</u>	<u>\$ 22,399</u>	<u>\$ 13,273</u>
Supplemental disclosure of noncash investing and financing activities:			
Business combination consideration paid in common stock	<u>\$ 5,976</u>	<u>\$ —</u>	<u>\$ —</u>
Capital lease agreements to acquire equipment	<u>\$ 1,294</u>	<u>\$ —</u>	<u>\$ 83</u>
Assets under construction included in accounts payable	<u>\$ 913</u>	<u>\$ 235</u>	<u>\$ 542</u>
Reclassification of EB-5 funds from escrow to long term debt	<u>\$ —</u>	<u>\$ 500</u>	<u>\$ —</u>
Accretive dividends - Series A preferred stock	<u>\$ 720</u>	<u>\$ 400</u>	<u>\$ 800</u>
Accrued dividends, common and preferred	<u>\$ 1,462</u>	<u>\$ 1,379</u>	<u>\$ 979</u>

See accompanying notes to consolidated financial statements.



PEAK RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Peak Resorts, Inc., a Missouri corporation, was formed on September 24, 1997, and together with its subsidiaries, is a leading owner and operator of high-quality, individually branded ski resorts in the United States and operates 17 ski resorts located in the Northeast, Mid-Atlantic and Midwest United States, 16 of which are owned. The majority of the resorts are located within 100 miles of major metropolitan markets, including New York City, Boston, Philadelphia, Washington D.C., Baltimore, Cleveland, Kansas City and St. Louis, enabling day and overnight drive accessibility. The Company's resorts are comprised of more than 2,300 acres of skiable terrain appropriate to a wide range of ages and abilities. The activities, services and amenities available at the Company's resorts include skiing, snowboarding, terrain parks, tubing, dining, lodging, equipment rentals and sales, ski and snowboard instruction, golf, zip lines, mountain coasters, mountain biking, hiking, paint ball and other summer activities. Peak Resorts, Inc., together with its subsidiaries, is herein referred to as "the Company."

The Company's revenues are highly seasonal in nature. The vast majority of revenue is generated during the ski season, which occurs during the winter months in the Company's third and fourth fiscal quarters. Some of the Company's properties offer non-winter attractions, such as golf, roller coasters, swimming, summer concerts and zip rides; however, these activities comprise less than 5% of the Company's annual revenues. As a result, the Company's resorts typically experience operating losses and negative operating cash flows during the first and second quarters of each fiscal year.

The seasonality of the Company's revenues amplifies the effect of events outside its control, especially weather. While the Company's geographically diverse operating locations help mitigate the effect of weather conditions, adverse weather could lower attendance due to suboptimal skiing conditions or limited access to our resorts, render snowmaking wholly or partially ineffective in maintaining ski conditions, and increase operating costs related to snowmaking efforts and inefficient labor utilization.

The Company aggregates its operating segments into a single reportable segment – Ski Resort Operations. 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. and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") in the United States requires management to make estimates and assumptions that affect i) the reported amounts of assets and liabilities, ii) the disclosure of contingent assets and liabilities at the date of the financial statements and iii) the reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are used in accounting for the following significant matters, among others:

- fair value of assets acquired and liabilities assumed in acquisitions;
- useful lives of property, equipment and intangible assets;
- long-lived and intangible asset impairments, including goodwill;
- tax related items; and
- contingencies.

Cash and Cash Equivalents and Restricted Cash

The Company considers i) all credit card and debit card transactions that process in less than seven days and ii) short-term highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The amounts due from banks for credit card and debit card transactions classified as cash and cash equivalents was \$1,446 and \$1,669 at April 30, 2019 and 2018, respectively.

The provisions of certain of the Company's debt instruments require that the Company maintain a deposit with the respective lender in an amount equal to the estimated minimum interest payment through December 31 of a given year, and the proceeds from certain borrowing for capital projects are restricted as to use. Restricted cash related to interest payments and capital projects are included on the consolidated balance sheets under the captions restricted cash and restricted cash, construction, respectively.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported with the consolidated balance sheets to the total of the same such amounts shown in the consolidated statements of cash flow:

	<u>April 30,</u>	
	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 30,194	\$ 23,091
Restricted cash	5,240	1,163
Restricted cash, construction	—	12,175
Total cash, cash equivalents, and restricted cash, end of period	<u>\$ 35,434</u>	<u>\$ 36,429</u>

Accounts Receivable

The Company's accounts receivable balance consists primarily of amounts due under advance season pass installment plans sold during the fourth quarter of its fiscal year. The Company performs ongoing reviews of the collectability of accounts receivable and, when necessary, establishes reserves 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. As of April 30, 2019 and 2018, the Company determined that no allowance for credit loss was required on its receivable balance as of those dates.

Inventories

The Company's inventories consist of retail goods and food and beverage products. Inventories are stated at the lower of cost or net realizable value, with cost determined using the first-in, first-out (FIFO) and average cost methods.

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 buildings and improvements and 3 to 25 years for equipment, furniture and fixtures.

Land Held for Development

Land held for development relates to projects in and around its Mount Snow and Liberty Mountain resorts, and is carried at acquisition cost plus costs attributable to its ongoing development, including capitalized interest.

Impairment of Long-Lived Assets

The Company reviews intangible assets with a finite life and other long-lived assets for impairment if facts and circumstances exist that indicate the asset's useful life is shorter than previously estimated or the carrying amount may

[Table of Contents](#)

not be recoverable from future operations based on undiscounted expected future cash flows. For impairment testing purposes, long-lived assets are grouped at the lowest level for which there are identifiable cash flows; however, where identifiable cash flows are not independent of the cash flows of other assets, those long-lived assets are evaluated for impairment on a higher level. Impairment losses are recognized in operating results for the amount by which the carrying value of the asset exceeds its fair value. In addition, the remaining useful life of an impaired asset group would be reassessed and revised, if necessary.

Goodwill

Goodwill is recorded when the consideration paid for an acquisition exceeds the fair value of identifiable net tangible and intangible assets acquired. Goodwill and other indefinite-lived intangible assets are not amortized but are reviewed for impairment annually or more frequently if a triggering event were to occur in an interim period. The Company tests for goodwill impairment at the reporting unit level and has concluded that each of its resorts constitutes a reporting unit. As of April 30, 2019, the Company's goodwill balance is associated with the Hunter Mountain, Liberty Mountain, Whitetail and Roundtop Mountain resorts.

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

Deferred financing costs, consisting of fees and other expenses associated with debt financing, are recorded as a reduction in the carrying amount of the related debt and are amortized to interest expense over the term of the related debt using the straight-line method, which approximates the effective interest method.

Classification of Preferred Stock

The Company considers whether substantive redemption features exist in preferred stock instruments in which case it may be classified outside of equity, such as temporary equity or as a liability. Additionally, the Company evaluates whether preferred stock instruments contains any embedded or stand-alone instruments, which require separate recognition. The Company presents mandatorily redeemable preferred stock as a liability and contingently redeemable preferred stock and preferred stock that is redeemable outside the control of the Company as temporary equity on the consolidated balance sheets.

Stock Warrants

The Company accounts for stock warrants as either equity or liability awards based upon the characteristics and provisions of each instrument. Warrants classified as equity are recorded at fair value as of the date of issuance with no further adjustments to their valuation made. Warrants classified as a liability are recorded at fair value at each reporting period, and the corresponding non-cash gain or loss is recorded in current period earnings. When warrants are issued in conjunction with preferred stock and long-term debt, the warrants are recorded based on the proceeds received allocated to the elements' relative fair values.

Earnings or Loss Per Share

Basic earnings (loss) per common share is computed by dividing net income (loss) available to common shareholders by the weighted average common shares issued and outstanding for the period. Net income (loss) available to common shareholders represents net income adjusted for preferred stock dividends including dividends declared, accretions of discounts on preferred stock issuances and cumulative dividends related to the current dividend period that have not been declared as of year-end. In addition, for diluted earnings (loss) per common share, net income (loss) available to common shareholders can be affected by the conversion of the registrant's convertible preferred stock. Where the effect of this conversion would be dilutive, net income (loss) available to common shareholders is adjusted by the associated

[Table of Contents](#)

preferred dividends. This adjusted net income (loss) is divided by the weighted average number of common shares issued and outstanding for each period plus amounts representing the dilutive effect of stock options outstanding, restricted stock, restricted stock units, outstanding warrants, and the dilution resulting from the conversion of the registrant's convertible preferred stock, if applicable. The effects of convertible preferred stock and outstanding warrants and stock options are excluded from the computation of diluted earnings (loss) per common share in periods in which the effect would be antidilutive. Dilutive potential common shares are calculated using the treasury stock and if-converted methods.

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 and other seasonal products are initially deferred in unearned revenue and recognized ratably over the number of days the Company expects they may be used.

Advertising Costs

Advertising costs are expensed at the time such advertising commences. Advertising expense for the years ended April 30, 2019, 2018 and 2017 was \$3,735, \$2,890 and \$2,700, respectively.

Taxes Collected from Customers

Taxes collected from customers and remitted to tax authorities include 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

Under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 740, "Income Taxes" ("ASC 740"), income taxes are accounted for under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are provided for differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to be resolved or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Deferred tax assets are recognized to the extent the Company determines these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations. If it is determined that the future realization of deferred tax assets would be in an amount less than their net recorded amount, a valuation allowance would be provided, thereby increasing the provision for income taxes. Conversely, if it is determined that the benefit from realization of such deferred tax assets would exceed their net recorded amount, an adjustment would be made to reduce the valuation allowance thereby reducing the provision for income taxes.

ASC 740 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 2014 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.

Reclassifications

The accompanying consolidated financial statements for prior years contain certain reclassifications to conform to the presentation used in the current period. Reclassifications had no effect on the reported amounts of net income or stockholders' equity.

Recently Adopted Accounting Standards

In March 2016, the FASB issued Accounting Standards Update ("ASU") 2016-09, "Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting," which provides new guidance related to accounting for share-based payments. This ASU requires entities to record the income tax effect of share-based payments when the awards vest or are settled, and clarifies the cash flow statement presentation of excess tax benefits and withholding tax payments. In addition, the ASU allows for a policy election to account for forfeitures either upon occurrence or by estimating forfeitures. The Company adopted this ASU as of April 30, 2019, and there was no material impact on the Company's consolidated financial statements upon adoption. The Company has elected to maintain its policy of accounting for the forfeiture of restricted stock units ("RSUs") by estimating forfeitures.

Recently Issued Accounting Standards

The Company qualifies as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, which provides that an emerging growth company may take advantage of an extended transition period for complying with new or revised accounting standards. As an emerging growth company, the Company may delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," which requires lessees to recognize most leases on the balance sheet. This ASU requires modified retrospective adoption and will be applicable for the Company as of April 30, 2020, with early adoption permitted. The Company is currently evaluating the impact the adoption of this ASU will have on the Company's consolidated financial statements, including an evaluation of the effect the standard will have on the Company's deferred gain on sale/leaseback (see Note 10). While the Company expects the pattern of expense for leases it currently classified as operating will be similar between the old and new guidance, it expects adoption of the new standard will result in a significant increase in assets and liabilities for right of use assets and lease obligations, respectively, for leases it currently classifies as operating. As of April 30, 2019, future minimum lease payments under operating leases was \$14,699.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which was subsequently modified by other ASUs from 2015 through 2017. This ASU, as amended, provides new guidance for the recognition of revenue and provides for a five-step analysis of transactions to determine when and how revenue is recognized. This ASU establishes a core principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It also requires additional disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU may be adopted using either a full or modified retrospective approach and will be applicable for the Company as of April 30, 2020, with early adoption permitted. The Company expects to adopt this ASU using the modified retrospective approach and does not expect the adoption of this ASU will have a material impact on its consolidated financial statements.

Note 2. The Snow Time Acquisition

On November 21, 2018, the Company completed its acquisition of all of the issued and outstanding shares of common stock of Snow Time, Inc. ("Snow Time") pursuant to the Stock Purchase Agreement (the "Purchase Agreement") entered into with the stockholders of Snow Time (the "Sellers"), dated as of September 24, 2018 (the "Snow Time Acquisition"). Consideration for the Snow Time Acquisition totaled \$71,643, which consisted of \$65,667 in cash, net of cash acquired of \$1,026, and 1,183,432 shares of common stock with a value of \$5,976 based on the Company's closing stock price on the day the transaction closed. The number of shares issued to the Sellers was determined pursuant to the Purchase Agreement, which provided that the Sellers had the right to receive \$6,000 of common stock as determined using the average closing price of the common stock for the 20 trading days immediately preceding the closing, which was \$5.07. The Company acquired Snow Time in order to expand its portfolio of resorts.

[Table of Contents](#)

Snow Time's resort properties include Liberty Mountain Resort, Roundtop Mountain Resort and Whitetail Resort, which are day and overnight drive ski resorts located in southern Pennsylvania serving the Baltimore and Washington, D.C. metropolitan areas. The acquired resorts also include two 18-hole golf courses, a 115-room hotel and conference center and more than 20 food and beverage locations across the three resorts, among other amenities. Net revenue and earnings before income tax from the resorts acquired in the Snow Time Acquisition of \$42,335 and \$13,283, respectively, was included in the consolidated statements of operations for the year ended April 30, 2019.

Purchase price allocation

The following table summarizes the Company's preliminary estimate of the fair value of the assets acquired and liabilities assumed in the Snow Time Acquisition as of November 21, 2018. The Company is in the process of completing various valuation studies which, when completed, may impact the estimated fair value of property and equipment and deferred taxes.

Tangible assets and liabilities:

Accounts receivable	\$ 208
Inventories	969
Property and equipment	70,433
Land held for development	1,000
Other current assets	1,103
Accounts payable and accrued expenses	(4,166)
Accrued salaries, wages and related taxes and benefits	(714)
Unearned revenue	(5,499)
Deferred income taxes	(7,707)
Other long-term liabilities	(300)
Intangible assets:	
Identifiable intangible asset	2,525
Goodwill	13,791
Total preliminary purchase price allocation	<u>\$ 71,643</u>

Goodwill and Identifiable Intangible Assets

Identifiable intangible assets acquired include Snow Time's customer relationships, trade names, liquor licenses, and water and land use agreements. Values established for these items were \$944, \$689, \$490 and \$402, respectively. The liquor licenses and certain of the water rights agreements are considered indefinite lived intangible assets, and the estimated useful lives of the customer lists, trade names and the remaining favorable agreements are 5 years, 15 years and 11 years, respectively.

Goodwill is calculated as the excess of the purchase price over the fair value of net tangible and identifiable intangible assets acquired. Based upon the preliminary estimated fair value of the net tangible assets acquired and the values of the identifiable intangible assets acquired, the goodwill recognized in the Snow Time Acquisition was \$13,791 and represents the value of the assembled workforce, the additional value to the Company expected from growth as the Company expands its market position in the Mid-Atlantic United States and other intangible benefits. Approximately \$646 of the goodwill is expected to be deductible for income tax purposes.

Pro Forma Information

The following unaudited pro forma information presents the combined results of operations of Peak Resorts, Inc. and Snow Time for the years ended April 30, 2019 and 2018, as if the Snow Time Acquisition had been completed on May 1, 2017, with adjustments to give effect to pro forma events that are directly attributable to the Snow Time Acquisition. The unaudited pro forma results do not reflect any operating efficiencies or potential cost savings which may result from the consolidation of the operations of the companies. Accordingly, these unaudited pro forma results are presented for illustrative purposes and are not intended to represent or be indicative of the actual results of operations of the combined company that would have been achieved had the acquisition occurred at the beginning of each period presented, nor are they intended to represent or be indicative of future results of operations.

The following table summarizes the unaudited pro forma revenues and earnings of the combined companies:

[Table of Contents](#)

	Year ended April 30,	
	2019	2018
Net revenue	\$ 192,527	\$ 180,297
Net loss	\$ (2,676)	\$ (5,887)

The pro forma net income was adjusted to give effect to pro forma events which are directly attributable to the Snow Time Acquisition. Adjustments to the pro forma net income for the year ended April 30, 2019 included: i) the exclusion of \$1,045 of acquisition-related costs incurred by Peak Resorts, Inc., ii) the addition of interest and financing cost amortization of \$2,507 and iii) the increase of \$2,942 of net expense related to fair value adjustments to acquisition-date net assets acquired. Adjustments to the pro forma net income for the year ended April 30, 2018 included the addition of interest and financing cost amortization of \$3,892 and the increase of \$5,538 of net expense related to fair value adjustments to acquisition-date net assets acquired.

Transaction Costs

During the year ended April 30, 2019, the Company incurred \$1,045 of acquisition related costs which have been included in general and administrative costs in the consolidated statements of operations.

Note 3. Property and Equipment

The composition of property and equipment is as follows:

	April 30, 2019	April 30, 2018
Land and improvements	\$ 73,486	\$ 54,785
Buildings and improvements	141,439	75,321
Equipment, furniture and fixtures	201,773	175,532
Construction in progress	8,198	16,787
	424,896	322,425
Less: accumulated depreciation and amortization	137,775	118,330
	\$ 287,121	\$ 204,095

Depreciation expense for the years ended April 30, 2019, 2018 and 2017, was \$19,468, \$13,174 and \$12,655, respectively. As of April 30, 2019 and 2018, equipment under capital leases with a cost of \$9,935 and \$7,753, respectively, and accumulated depreciation of \$2,109 and \$1,368, respectively, was included in property and equipment.

Note 4. Goodwill and Intangible Assets

Goodwill

As of April 30, 2019, the Company had goodwill of \$18,173 related to acquisitions. The Company conducts an assessment of the carrying value of goodwill annually, as of last day of March, or more frequently if circumstances arise which would indicate the fair value of a reporting unit with goodwill is below its carrying amount. The Company did not record any impairment of goodwill for the years ended April 30, 2019 or 2017. As a result of the annual assessment as of March 31, 2018, the Company recorded an impairment loss of \$443 of goodwill associated with its Alpine Valley ski resort. The Company used a discounted cash flow approach with Level 2 and Level 3 inputs. As of April 30, 2019, the balance of goodwill relates to the Company's Hunter Mountain, Liberty Mountain, Whitetail and Roundtop Mountain ski resorts.

[Table of Contents](#)

Changes to the carrying value of goodwill over the three years ended April 30, 2019 are as follows:

	April 30, 2017	Impairment Losses	April 30, 2018	Additions	April 30, 2019
Goodwill	\$ 4,825	\$ —	\$ 4,825	\$ 13,791	\$ 18,616
Accumulated impairment losses	—	(443)	(443)	—	(443)
	<u>\$ 4,825</u>	<u>\$ (443)</u>	<u>\$ 4,382</u>	<u>\$ 13,791</u>	<u>\$ 18,173</u>

Intangible Assets

The components of intangible assets subject to amortization are as follows:

	April 30, 2019			April 30, 2018		
	Gross carrying amount	Accumulated amortization	Net book value	Gross carrying amount	Accumulated amortization	Net book value
Trade names	\$ 1,457	\$ 191	\$ 1,266	\$ 768	\$ 120	\$ 648
Customer relationships	1,041	92	949	97	14	83
Water rights agreements	25	1	24	—	—	—
Total definite	<u>2,523</u>	<u>284</u>	<u>2,239</u>	<u>865</u>	<u>134</u>	<u>731</u>
Liquor licenses	490	—	490	—	—	—
Water and land use agreements	377	—	377	—	—	—
Total indefinite	<u>867</u>	<u>—</u>	<u>867</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>\$ 3,390</u>	<u>\$ 284</u>	<u>\$ 3,106</u>	<u>\$ 865</u>	<u>\$ 134</u>	<u>\$ 731</u>

Intangible amortization expense for the years ended April 30, 2019, 2018 and 2017, was \$150, \$57 and \$58, respectively. Trade names, customer relationships and certain water rights agreements are being amortized over 5 to 15 years, 15 years and 11 years, respectively. The expected future annual amortization expense for definite-lived intangible assets is \$268 each year for the next five fiscal years and \$899 thereafter.

5. Long-term Debt and Revolving Credit Facilities

The composition of long-term debt at April 30, is as follows:

	2019	2018
EPR Secured Notes due 2034	\$ 93,162	\$ 93,162
EPR Secured Notes due 2036	21,000	21,000
EB-5 Development Notes due 2021	52,000	52,000
Term Loan due 2020, related party debt	50,058	—
Wildcat Mountain Note due 2020	3,030	3,231
Capital Leases	1,746	2,426
Other borrowings	514	1,184
Less: Unamortized debt issuance costs	(4,128)	(4,552)
	<u>217,382</u>	<u>168,451</u>
Less: Current maturities	(1,513)	(2,614)
	<u>\$ 215,869</u>	<u>\$ 165,837</u>

EPR Secured Notes

The Company has various secured borrowings (the “EPR Secured Notes”) under a master credit and security agreement and other related agreements, as amended, (together, the “EPR Agreements”) with EPR Properties and its affiliates (“EPR”). Each of the EPR Secured Notes is secured by one or more of the Company’s resort properties and is guaranteed by the Company. The EPR Secured Notes bear interest at specified interest rates which are subject to increase each year by the lesser of i) three times the percentage increase in the Consumer Price Index (as defined) or ii) a capped index (the “Capped CPI Index”) which is 1.75% for the Hunter Mountain Secured Note and 1.50% for all other notes. The Company has determined the Capped CPI Index features represent an embedded derivative; however, this

[Table of Contents](#)

derivative does not require bifurcation and separate presentation at fair value because the Capped CPI Index feature is closely related to the debt instrument.

The following table illustrates the potential future interest rates applicable to the EPR Secured Notes for each of the next five years, assuming rates increase by the Capped CPI Index:

Rates as of April 30,	Hunter Mountain Secured	Alpine Valley Secured	Boston Mills/Brandywine and Jack Frost/Big
	Mount Snow Secured Note	Note	Boulder Secured Notes
2019	11.61 %	8.43 %	10.59 %
2020	11.78 %	8.58 %	10.75 %
2021	11.96 %	8.73 %	10.91 %
2022	12.14 %	8.88 %	11.07 %
2023	12.32 %	9.04 %	11.24 %
2024	12.50 %	9.20 %	11.41 %

Financial covenants set forth in the EPR Agreements consist of i) a maximum leverage ratio (as defined) of 65%, above which the Company and certain of its subsidiaries are prohibited from incurring additional indebtedness, ii) a consolidated fixed charge coverage ratio (as defined) of 1.50:1.00 on a rolling four quarter basis, and iii) a prohibition of the Company paying dividends if the Company is in default (as defined) or if the fixed charge coverage ratio (as defined) is below 1.25:1.00. During the first two quarters of fiscal year 2017, the Company's fixed charge coverage ratio fell below 1.25:1.00 and, as a result, the Company was prohibited from paying dividends. As of April 30, 2019, the Company was in compliance with all debt covenants.

Non-financial covenants set forth in the EPR Agreements include i) restrictions on certain transactions, including mergers, acquisitions, leases, asset sales, loans to third parties, and the incurrence of certain additional debt and liens and ii) a requirement that the Company obtain the consent of EPR prior to redeeming any preferred or common stock.

The EPR Agreements also provide that none of the EPR Secured Notes may be prepaid without the consent of EPR and that any default under any of the EPR Secured Notes, lease agreements between the Company and EPR, or credit facilities with other lenders would constitute a default under all EPR Secured Notes and lease agreements. A change in control (as defined) would also constitute an event of default.

An additional contingent interest payment would be due to EPR if, on a calendar year basis, the gross receipts (as defined) from the properties securing the EPR Secured Notes (the "Gross Receipts") are more than the result (the "Interest Quotient") of dividing the total interest charges for the EPR Secured Notes by a certain percentage rate (the "Additional Interest Rate"). In such a case, the additional interest payment would equal the difference between the Gross Receipts and the Interest Quotient multiplied by the Additional Interest Rate. This calculation is made on an aggregated basis for the notes secured by the Company's Jack Frost, Big Boulder, Boston Mills, Brandywine, Alpine Valley and Hunter Mountain ski resorts, where the Additional Interest Rate is 10%, and is made on a standalone basis for the note secured by the Company's Mount Snow ski resort, where the Additional Interest Rate is 12%. The Company has not made any additional interest payments on the EPR Secured Notes based on these provisions.

The EPR Agreements grant EPR certain other rights including i) an option to purchase the Company's Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley resorts that is exercisable no sooner than two years and no later than one year prior to the maturity dates of the applicable promissory notes for such properties, with any closings to be held on the maturity dates, ii) a right of first refusal through 2021, subject to certain conditions, 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 properties, and iii) a right of first refusal through 2021 to purchase the Company's Attitash ski resort in the event the Company were to desire to sell the Attitash ski resort. To date, EPR has not exercised any purchase options. If EPR exercises a purchase option, EPR will enter into an agreement with the Company for the lease of each acquired property for an initial term of 20 years, plus options to extend the lease for two additional periods of ten years each.

Under the terms of the various borrowing agreements the Company has with EPR, it is required to, at EPR's discretion, either prepay a certain amount of interest payments to EPR or deposit the equivalent amount of cash in a restricted

[Table of Contents](#)

account to fund interest payments to EPR. As of April 30, 2019 and 2018, the Company had prepaid interest to EPR of \$8,229 and \$8,905, respectively, which is included in the caption prepaid expenses and deposits.

The EPR Secured Notes include the following:

The Alpine Valley Secured Note. The \$4,550 Alpine Valley Secured Note provides for interest only payments through its maturity on December 1, 2034. As of April 30, 2019, interest on this note accrued at a rate of 11.04%. This note is secured by a mortgage and other interests in the Company's Alpine Valley ski resort.

The Boston Mills/Brandywine Secured Note. The \$23,294 Boston Mills/Brandywine Secured Note provides for interest only payments through its maturity on December 1, 2034. As of April 30, 2019, interest on this note accrued at a rate of 10.59%. This note is secured by a mortgage and other interests in the Company's Boston Mills and Brandywine ski resorts.

The Jack Frost/Big Boulder Secured Note. The \$14,268 Jack Frost/Big Boulder Secured Note provides for interest only payments through its maturity on December 1, 2034. As of April 30, 2019, interest on this note accrued at a rate of 10.59%. This note is secured by a mortgage and other interests in the Company's Jack Frost and Big Boulder ski resorts.

The Mount Snow Secured Note. The \$51,050 Mount Snow Secured Note provides for interest only payments through its maturity on December 1, 2034. As of April 30, 2019, interest on this note accrued at a rate of 11.61%. This note is secured by a mortgage and other interests in the Company's Mount Snow ski resort.

The Hunter Mountain Secured Note. The \$21,000 Hunter Mountain Secured Note provides for interest only payments through its maturity on January 5, 2036. As of April 30, 2019, interest on this note accrued at a rate of 8.43%. This note is secured by a mortgage and other interests in the Company's Hunter Mountain ski resort.

EB-5 Development Notes

The Company serves as the general partner for two limited partnerships, Carinthia Group 1, LP and Carinthia Group 2, LP (together, the "Limited Partnerships"), which were formed to raise \$52,000 through the Immigrant Investor Program administered by the U.S. Citizenship and Immigration Services ("USCIS") pursuant to the Immigration and Nationality Act (the "EB-5 Program"). The EB-5 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 immigrant visas to qualified individuals ("EB-5 Investors") seeking lawful permanent resident status based on their investment in a U.S. commercial enterprise.

On December 27, 2016, the Company borrowed \$52,000 from the Limited Partnerships to fund two capital projects at its Mount Snow ski resort. The development projects include i) the West Lake Water Project, which was completed during fiscal 2018 and included the construction of a new water storage reservoir for snowmaking, and ii) the Carinthia Ski Lodge Project, which was completed during fiscal 2019 and included the construction of a new skier service building. The amounts were borrowed through two loan agreements, which provided \$30,000 for the West Lake Water Project and \$22,000 for the Carinthia Ski Lodge project (together, the "EB-5 Development Notes").

Amounts outstanding under the EB-5 Development Notes accrue simple interest at a fixed rate of 1.0% per annum until the maturity date, which is December 27, 2021, subject to extension of up to an additional two years at the option of the borrowers with lender consent. If the maturity date is extended, amounts outstanding under the EB-5 Development Notes will accrue simple interest at a fixed rate of 7.0% per annum during the first year of extension and a fixed rate of 10.0% per annum during the second year of extension.

Upon an event of default (as defined), amounts outstanding under the EB-5 Development Notes shall bear interest at the rate of 5.0% per annum, subject to the extension increases. For so long as amounts under the EB-5 Development Notes are outstanding, the Company is restricted from taking certain actions without the consent of the lenders, including, but not limited to transferring or disposing of the properties or assets financed with the loan proceeds. In addition, the Company is prohibited from prepaying outstanding amounts owed if such prepayment would jeopardize any of the EB-5 Investors from being admitted to the U.S. via the EB-5 Program.

[Table of Contents](#)

The Company has evaluated the facts and circumstances surrounding the Limited Partnerships and determined the Limited Partnerships do not require consolidation in the Company's financial statements as the Company does not have a variable interest in the Limited Partnerships under either the variable interest model or the voting interest model, as substantive participation rights give the limited partners the ability to effectively participate in significant decisions that would be expected to be made in the ordinary course of the Limited Partnerships' business and thereby preclude the Company as general partner from exercising unilateral control over the partnerships.

Term Loan due 2020 – Related Party Debt

The Company financed part of the cash consideration paid in the Snow Time Acquisition with a \$50,000 senior secured term loan (the "Term Loan") from Cap 1 LLC ("Cap 1") pursuant to the terms of the Credit Agreement entered into with Cap 1 on November 21, 2018. Cap 1 is considered a related party because of the level of its ownership interest, as described below, in the Company. The Term Loan was issued at a premium of \$68, which is being amortized over the loans term. As of April 30, 2019, the carrying value of the Term Loan reflects \$58 of unamortized original issue premium.

The Term Loan has an initial term of two years and bears interest at 6.95%, payable quarterly, subject to a 2.0% increase upon an event of default. The Term Loan is secured by all real property on which the Snow Time resorts are located and improvements thereon. Amounts due under the Term Loan may be prepaid without penalty.

The Term Loan matures on November 30, 2020 and may be extended for an additional one-year period at the Company's option, so long as no event of default has occurred. If extended, the Company has agreed to issue Cap 1 a warrant to purchase 666,667 shares of common stock, exercisable immediately from the issuance date and for up to ten years from the date of issuance, at \$7.50 per share (the "Extension Warrant"). The Extension Warrant was not issued upon closing the Term Loan and will only be issued if the Company exercises the one-year Term Loan extension right.

As consideration for the Term Loan and in lieu of fees, the Company also issued Cap 1 a warrant to purchase 1,750,000 shares of common stock at \$10.00 per share, which is exercisable immediately and expires ten years from the date of issuance (the "Financing Warrant").

As a condition to the funding of the Term Loan, and for aggregate consideration of \$20.0 million, the Company exercised the existing Cap 1 Option to issue to Cap 1 an additional 20,000 shares of Series A Cumulative Convertible Preferred Stock, par value \$0.01 per share (the "Series A Preferred Stock"), along with additional warrants to purchase shares of common stock. See Note 6. The Company used the Cap 1 Option proceeds to fund the remainder of the cash portion of the Acquisition purchase price.

Related Party Nature of Cap 1

Cap 1 and its affiliates currently own 1,797,705 shares of the Company's common stock, 40,000 shares of Series A Preferred Stock and warrants to purchase up to an aggregate of 7,188,036 shares of the Company's common stock at prices ranging from \$6.50 to \$10.00 per share. See Note 6 for information regarding the Company's transactions with Cap 1 and a summary of the Series A Preferred Stock and warrant terms and conditions.

Because Cap 1 is entitled to vote its Series A Preferred Stock on an as-converted basis, Cap 1 and its affiliates currently own approximately 37.9% of the Company's outstanding voting power. Assuming the conversion of the Series A Preferred Stock and exercise of all warrants held by Cap 1, Cap 1 would own approximately 53.4% of the outstanding shares of our common stock and voting power. Pursuant to the terms of the Amended and Restated Voting Agreement entered into between the Company, Cap 1 and the Management Stockholders in connection with the closing of the Term Loan in November 2018, Cap 1 has agreed that for up to three years after the issuance date or until a change of control, it will vote any shares of common stock issued upon exercise of any warrants held by Cap 1 in favor of the board of directors' recommendations as to the election, removal or replacement of directors and all other proposals submitted to the vote of stockholders, except in the case of non-routine matters such as tender offers, mergers, acquisitions and similar transactions.

[Table of Contents](#)

Cap 1 also has the right to nominate a director to the Company's board of directors so long as it beneficially owns, on an as-converted basis, at least 20% of the outstanding equity securities of the Company, subject to satisfaction of reasonable qualification standards and Nominating and Corporate Governance Committee approval of the nominee. See Note 6.

During the year ended April 30, 2019, the Company paid Cap 1 \$1,265 of interest related to the Term Loan, and as of April 30, 2019, the Company had \$1,738 in restricted cash to fund a debt service account for the estimated interest payments due through the end of calendar 2019.

Wildcat Mountain Note

The Wildcat Mountain Note due December 22, 2020 bears interest at a fixed rate of 4.00% and is secured by a security interest in the improvements at the Company's Wildcat Mountain ski resort. The loan is payable in monthly principal and interest payments of \$27 with a balloon payment of \$2,675 due upon maturity.

Future Debt Payments

The schedule of principal payments for long-term debt at April 30, 2019, is as follows:

Year Ended April 30,	
2020	\$ 1,513
2021	53,233
2022	52,519
2023	31
2024	5
Thereafter	114,209
	<u>\$ 221,510</u>

Amortization of deferred financing costs for the years ended April 30, 2019, 2018 and 2017 was \$1,276, \$1,084 and \$1,133, respectively. Amortization of deferred financing costs are estimated to be \$1,392, \$1,191, \$664, \$70, \$70 and \$741 for the years ended April 30, 2020, 2021, 2022, 2023, 2024 and thereafter, respectively.

Royal Banks of Missouri Credit Facilities

In addition to the credit facilities listed above, the Company maintains a \$10,000 working capital line of credit and a \$15,000 acquisition line of credit with Royal Banks of Missouri pursuant to a credit agreement that was renewed by the Company and Royal Banks of Missouri on December 27, 2018 (the "Royal Banks Credit Facility"). The Royal Banks Credit Facility expires on December 27, 2019. As of April 30, 2019, nothing was outstanding under the working capital line of credit and \$12,415 was outstanding under the acquisition line of credit, and \$10,000 and \$2,585 was unused and available under the lines of credit, respectively.

The Royal Banks Credit Facility was renewed for one year, and requires monthly interest only installments charged at the bank's prime rate plus 1.00% per annum, with any outstanding principal amounts due in December 2019. As of April 30, 2019, the Company had \$548 in restricted cash to fund a debt service account for the estimated interest payments due through the end of calendar 2019 in connection with outstanding loans under the Royal Banks Credit Facility. The Company is required to maintain a minimum debt service coverage ratio (as defined in the credit agreement) of 1.25:1.00. In addition, were the Company's fixed charge coverage ratio (as defined in the credit agreement) to fall below 1.50:1.00, the Company would be required to prefund certain other debt service payments, and should the ratio fall below 1.25:1.00, the Company would be prohibited from paying dividends. The Royal Banks Credit Facility is secured by the assets of the Company's subsidiaries which operate its Hidden Valley, Paoli Peaks, Snow Creek, Crotched Mountain and Attitash resorts.

6. Series A Preferred Stock and Stock Warrants

Series A Preferred Stock

On August 22, 2016, the Company entered into a private placement (the "Private Placement") securities purchase agreement (the "Securities Purchase Agreement") with CAP 1 and affiliates in connection with the sale and issuance of

[Table of Contents](#)

\$20,000 in Series A Preferred Stock and three warrants (the “2016 Warrants”) to purchase shares of the Company’s common stock, as follows: (i) 1,538,462 shares of Common Stock at \$6.50 per share; (ii) 625,000 shares of Common Stock at \$8.00 per share; and (iii) 555,556 shares of Common Stock at \$9.00 per share. The Company completed the Private Placement on November 2, 2016.

As a condition to the funding of the Term Loan, and for aggregate consideration of \$20,000, on November 21, 2018, the Company exercised its existing option (the “Cap 1 Option”) under the Securities Purchase Agreement to issue to Cap 1 an additional 20,000 shares of Series A Preferred Stock, along with additional warrants (the “2018 Option Warrants”) to purchase shares of common stock that expire 12 years from the date of issuance, as follows: i) 1,538,462 shares of common stock at \$6.50 per share; ii) 625,000 shares of common stock at \$8.00 per share; and iii) 555,556 shares of common stock at \$9.00 per share. The rights and preferences of the Series A Preferred Stock include, among other things, the following:

Seniority. The Series A Preferred Stock generally rank, with respect to liquidation, dividends and redemption, i) senior to common stock and to any other junior capital stock; ii) on parity with any parity capital stock; iii) junior to any senior capital stock; and iv) junior to all of the Company’s existing and future indebtedness (as defined). Until the earlier of the date that no Series A Stock remains outstanding and January 1, 2027, the Company is prohibited from paying cash dividends on common stock if there are accrued and unpaid dividends with respect to the Series A Preferred Stock.

Dividend Rights. From and after the date that is nine months from the date of issuance, cumulative dividends accrue on the Series A Preferred Stock on a daily basis in arrears at the rate of 8% per annum on the liquidation value of \$1,000 per share. All accrued and accumulated dividends on the Series A Preferred Stock shall be paid prior and in preference to any dividend or distribution on or redemption of any junior securities, provided that the Company may, prior to the payment of all accrued and accumulated dividends on the Series A Preferred Stock, i) declare or pay any dividend or distribution payable on the common stock in shares of common stock; or ii) repurchase common stock held by employees or consultants of the Company upon termination of their employment or services pursuant to agreements providing for such repurchase. The Company may also redeem or repurchase junior securities at any time when there are no accrued or accumulated unpaid dividends on the Series A Preferred Stock.

Liquidation. In the event of any liquidation (as defined), dissolution or winding up of the Company, the holders of Series A Preferred Stock shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, before any payment shall be made to the holders of junior securities, and subject to the rights of any parity or senior securities, an amount in cash equal to \$1,000 per share plus all unpaid accrued and accumulated dividends.

Redemption. The Series A Preferred Stock is subject to redemption (i) at the option of the Company at a price of \$1,250 per share, plus all unpaid accrued and accumulated dividends, at any time on or after the third anniversary of the issuance of the Series A Preferred Stock that the average closing price of the Company’s common stock on the 30 trading days preceding notice of the exercise of the redemption right is greater than \$8.18; or (ii) at the option of the holder, upon a change of control. The Company is not accreting the Series A Preferred Stock to its redemption amount because it believes that it is not probable that the Series A Preferred Stock is redeemable. With respect to (i), even upon satisfaction of the time and price contingencies, the Company must exercise its option to redeem. The holder of the Series A Preferred Stock does not have representation on the Company’s board of directors sufficient to control such actions of the Company. With respect to (ii), the Company does not deem a change of control, as defined in the Certificate of Designation, probable as of and for the year ended April 30, 2019.

Conversion. Upon the earlier of a change of control or the nine-month anniversary of the date of issuance, the holders of the Series A Preferred Stock have the right to convert the Series A Preferred Stock into shares of common stock equal to the number of shares to be converted, times the liquidation value, divided by the conversion price and receive in cash all accrued and unpaid dividends. The initial conversion price per share is \$6.29, subject to adjustment pursuant to the terms of the Certificate of Designation. Holders of the Series A Preferred Stock also have basic anti-dilution rights.

Voting Rights. Each holder of Series A Preferred Stock shall be entitled to vote, on an as-converted basis, with holders of outstanding shares of common stock, voting together as a single class, with respect to any and all matters presented to the stockholders of the Company.

Stock Warrants

Each of the 2016 Warrants and 2018 Option Warrants may be exercised in whole or in part at any time for a period of 12 years from the date of issuance. The Financing Warrant may be exercised in whole or in part at any time for a period of 10 years from the date of issuance. Warrants issued during the year ended April 30, 2019, had a weighted average exercise period of 11.2 years.

The following table shows warrant activity for the years ending April 30, 2019 and 2018:

	Warrants	Weighted Average Exercise Price
Outstanding - April 30, 2017	2,719,018	\$ 7.36
Warrants granted	—	—
Outstanding - April 30, 2018	2,719,018	7.36
Warrants granted	4,469,018	8.39
Outstanding - April 30, 2019	7,188,036	\$ 8.00

Registration Rights. The Company entered into a Registration Rights Agreement with Cap 1, dated November 21, 2018, granting certain registration rights with respect to the shares of common stock underlying the Series A Preferred Stock, 2018 Option Warrants and Financing Warrant. The terms and registration rights applicable to the Extension Warrant, if issued, are expected to be substantially the same as those applicable to the Financing Warrant. Identical registration rights were granted to Cap 1 with respect to the Series A Preferred Stock and 2016 Warrants issued to Cap 1 in November 2016 in connection with the Private Placement.

Stockholders' Agreement On November 21, 2018, in connection with the closing of the Term Loan and the Snow Time acquisition, the Company, Cap 1 and certain members of the Company's management (the "Management Stockholders") entered into the Amended and Restated Stockholders' Agreement (the "Stockholders' Agreement") which added the new shares of Series A Preferred Stock, 2018 Option Warrants, Financing Warrant and Extension Warrant, and the shares of Common Stock underlying such securities, to the scope of Stockholders' Agreement entered into by the parties in 2016. The Stockholders' Agreement otherwise remains unchanged and i) provides Cap 1 a right to nominate a director to sit on the Company's board of directors so long as Cap 1 beneficially owns, on a fully diluted, as-converted basis, at least 20% of the outstanding equity securities of the Company, ii) restricts transfers of the Company's securities by Cap 1 and the Management Stockholders, iii) provides Cap 1 with a right of first offer to purchase shares of the Company's common stock from the Management Stockholders, iv) grants Cap 1 preemptive rights with respect to future issuances of securities, and v) requires Cap 1's approval, so long as it meets certain ownership requirements (as defined), in order for the Company to a) materially change the nature of its business or b) acquire or dispose of any resorts, assets or properties for aggregate consideration equal to or greater than 30% of the enterprise value (as defined) of the Company and its subsidiaries.

7. Restructuring and Impairment

During the years ended April 30, 2019 and 2018, the Company incurred restructuring and impairment charges of \$190 and \$1,692 respectively, in connection with its decision to cease operation of a restaurant and certain hotel-like amenities at a condominium building adjacent to its Attitash ski resort (the "Attitash Hotel Closure"). In connection with the Company's 2007 acquisition of its Attitash ski resort, the Company acquired property and equipment constituting the commercial core of a condominium building located adjacent to the resort. Since this acquisition, the Company i) provided management services to the condominium's owners association under a management services agreement (the "Management Services Agreement"), ii) sponsored a rental management program whereby unoccupied condominium units were rented as hotel rooms, and iii) operated restaurant and other hotel-type amenities. In December 2017, the Company determined it would not be able to renew the Management Services Agreement upon its expiration on April 30, 2018 and, as a result, decided to terminate the rental management program and cease operation of the hotel of that date. Total charges related to the Attitash Hotel Closure include \$1,586 of asset impairment charges, \$36 severance expense and \$260 of other costs. As of April 30, 2019, no amounts were accrued for costs associated with the Attitash Hotel Closure, and the Company expects it will not incur future additional charges related to the Attitash Hotel Closure.

8. Equity Incentive Plan

The Company's 2014 Equity incentive Plan, (the "2014 Plan") was adopted in November 2014, and provides for grants of RSUs, stock options, restricted stock awards, performance share units and other stock-based awards to the Company's employees and directors. Subject to additions and adjustments, 559,296 shares were authorized for issuance under the 2014 Plan. As of April 30, 2019, 357,001 shares were available for future grants, and in May 2019 the Company granted an additional 140,000 RSUs.

The 2014 Plan provides the compensation committee of the Company's board of directors the discretion to grant awards in any form and with any terms permitted by the 2014 Plan. All awards granted since the inception of the 2014 Plan through April 30, 2019 were in the form of RSUs with vesting on the first anniversary of the grant date.

Stock Compensation Expense

The Company recognizes expense associated with stock-based awards ratably over the requisite service period based on the grant date fair value of the award. For RSUs, the grant date fair value is the closing price of the Company's common stock on the date the grant is made. Stock compensation expense of \$185, \$223 and \$198 was recorded in general and administrative expenses in the consolidated statements of operations for the years ended April 30, 2019, 2018 and 2017, respectively associated with this plan. As of April 30, 2019, unrecognized compensation expense related to grants of RSUs was \$80 and will be recognized over a period of approximately six months.

Restricted Stock Units

RSUs are generally convertible to shares of the Company's common stock upon vesting; however, for all of the RSUs granted since the inception of the 2014 Plan through April 30, 2019, the RSUs are not convertible until six months after the grantee leaves employment with the Company or ceases to be a member of the Company's board of directors. Outstanding RSUs accrue dividends in the form of additional RSUs based on the market price of the Company's common stock on the date cash dividends are paid to the Company's common stockholders.

The following table summarizes RSU activity for the years ended April 30:

	2019		2018		2017	
		Weighted Average Grant Date Per Share Fair Value		Weighted Average Grant Date Per Share Fair Value		Weighted Average Grant Date Per Share Fair Value
Outstanding, beginning of year	146,780	\$ 5.00	96,587	\$ 5.31	63,741	\$ 5.90
RSU awards granted	36,195	5.18	43,600	4.30	46,770	4.74
Dividends paid in RSUs	9,596	5.02	6,593	5.13	1,133	5.31
Forfeited	—	—	—	—	(5,334)	6.01
Released	—	—	—	—	(9,723)	6.01
Outstanding, end of year	<u>192,571</u>	\$ 5.04	<u>146,780</u>	5.00	<u>96,587</u>	5.31
Vested, beginning of year	101,981	5.31	49,262	5.87	29,169	6.01
Vested	53,336		52,719		20,093	
Vested, end of year	<u>155,317</u>	\$ 5.00	<u>101,981</u>	5.31	<u>49,262</u>	5.87

RSUs outstanding as of April 30, 2019, had an aggregate intrinsic value of \$845. As of April 30, 2019, there was \$80 of unamortized compensation expense related to plan awards that will be recognized over the next six months.

[Table of Contents](#)

9. Income Taxes

The Company's income tax provision for the years ended April 30, 2019, 2018 and 2017, consists of the following:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current:			
Federal	\$ —	\$ 52	\$ 59
State taxes	1,836	60	27
	<u>1,836</u>	<u>112</u>	<u>86</u>
Deferred:			
Federal	2,873	(4,565)	589
State	(372)	141	(22)
Valuation allowance	367	350	—
	<u>2,868</u>	<u>(4,074)</u>	<u>567</u>
	<u>4,704</u>	<u>(3,962)</u>	<u>653</u>
Income tax related purchase accounting adjustments	—	—	96
	<u>\$ 4,704</u>	<u>\$ (3,962)</u>	<u>\$ 749</u>

The tax effects of significant temporary differences representing deferred tax assets and liabilities at April 30, 2019 and 2018, are as follows:

	<u>April 30, 2019</u>	<u>April 30, 2018</u>
Deferred tax assets:		
Deferred gain on sale/leaseback	\$ 528	\$ 598
Accrued compensation	394	226
Unearned revenue	1,082	637
Interest carryforwards	367	—
Net operating loss carryforwards	2,112	7,028
	<u>4,483</u>	<u>8,489</u>
Valuation allowance	(717)	(350)
	<u>3,766</u>	<u>8,139</u>
Deferred tax liabilities:		
Property and equipment	(21,264)	(15,758)
Intangible and other assets	(886)	(190)
	<u>(22,150)</u>	<u>(15,948)</u>
	<u>\$ (18,384)</u>	<u>\$ (7,809)</u>

The Company assesses available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. As of April 30, 2019, the Company evaluated the likelihood of its ability to deduct in future years interest carryforwards arising by virtue of the provisions of the 2017 Tax Act. Under the 2017 Tax Act, limitations are imposed on the deductibility of interest incurred. The Company's interest expense has exceeded the amount that is deductible under the 2017 Tax Act and management expects that condition to exist for the foreseeable future. While the limitations on deductible interest have the effect of accelerating the utilization of the existing net operating loss carryovers, they also give rise to a deferred tax asset, and management believes it is more likely than not that the benefit of the interest carryforwards will not be realized. Accordingly, in the year ended April 30, 2019, the Company recognized a valuation allowance of \$367 to reduce to zero the carrying value of the deferred tax asset related to interest carryforwards.

In evaluating the realization of net operating loss carryovers, significant pieces of objective negative evidence evaluated included i) the shorter net operating loss carryforward periods associated with certain states in which the Company operates and ii) the amounts of taxable income apportioned to those taxing jurisdictions over the three-year period ended April 30, 2019. Such objective evidence limits the Company's ability to consider other subjective evidence, such as projections for future growth.

Based on its evaluation, as of April 30, 2019, the Company concluded it is more likely than not that the benefit of net operating loss carryforwards associated with one such state will not be fully realized. In recognition of that risk the

[Table of Contents](#)

Company established a valuation allowance of \$350 as of April 30, 2018, to reduce the carrying value of deferred tax assets related to those state net operating loss carryforwards. As of April 30, 2019 the Company reassessed the adequacy of the valuation allowance taking into account current, relevant positive and negative evidence of the type and nature discussed above and concluded the \$350 valuation allowance remained adequate. The amount of the deferred tax assets considered realizable, however, could be adjusted in the future if estimates of future taxable income during the carryforward period are reduced or increased or if objective negative evidence is no longer present, thus allowing additional weight to be given to subjective evidence such as the Company's projections for growth.

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 monitors the activity in its stock and should an ownership change occur under the Tax Reform Act of 1986, management would reassess the ability to realize net operating loss carryovers and provide additional valuation allowances, if necessary.

Federal loss carryforwards for tax purposes as of April 30, 2019, have the following expiration dates:

Expiration date	Amount
2031	\$ 12
2032	—
2033	—
2034	—
2035	4,256
	<u>\$ 4,268</u>

A reconciliation between the income tax provision computed at the federal statutory income tax rate and the effective tax rate, for the years ended April 30, 2019, 2018 and 2017, is summarized below:

	2019	2018	2017
Computed tax at statutory rates	\$ 2,860	\$ (774)	\$ 677
Permanent items	249	162	35
State taxes, net of federal benefit	1,128	(51)	2
Change in federal statutory rate	—	(3,611)	—
Valuation allowance for deferred tax assets	367	350	—
Other	100	(38)	35
Income tax expense (benefit)	<u>\$ 4,704</u>	<u>\$ (3,962)</u>	<u>\$ 749</u>

On December 22, 2017, the United States government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "2017 Tax Act"). The 2017 Tax Act made broad changes to the federal tax code which impacts the Company. The 2017 Tax Act included provisions that, among other things, provides for i) the reduction of the federal corporate tax rate, ii) the elimination of the corporate alternative minimum tax, iii) a new limitation on the deductibility of interest expense, iv) changes in the treatment of net operating losses after December 31, 2017, and v) bonus depreciation that allows for full expensing of qualified property.

The 2018 change in federal statutory rate as appearing in the table above, consists of two components related to the 2017 Tax Act. First, the Company recognized a discrete benefit at the enactment date of the 2017 Tax Act of \$124 based on re-measurement of net deferred tax liabilities at that date utilizing the reduced corporate tax rate of 21% implemented by the 2017 Tax Act. In addition, the reconciliation from the federal tax rate above applies a blended rate based on a 34% corporate tax rate for the first eight months of fiscal 2018 and a 21% corporate tax rate for the last four months of fiscal 2018. However, as the Company is a calendar year taxpayer and its business is seasonal, cumulative losses result during the first eight months of the fiscal year that are partially offset by income in the four month period ending April 30, 2018. Consequently, the actual tax rates applicable to the Company's full year pretax loss are substantially different than the blended rate, resulting in an additional beneficial impact of approximately \$3,487.

The Company accounts for unrecognized tax benefits also in accordance with ASC 740, which prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum

[Table of Contents](#)

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.

10. Sale/Leaseback

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

11. 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. As of April 30, 2019, the Company has accrued \$598 for a matching contribution to plan. No contributions were made for fiscal years 2018 and 2017.

12. Concentrations of Credit Risk and Fair Value Measures

Concentrations of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, cash equivalents and restricted cash. The Company's cash, cash equivalents and restricted cash are on deposit with financial institutions where such balances will, at times, be in excess of federally insured limits. The Company has not experienced any losses associated with such deposits.

Fair Value of Measurements

The Company measures the fair value of assets and liabilities using a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows: Level 1 - observable inputs such as quoted prices in active markets; Level 2 - inputs, other than quoted market prices in active markets, which are observable, either directly or indirectly; and Level 3 - valuations derived from valuation techniques in which one or more significant inputs are unobservable. In addition, the Company may use various valuation techniques, including the market approach, using comparable market prices; the income approach, using present value of future income or cash flow; and the cost approach, using the replacement cost of assets.

The Company's financial instruments consist of cash equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities, long-term debt and preferred stock. For cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, the carrying amounts approximate fair market value due to their short-term nature. The estimated fair values of the Company's debt instruments and preferred stock as of April 30, 2019 and 2018, are as follows:

	April 30, 2019		
	Fair Value	Carrying Amount	Balance Sheet Classification
EPR Secured Notes due 2034	\$ 101,033	\$ 93,162	Long-term debt, less current maturities
EPR Secured Notes due 2036	17,451	21,000	Long-term debt, less current maturities
EB-5 Development Notes due 2021	43,998	52,000	Long-term debt, less current maturities
Term Loan due 2020, related party debt	50,000	50,058	Long-term debt, less current maturities
Wildcat Mountain Note due 2020	2,897	3,030	Long-term debt, including current maturities
Capital leases and other borrowings	2,260	2,260	Long-term debt, less current maturities
Series A Preferred Stock	31,777	34,318	Series A preferred stock

April 30, 2018

	Fair Value	Carrying Amount	Balance Sheet Classification
EPR Secured Notes due 2034	\$ 90,771	\$ 93,162	Long-term debt, less current maturities
EPR Secured Notes due 2036	15,866	21,000	Long-term debt, less current maturities
EB-5 Development Notes due 2021	45,752	52,000	Long-term debt, less current maturities
Wildcat Mountain Note due 2020	3,242	3,231	Long-term debt, including current maturities
Capital leases and other borrowings	3,610	3,610	Long-term debt, less current maturities
Series A Preferred Stock	19,522	17,401	Series A preferred stock

The Company estimated the fair value of the EPR Secured Notes, EB-5 Development Notes and Wildcat Mountain Note using a discounted cash flow approach and Level 2 inputs, including market borrowing yields for instruments of similar maturities. The Company estimated the fair value of the Series A Preferred Stock and related warrants and other features using Level 2 inputs, including market yields for similar instruments. The Company estimated the fair value of capital leases and other borrowings to approximate their carrying value.

Valuation of Term Loan, Preferred Stock and Stock Warrants

The Company accounts for stock warrants as either equity or liability awards based upon the characteristics and provisions of each instrument. Warrants classified as equity are recorded at fair value as of the date of issuance with no further adjustments to their valuations made. When multiple financial instruments are issued in conjunction with other financial instruments, the amounts recognized for each instrument is recorded based on the proceeds received allocated to each instrument based on its relative fair value. The aggregate \$70,000 received as consideration for the Term Loan, and the issuance of the 20,000 shares of Series A Preferred Stock, 2018 Option Warrants and Financing Warrant have been allocated in the amount of \$50,073, \$16,197, and \$3,730, respectively. The difference between the face amount of the Term Loan due 2020 and its fair value has been recorded as an original issue premium and will be amortized to interest expense over its term. No value has been assigned to the Extension Warrant as it was not issued upon the closing of the Term Loan and will only be issued if the Company exercises its right to extend the Term Loan. The 2018 Option Warrants and Financing Warrant were valued using the Black Scholes model with the following assumptions: expected life of warrants 10 to 12 years, risk-free interest rate of 3.1%, expected volatility of common stock 39.9%, and expected dividend yield of 5.5%.

13. Commitments and Contingencies

Loss contingencies

The Company is periodically involved in various claims and legal proceedings, many of which occur in the normal course of business. Management routinely assesses the likelihood of adverse judgments or outcomes, including consideration of its insurance coverage and, in the opinion of the Company's management, the ultimate liabilities resulting from such claims and proceedings will not have a material adverse effect on its business, financial condition, results of operations or cash flows.

Leases

The Company leases certain land, land improvements, buildings and equipment under noncancelable operating leases. Certain of the leases contain escalation provisions based generally on changes in the consumer price index with maximum annual percentage increases capped at rates between 1.5% to 4.5%. Additionally, certain leases contain contingent rental provisions which are based on revenue. The Company paid no significant contingent rentals in the periods presented. Rent expense under operating leases for the years ended April 30, 2019, 2018 and 2017, was \$2,560, \$2,548 and \$1,669, respectively.

[Table of Contents](#)

Future minimum lease payments under capital leases and operating leases that have initial or remaining non-cancelable lease terms in excess of one year at April 30, 2019, are as follows:

	Capital Leases	Operating Leases
2020	\$ 1,171	\$ 2,340
2021	439	2,145
2022	304	1,530
2023	—	1,510
2024	—	1,461
Thereafter	—	5,713
	<u>1,914</u>	<u>\$ 14,699</u>
Less: amount representing interest	168	
	<u>1,746</u>	
Less: current portion	1,119	
Long-term portion	<u>\$ 627</u>	

14. Earnings (Loss) Per Share

The computation of basic and diluted earnings (loss) per share for the years ended April 30, 2019, 2018 and 2017 is as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Basic earnings (loss) per share:</u>			
Net income (loss) attributable to common shareholders (numerator)	\$ 6,596	\$ (248)	\$ 441
Weighted average number of shares outstanding:			
Common stock	14,504,407	13,982,400	13,982,400
Vested restricted stock units	133,139	78,339	35,238
Basic average shares outstanding (denominator)	<u>14,637,546</u>	<u>14,060,739</u>	<u>14,017,638</u>
Basic earnings (loss) per common share	<u>\$ 0.45</u>	<u>\$ (0.02)</u>	<u>\$ 0.03</u>
Dilutive effect of unvested restricted stock units	38,785	—	23,654
Diluted average shares outstanding (denominator)	<u>14,676,331</u>	<u>14,060,739</u>	<u>14,041,292</u>
Diluted earnings (loss) per common share	<u>\$ 0.45</u>	<u>\$ (0.02)</u>	<u>\$ 0.03</u>

The Company accounts for its Series A Preferred Stock as temporary equity. As a result, the weighted average number of shares associated with the conversion of the Series A Preferred Stock are included in the calculation of diluted earnings (loss) per share if the effect is not antidilutive, regardless of whether the Company's stock price as of the measurement date is lower than the conversion prices associated with Series A Preferred Stock. The effect of i) 37,254, 44,187 and 19,515 unvested RSUs as of April 30, 2019, 2018 and 2017, respectively, and ii) the conversion of Series A Preferred Stock have been excluded for the calculation of diluted loss per share for the years ended April 30, 2019, 2018 and 2017, because the impact of those items would be antidilutive.

15. Related Party Transactions

One of the members of the Company's board of directors is a partner of a law firm that provides services to the Company. For the years ended April 30, 2019, 2018 and 2017 the Company paid legal fees to this firm of \$565, \$144 and \$393, respectively.

In December 2017, the Company paid \$471 for land and improvements located adjacent to one of its resorts to a trust in which the Company's Chief Executive Officer was a trustee.

16. Subsequent Events

On June 26, 2019, the compensation committee of the Company's board of directors approved i) approximately \$2,250 of cash payments and ii) grants of 185,190 RSUs to eligible employees in accordance with the terms of the Company's Annual Incentive Plan.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Not Applicable.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as that term is defined in Rules 13a-15 (e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Report. Based on that evaluation, management, with the participation of the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this Report, are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. A controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Management's Report on Internal Control Over Financial Reporting and Attestation Report of the Registered Public Accounting Firm

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. Management has assessed the effectiveness of our internal control over financial reporting as of April 30, 2019 based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this assessment, management concluded that, as of April 30, 2019, our internal control over financial reporting was effective. This Report does not include an attestation report of our independent registered public accounting firm pursuant to the rules of the SEC for emerging growth companies.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the fourth quarter of fiscal year 2019 identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act that have materially affected, or that are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item 10 of Form 10-K will be included in our 2019 Proxy Statement to be filed with the SEC in connection with the solicitation of proxies for our 2019 Annual Meeting of Stockholders (the "2019 Proxy Statement") and is incorporated herein by reference. The 2019 Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year to which this report relates.

Item 11. Executive Compensation.

The information required by this Item 11 of Form 10-K will be included in our 2019 Proxy Statement and is incorporated herein by reference. The 2019 Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year to which this report relates.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item 12 of Form 10-K will be included in our 2019 Proxy Statement and is incorporated herein by reference. The 2019 Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year to which this report relates.

Equity Compensation Plan Information

On November 4, 2014, 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. As of April 30, 2019, 357,001 shares remained available for issuance, as illustrated in the table below:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity Compensation Plans Approved by Security Holders	—	—	357,001
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total	—	—	357,001

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item 13 of Form 10-K will be included in our 2019 Proxy Statement and is incorporated herein by reference. The 2019 Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year to which this report relates.

Item 14. Principal Accounting Fees and Services.

The information required by this Item 14 of Form 10-K will be included in our 2019 Proxy Statement and is incorporated herein by reference. The 2019 Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year to which this report relates.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this Report:

1. Financial Statements.

The consolidated financial statements of Peak Resorts, Inc. and subsidiaries, together with the report thereon of the Company's independent registered public accounting firm, are included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Report. See Index to Consolidated Financial Statements therein.

2. Financial Statement Schedules
None.

3. Exhibits

The exhibits required to be filed as part of this Report are listed in the attached Exhibit Index.

(b) The exhibits filed with this Report are listed in the attached Exhibit Index.

(c) None.

Item 16. Form 10-K Summary.

None.

EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement of Sale and Purchase between Wildcat Mountain Ski Area, Inc., Meadow Green-Wildcat Skilift Corp. and Meadow Green-Wildcat Corp., as sellers, and WC Acquisition Corp., as purchaser, effective as of October 20, 2010 (filed as Exhibit 2.1 to the Registrant’s Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
2.2	Stock Purchase Agreement by and among Scott Romberger, Bradley Leber, and Robert Black, trustees of the Irvin S. Naylor Trust U/D/T dated 12/11/2003 F/B/O Leah R. Naylor, Irvin S. Naylor Trust U/D/T dated 12/11/2003 F/B/O S. Chester Naylor, II, and Irvin S. Naylor Trust U/D/T dated 12/11/2003 F/B/O Sarah R. Naylor, as Sellers, and Peak Resorts, Inc., as Buyer, dated as of September 24, 2018 (filed as Exhibit 2.1 to the Current Report on Form 8-K filed on September 24, 2018 and incorporated herein by reference).
3.1	Amended and Restated Articles of Incorporation (filed as Exhibit 3.1 to the Quarterly Report on Form 10-Q filed on December 8, 2016 and incorporated herein by reference).
3.2	Amended and Restated By-laws, as amended (filed as Exhibit 3.2 to the Quarterly Report on Form 10-Q filed on September 8, 2016 and incorporated herein by reference).
4.1	Form of Peak Resorts, Inc. Common Stock Certificate (filed as Exhibit 4.1 to Amendment No. 1 to the Registrant’s Registration Statement on Form S-1 filed on November 10, 2014 and incorporated herein by reference).
4.2	Certificate of Designation of Series A Cumulative Convertible Preferred Stock of Peak Resorts, Inc. (filed as Exhibit 4.1 to the Current Report on Form 8-K filed on October 28, 2016 and incorporated herein by reference).
4.3	Warrant No. 1 issued to CAP 1 LLC, dated as of November 2, 2016 (filed as Exhibit 4.1 to the Current Report on Form 8-K filed on November 8, 2016 and incorporated herein by reference).
4.4	Warrant No. 2 issued to CAP 1 LLC, dated as of November 2, 2016 (filed as Exhibit 4.2 to the Current Report on Form 8-K filed on November 8, 2016 and incorporated herein by reference).
4.5	Warrant No. 3 issued to CAP 1 LLC, dated as of November 2, 2016 (filed as Exhibit 4.3 to the Current Report on Form 8-K filed on November 8, 2016 and incorporated herein by reference).
4.6	Warrant No. 4 issued to Cap 1 LLC, dated as of November 21, 2018 (filed as Exhibit 4.1 to the Current Report on Form 8-K filed on November 23, 2018 and incorporated herein by reference).
4.7	Warrant No. 5 issued to Cap 1 LLC, dated as of November 21, 2018 (filed as Exhibit 4.2 to the Current Report on Form 8-K filed on November 23, 2018 and incorporated herein by reference).
4.8	Warrant No. 6 issued to Cap 1 LLC, dated as of November 21, 2018 (filed as Exhibit 4.3 to the Current Report on Form 8-K filed on November 23, 2018 and incorporated herein by reference).
4.9	Warrant No. 7 issued to Cap 1 LLC, dated as of November 21, 2018 (filed as Exhibit 4.4 to the Current Report on Form 8-K filed on November 23, 2018 and incorporated herein by reference).
10.1	Lease Agreement by and between EPT Mad River, Inc. and Mad River Mountain, Inc., dated November 17, 2005 (filed as Exhibit 10.24 to the Registrant’s Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
10.2	First Amendment to Lease Agreement by and between EPT Mad River, Inc. and Mad River Mountain, Inc., dated June 30, 2006 (filed as Exhibit 10.25 to the Registrant’s Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
10.3	Second Amendment to Lease Agreement, made as of December 1, 2014, by and between EPT Mad River, Inc. and Mad River Mountain, Inc. (filed as Exhibit 10.11 to the Quarterly Report on Form 10-Q filed on January 6, 2015 and incorporated herein by reference).
10.4	Third Amendment to Lease Agreement, made as of June 8, 2016, by and between EPT Mad River, Inc. and Mad River Mountain, Inc. (filed as Exhibit 10.64 to the Annual Report on Form 10-K/A filed on July 15, 2016 and incorporated herein by reference).
10.5	Ground Lease by and between Crotched Mountain Properties, L.L.C. and SNH Development, Inc., dated May 27, 2003 (filed as Exhibit 10.26 to the Registrant’s Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
10.6	First Amendment to Ground Lease by and between Crotched Mountain Properties, L.L.C. and SNH Development, Inc., dated April 3, 2004 (filed as Exhibit 10.27 to the Registrant’s Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).

[Table of Contents](#)

10.7	Second Amendment to Ground Lease by and between Crotched Mountain Properties, L.L.C. and SNH Development, Inc., dated January 31, 2008 (filed as Exhibit 10.28 to the Registrant's Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
10.8	Lease by and between the Estate of Charles Marvin Weeks and Paoli Peaks, Inc., dated September 26, 1990 (filed as Exhibit 10.29 to the Registrant's Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
10.9	U.S. Department of Agriculture Forest Service Special Use Permit for Attitash (filed as Exhibit 10.30 to the Registrant's Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
10.10	U.S. Department of Agriculture Forest Service Special Use Permit for Mount Snow (filed as Exhibit 10.31 to the Registrant's Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
10.11	U.S. Department of Agriculture Forest Service Special Use Permit for Wildcat Mountain (filed as Exhibit 10.32 to the Registrant's Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
10.12	Purchase and Sale Agreement by and between Piggy and the Three J's, LLC and the Estate of James L. McGovern, III, as seller, and Mount Snow Ltd., as buyer, dated April 15, 2013 (filed as Exhibit 10.43 to the Registrant's Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
10.13	Blanket Conveyance, Bill of Sale and Assignment between Wildcat Mountain Ski Area, Inc., Meadow Green-Wildcat Skilift Corp. and Meadow Green-Wildcat Corp., as assignors, and WC Acquisition Corp., as assignee, dated November 19, 2010 (filed as Exhibit 10.20 to the Registrant's Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
10.14	Promissory Note from WC Acquisition Corp. in favor of Wildcat Mountain Ski Area, Inc.; Meadow Green-Wildcat Skilift Corp.; and Meadow Green-Wildcat Corp., dated November 22, 2010 (filed as Exhibit 10.22 to the Registrant's Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
10.15	Unconditional Guaranty of Peak Resorts, Inc., dated November 12, 2010 (filed as Exhibit 10.23 to the Registrant's Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
10.16	Master Credit and Security Agreement, dated as of December 1, 2014, among Peak Resorts, Inc., Mount Snow, Ltd., Sycamore Lake, Inc., Brandywine Ski Resort, Inc., Boston Mills Ski Resort, Inc., Deltrecs, Inc., and JFBB Ski Areas, Inc. as borrowers, and EPT Ski Properties, Inc. and EPT Mount Snow, Inc., as lender (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q filed on January 6, 2015 and incorporated herein by reference).
10.17	Amendment to Master Credit and Security Agreement, effective as of December 1, 2014, by and among Peak Resorts, Inc., Mount Snow, Ltd., Sycamore Lake, Inc., Brandywine Ski Resort, Inc., Boston Mills Ski Resort, Inc., Deltrecs, Inc. and JFBB Ski Areas, Inc., as borrowers, and EPT Ski Properties, Inc. and EPT Mount Snow, Inc., as lenders (filed as Exhibit 10.1 to the Current Report on Form 8-K/A filed on January 29, 2015 and incorporated herein by reference).
10.18	Amended and Restated Promissory Note from Peak Resorts, Inc., Boston Mills Ski Resort, Inc. Brandywine Ski Resort, Inc. and Deltrecs, Inc. in favor of EPT Ski Properties, Inc., dated December 1, 2014 (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q filed on January 6, 2015 and incorporated herein by reference).
10.19	Amended and Restated Promissory Note from Peak Resorts, Inc. and Sycamore Lake, Inc. in favor of EPT Ski Properties, Inc., dated December 1, 2014 (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q filed on January 6, 2015 and incorporated herein by reference).
10.20	Amended and Restated Promissory Note from Peak Resorts, Inc. and JFBB Ski Areas, Inc. in favor of EPT Ski Properties, Inc., dated December 1, 2014 (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q filed on January 6, 2015 and incorporated herein by reference).
10.21	Amended and Restated Promissory Note from Peak Resorts, Inc. and Mount Snow, Ltd. in favor of EPT Ski Properties, Inc., dated December 1, 2014 (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q filed on January 6, 2015 and incorporated herein by reference).

[Table of Contents](#)

10.22	Amended and Restated Master Cross Default Agreement by and among EPT Ski Properties, Inc., EPT Mount Snow, Inc. and EPT Mad River, Inc. and Peak Resorts, Inc., Mad River Mountain, Inc., Mount Snow, Ltd., Sycamore Lake, Inc., Deltrecs, Inc., Brandywine Ski Resort, Inc., Boston Mills Ski Resort, Inc., JFBB Ski Areas, Inc., Hunter Mountain Acquisition, Inc., Hunter Mountain Ski Bowl Inc., Hunter Mountain Festivals, Ltd., Hunter Mountain Rentals Ltd., Hunter Resort Vacations, Inc., Hunter Mountain Base Lodge, Inc. and Frosty Land, Inc., as borrowers, and SNH Development, Inc., L.B.O. Holding, Inc., Hidden Valley Golf and Ski, Inc., Snow Creek, Inc., Paoli Peaks, Inc. and Crotched Mountain Properties, LLC, as guarantors, dated as of January 6, 2016 (filed as Exhibit 10.3 to the Current Report on Form 8-K filed on January 8, 2016 and incorporated herein by reference).
10.23	First Addendum to Amended and Restated Master Cross Default Agreement by and among EPT Ski Properties, Inc., EPT Mount Snow, Inc. and EPT Mad River, Inc. and Peak Resorts, Inc., Mad River Mountain, Inc., Mount Snow, Ltd., Sycamore Lake, Inc., Deltrecs, Inc., Brandywine Ski Resort, Inc., Boston Mills Ski Resort, Inc., JFBB Ski Areas, Inc., Hunter Mountain Acquisition, Inc., Hunter Mountain Ski Bowl Inc., Hunter Mountain Festivals, Ltd., Hunter Mountain Rentals Ltd., Hunter Resort Vacations, Inc., Hunter Mountain Base Lodge, Inc. and Frosty Land, Inc., as borrowers, and SNH Development, Inc., L.B.O. Holding, Inc., Hidden Valley Golf and Ski, Inc., Snow Creek, Inc., Paoli Peaks, Inc. and Crotched Mountain Properties, LLC, as guarantors, dated as of September 1, 2016 (filed as Exhibit 10.3 to the Current Report on Form 8-K filed on September 7, 2016 and incorporated herein by reference).
10.24	Option Agreement between Brandywine Ski Resort, Inc., Boston Mills Ski Resort, Inc., JFBB Ski Areas, Inc. and Sycamore Lake, Inc., as seller, and EPT Ski Properties, Inc., as purchaser, dated as of December 1, 2014 (filed as Exhibit 10.8 to the Quarterly Report on Form 10-Q filed on January 6, 2015 and incorporated herein by reference).
10.25	Master Right of First Refusal Agreement, made as of December 1, 2014, by and between EPT Ski Properties, Inc. and Peak Resorts, Inc. (filed as Exhibit 10.9 to the Quarterly Report on Form 10-Q filed on January 6, 2015 and incorporated herein by reference).
10.26	Right of First Refusal Agreement (Mount Attitash), dated as of December 1, 2014, among L.B.O. Holding, Inc. and EPT Ski Properties, Inc. (filed as Exhibit 10.10 to the Quarterly Report on Form 10-Q filed on January 6, 2015 and incorporated herein by reference).
10.27	Master Credit and Security Agreement among Peak Resorts, Inc., Hunter Mountain Acquisition, Inc., Hunter Mountain Ski Bowl Inc., Hunter Mountain Festivals, Ltd., Hunter Mountain Rentals Ltd., Hunter Resort Vacations, Inc., Hunter Mountain Base Lodge, Inc. and Frosty Land, Inc., as borrowers, and EPT Ski Properties, Inc., as lender, dated as of January 6, 2016 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on January 8, 2016 and incorporated herein by reference).
10.28	Promissory Note from Peak Resorts, Inc., Hunter Mountain Acquisition, Inc., Hunter Mountain Ski Bowl Inc., Hunter Mountain Festivals, Ltd., Hunter Mountain Rentals Ltd., Hunter Resort Vacations, Inc., Hunter Mountain Base Lodge, Inc. and Frosty Land, Inc. in favor of EPT Ski Properties, Inc., dated as of January 6, 2016 (filed as Exhibit 10.2 to the Current Report on Form 8-K filed on January 8, 2016 and incorporated herein by reference).
10.29	Guaranty Agreement, by Peak Resorts, Inc., Hunter Mountain Acquisition, Inc., Hunter Mountain Ski Bowl Inc., Hunter Mountain Festivals, Ltd., Hunter Mountain Rentals Ltd., Hunter Resort Vacations, Inc., Hunter Mountain Base Lodge, Inc., Frosty Land, Inc., JFBB Ski Areas, Inc., Boston Mills Ski Resort, Inc., Brandywine Ski Resort, Inc., Sycamore Lake, Inc., Mount Snow, Ltd. and Deltrecs, Inc., as borrowers, Mad River Mountain, Inc., SNH Development, Inc., L.B.O. Holding, Inc., Hidden Valley Golf and Ski, Inc., Snow Creek, Inc., Paoli Peaks, Inc., WC Acquisition Corp., Resort Holdings, L.L.C. and BLC Operators, Inc., as guarantors, for the benefit of EPT Ski Properties, Inc. and EPT Mount Snow, Inc., made as of September 1, 2016 (filed as Exhibit 10.4 to the Current Report on Form 8-K filed on September 7, 2016 and incorporated herein by reference).
10.30	Modification of Master Credit Agreements, effective as of October 24, 2016, by and among Peak Resorts, Inc., Mount Snow, Ltd., Sycamore Lake, Inc., Brandywine Ski Resort, Inc., Boston Mills Ski Resort, Inc., Deltrecs, Inc., JFBB Ski Areas, Inc., Hunter Mountain Acquisition, Inc., Hunter Mountain Ski Bowl Inc., Hunter Mountain Festivals, Ltd., Hunter Mountain Rentals Ltd., Hunter Mountain Resort Vacations, Inc., Hunter Mountain Base Lodge, Inc. and Frosty Land, Inc., as borrowers, and EPT Mount Snow, Inc., EPT Ski Properties, Inc. and EPT Mad River, Inc. as lenders (filed as Exhibit 10.3 to the Current Report on Form 8-K filed on October 28, 2016 and incorporated herein by reference).

[Table of Contents](#)

10.31	Loan Renewal Agreement made by Peak Resorts, Inc., Hidden Valley Golf and Ski, Inc., Paoli Peaks, Inc., Snow Creek, Inc., LBO Holding, Inc., and SNH Development, Inc., as borrowers, in favor of Royal Banks of Missouri, dated as of August 5, 2017 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on August 8, 2017 and incorporated herein by reference).
10.32	Restated Credit Facility, Loan and Security Agreement by and between Peak Resorts, Inc., Hidden Valley Golf and Ski, Inc., Paoli Peaks, Inc., Snow Creek, Inc., L.B.O. Holding, Inc., and SNH Development, Inc., dated as of October 27, 2017 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on November 2, 2017 and incorporated herein by reference).
10.33	Working Line Promissory Note from Peak Resorts, Inc., Hidden Valley Golf and Ski, Inc., Paoli Peaks, Inc., Snow Creek, Inc., LBO Holding, Inc., and SNH Development, Inc. in favor of Royal Banks of Missouri, dated as of October 27, 2017 (filed as Exhibit 10.2 to the Current Report on Form 8-K filed on November 2, 2017 and incorporated herein by reference).
10.34	Acquisition Line Promissory Note from Peak Resorts, Inc., Hidden Valley Golf and Ski, Inc., Paoli Peaks, Inc., Snow Creek, Inc., LBO Holding, Inc., and SNH Development, Inc. in favor of Royal Banks of Missouri, dated as of October 27, 2017 (filed as Exhibit 10.3 to the Current Report on Form 8-K filed on November 2, 2017 and incorporated herein by reference).
10.35	First Renewal of the Restated Credit Facility, Loan and Security Agreement by and between Peak Resorts, Inc., Hidden Valley Golf and Ski, Inc., Paoli Peaks, Inc., Snow Creek, Inc., L.B.O. Holding, Inc., and SNH Development, Inc., dated as of December 27, 2018 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on December 27, 2018 and incorporated herein by reference).
10.36	Renewed Working Line Promissory Note from Peak Resorts, Inc., Hidden Valley Golf and Ski, Inc., Paoli Peaks, Inc., Snow Creek, Inc., LBO Holding, Inc., and SNH Development, Inc. in favor of Royal Banks of Missouri, dated as of December 27, 2018 (filed as Exhibit 10.2 to the Current Report on Form 8-K filed on December 27, 2018 and incorporated herein by reference).
10.37	Renewed Acquisition Line Promissory Note from Peak Resorts, Inc., Hidden Valley Golf and Ski, Inc., Paoli Peaks, Inc., Snow Creek, Inc., LBO Holding, Inc., and SNH Development, Inc. in favor of Royal Banks of Missouri, dated as of December 27, 2018 (filed as Exhibit 10.3 to the Current Report on Form 8-K filed on December 27, 2018 and incorporated herein by reference).
10.38	Loan Agreement dated as of December 27, 2016 by and among Carinthia Group 1, L.P. and Carinthia Group 2, L.P., as lenders, and West Lake Water Project LLC, as borrower (filed as Exhibit 10.6 to the Quarterly Report on Form 10-Q filed on March 9, 2017 and incorporated herein by reference).
10.39	Non-Revolving Line of Credit Note from West Lake Water Project LLC in favor of Carinthia Group 1, L.P. and Carinthia Group 2, L.P., dated as of December 27, 2016 (filed as Exhibit 10.7 to the Quarterly Report on Form 10-Q filed on March 9, 2017 and incorporated herein by reference).
10.40	Guaranty of Collection, dated as of December 27, 2016, from Peak Resorts, Inc. to Carinthia Group 1, L.P. and Carinthia Group 2, L.P. with respect to the Loan Agreement dated as of December 27, 2016 by and among Carinthia Group 1, L.P. and Carinthia Group 2, L.P., as lenders, and West Lake Water Project LLC, as borrower (filed as Exhibit 10.8 to the Quarterly Report on Form 10-Q filed on March 9, 2017 and incorporated herein by reference).
10.41	Loan Agreement dated as of December 27, 2016 by and among Carinthia Group 1, L.P. and Carinthia Group 2, L.P., as lenders, and Carinthia Ski Lodge LLC, as borrower (filed as Exhibit 10.9 to the Quarterly Report on Form 10-Q filed on March 9, 2017 and incorporated herein by reference).
10.42	Non-Revolving Line of Credit Note from Carinthia Ski Lodge LLC in favor of Carinthia Group 1, L.P. and Carinthia Group 2, L.P., dated as of December 27, 2016 (filed as Exhibit 10.10 to the Quarterly Report on Form 10-Q filed on March 9, 2017 and incorporated herein by reference).
10.43	Guaranty of Collection, dated as of December 27, 2016, from Peak Resorts, Inc. to Carinthia Group 1, L.P. and Carinthia Group 2, L.P. with respect to the Loan Agreement dated as of December 27, 2016 by and among Carinthia Group 1, L.P. and Carinthia Group 2, L.P., as lenders, and Carinthia Ski Lodge LLC, as borrower (filed as Exhibit 10.11 to the Quarterly Report on Form 10-Q filed on March 9, 2017 and incorporated herein by reference).
10.44	Credit Agreement among Snow Time Acquisition, Inc., Snow Time, Inc. and Cap 1 LLC, dated as of November 21, 2018 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on November 23, 2018 and incorporated herein by reference).
10.45	Amended and Restated Stockholders' Agreement among Peak Resorts, Inc., Timothy D. Boyd, Stephen J. Mueller, Richard K. Deutsch and Cap 1 LLC, dated as of November 21, 2018 (filed as Exhibit 10.2 to the Current Report on Form 8-K filed on November 23, 2018 and incorporated herein by reference).

[Table of Contents](#)

10.46	Amended and Restated Voting Agreement among Peak Resorts, Inc., Cap 1 LLC, Timothy D. Boyd, Stephen J. Mueller and Richard K. Deutsch, dated as of November 21, 2018 (filed as Exhibit 10.3 to the Current Report on Form 8-K and incorporated herein by reference).
10.47	Form of Peak Resorts, Inc. Voting Agreement (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on October 5, 2018 and incorporated herein by reference).
10.48	Securities Purchase Agreement dated August 22, 2016 between Peak Resorts, Inc. and CAP 1 LLC (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on August 23, 2016 and incorporated herein by reference).
10.49	Waiver and Amendment of Securities Purchase Agreement, dated as of November 2, 2016, by and between Peak Resorts, Inc. and CAP 1 LLC (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on November 8, 2016 and incorporated herein by reference).
10.50	Registration Rights Agreement, dated as of November 2, 2016, between Peak Resorts, Inc. and CAP 1 LLC (filed as Exhibit 10.2 to the Current Report on Form 8-K filed on November 8, 2016 and incorporated herein by reference).
10.51	Registration Rights Agreement between Peak Resorts, Inc. and Cap 1 LLC, dated as of November 21, 2018 (filed as Exhibit 10.4 to the Current Report on Form 8-K filed on November 23, 2018 and incorporated herein by reference).
10.52	Executive Employment Agreement by and between Peak Resorts, Inc. and Timothy D. Boyd, dated as of June 1, 2014 (filed as Exhibit 10.46 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1 filed on November 10, 2014 and incorporated herein by reference).
10.53	Executive Employment Agreement by and between Peak Resorts, Inc. and Richard Deutsch, dated as of June 1, 2014 (filed as Exhibit 10.48 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1 filed on November 10, 2014 and incorporated herein by reference).
10.54	Executive Employment Agreement by and between Peak Resorts, Inc. and Christopher J. Bub, dated as of October 3, 2017 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on October 4, 2017 and incorporated herein by reference).
10.55	Executive Employment Agreement by and between Peak Resorts, Inc. and Stephen J. Mueller, dated as of August 15, 2017 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on August 16, 2017 and incorporated herein by reference).
10.56	Peak Resorts, Inc. 2014 Equity Incentive Plan (filed as Exhibit 10.1 to the Registrant's Registration Statement on Form S-8 filed on January 15, 2015 and incorporated herein by reference).
10.57	Form of Peak Resorts, Inc. Director Restricted Stock Unit Agreement (filed as Exhibit 10.7 to the Quarterly Report on Form 10-Q filed on March 15, 2016 and incorporated herein by reference).
10.58	Form of Peak Resorts, Inc. Employee Restricted Stock Unit Agreement (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on May 9, 2019 and incorporated herein by reference).
10.59	Peak Resorts, Inc. Annual Incentive Plan Document (filed as Exhibit 10.2 to the Current Report on Form 8-K filed on January 12, 2017 and incorporated herein by reference).
10.60	Form of Peak Resorts, Inc. Indemnification Agreement (filed as Exhibit 10.44 to the Registrant's Registration Statement on Form S-1 filed on October 20, 2014 and incorporated herein by reference).
21.1	List of Subsidiaries.
23.1	Consent of RSM US LLP.
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (18 USC. Section 1350).
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PEAK RESORTS, INC.

Date: June 28, 2019

By: /s/ Timothy D. Boyd
Timothy D. Boyd
Chief Executive Officer and President
(Principal Executive Officer)

Date: June 28, 2019

By: /s/ Christopher J. Bub
Christopher J. Bub
Chief Financial Officer and Vice President (Principal
Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Timothy D. Boyd</u> Timothy D. Boyd	Chief Executive Officer, President and Chairman of the Board of Directors (Principal Executive Officer)	June 28, 2019
<u>/s/ Christopher J. Bub</u> Christopher J. Bub	Chief Financial Officer and Vice President (Principal Financial Officer)	June 28, 2019
<u>/s/ Stephen J. Mueller</u> Stephen J. Mueller	Executive Vice President and Director	June 28, 2019
<u>/s/ Richard K. Deutsch</u> Richard K. Deutsch	Vice President-Business and Real Estate Development and Director	June 28, 2019
<u>/s/ Stanley W. Hansen</u> Stanley W. Hansen	Director	June 28, 2019
<u>/s/ Carl E. Kraus</u> Carl E. Kraus	Director	June 28, 2019
<u>/s/ Christopher S. O'Connor</u> Christopher S. O'Connor	Director	June 28, 2019
<u>/s/ David W. Braswell</u> David W. Braswell	Director	June 28, 2019
<u>/s/ Rory A. Held</u> Rory A. Held	Director	June 28, 2019



[\(Back To Top\)](#)

Section 2: EX-21.1 (EX-21.1)

Exhibit 21.1

SUBSIDIARIES OF PEAK RESORTS, INC.

<u>Name of Subsidiary</u>	<u>State of Incorporation/ Organization</u>
Boulder View Tavern, Inc.	Pennsylvania
Deltrecs, Inc.	Ohio
Boston Mills Ski Resort, Inc. (subsidiary of Deltrecs, Inc.)	Ohio
Brandywine Ski Resort, Inc. (subsidiary of Deltrecs, Inc.)	Ohio
Hidden Valley Golf and Ski, Inc.	Missouri
Hunter Mountain Acquisition, Inc.	Missouri
Hunter Mountain Ski Bowl, Inc.	New York
Hunter Mountain Festivals, Ltd.	New York
Hunter Mountain Rentals, Inc.	New York
Hunter Resort Vacations, Inc.	New York
Hunter Mountain Base Lodge, Inc.	New York
Frosty Land, Inc.	New York
JFBB Ski Areas, Inc.	Missouri
JFBB LQ, Inc. (subsidiary of JFBB Ski Areas, Inc.)	Pennsylvania
BBJF LQ, Inc. (subsidiary of JFBB Ski Areas, Inc.)	Pennsylvania
L.B.O. Holding, Inc.	Maine
Mad River Mountain, Inc.	Missouri
Mount Snow, Ltd.	Vermont
Carinthia Group 1, L.P. (subsidiary of Mount Snow, Ltd.)	Vermont
Carinthia Ski Lodge LLC (subsidiary of Mount Snow, Ltd.)	Vermont
Mount Snow Develop and Build LLC (subsidiary of Mount Snow, Ltd.)	Vermont
Mount Snow GP Services, LLC (subsidiary of Mount Snow, Ltd.)	Vermont
West Lake Water Project LLC (subsidiary of Mount Snow, Ltd.)	Vermont
Paoli Peaks, Inc.	Missouri
17402 Hidden Valley LLC	Missouri
S N H Development, Inc.	Missouri
Ski Liberty Operating Corp.	Pennsylvania
Ski Roundtop Operating Corp.	Pennsylvania
Snow Creek, Inc.	Missouri
Snow Time, Inc.	Delaware
Sycamore Lake, Inc.	Ohio
WC Acquisition Corp.	New Hampshire
Whitetail Mountain Operating Corp.	Pennsylvania

[\(Back To Top\)](#)

Section 3: EX-23.1 (EX-23.1)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (No. 333-201525) on Form S-8 of Peak Resorts, Inc. of our report dated June 28, 2019, relating to the consolidated financial statements of Peak Resorts, Inc. and Subsidiaries, appearing in this Annual Report on Form 10-K of Peak Resorts, Inc. and Subsidiaries for the year ended April 30, 2019.

/s/ RSM US LLP

St. Louis, Missouri
June 28, 2019



Section 4: EX-31.1 (EX-31.1)

EXHIBIT 31.1

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Timothy D. Boyd, certify that:

1. I have reviewed this annual report on Form 10-K of Peak Resorts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 28, 2019

/s/ Timothy D. Boyd

Timothy D. Boyd
Chief Executive Officer and Director
(Principal Executive Officer)

Section 5: EX-31.2 (EX-31.2)

EXHIBIT 31.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Christopher J. Bub, certify that:

1. I have reviewed this annual report on Form 10-K of Peak Resorts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 28, 2019

/s/ Christopher J. Bub

Christopher J. Bub
Chief Financial Officer
(Principal Financial Officer)

[\(Back To Top\)](#)

Section 6: EX-32.1 (EX-32.1)

EXHIBIT 32.1

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy D. Boyd, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Peak Resorts, Inc. (the "Company") for the fiscal year ended April 30, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 28, 2019

By: /s/ Timothy D. Boyd
Name: Timothy D. Boyd
Title: Chief Executive Officer

I, Stephen J. Mueller, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Peak Resorts, Inc. (the "Company") for the fiscal year ended April 30, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 28, 2019

By: /s/ Christopher J. Bub
Name: Christopher J. Bub
Title: Chief Financial Officer



[\(Back To Top\)](#)