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Intrawest Resorts Holdings, Inc.
Form 10-Q
February 03, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended December 31, 2015

☐ 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: 001-36286

Intrawest Resorts Holdings, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	46-3681098
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1621 18th Street, Suite 300	
Denver, Colorado	80202
(Address of Principal Executive Offices) (Zip Code)	
(303) 749-8200	
(Registrant's Telephone Number, Including Area Code)	

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	(Do not check if a smaller reporting company)	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of February 2, 2016, 45,219,380 shares of the registrant's common stock were outstanding.

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CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including:

- weakness in general economic conditions;
- lack of adequate snowfall and unfavorable weather conditions;
- lack of access to adequate supplies of water to make snow and otherwise conduct our operations;
- adverse events that occur during our peak operating periods;
- our failure to achieve the expected benefits of our recent acquisition and other risks associated with our acquisition strategy;
- Steamboat Ski & Resort’s dependence on subsidized direct air service;
- risks related to information technology;
- our potential failure to maintain the integrity of our customer or employee data;
- adverse consequences of ongoing legacy litigation or future legal claims;
- our ability to monetize real estate assets;
- a partial or complete loss of Alpine Helicopters Inc.’s services;
- the effects of climate change on our business operations;
- our ability to maintain effective internal control over financial reporting;
- risks of foreign currency fluctuations which could reduce the U.S. dollar value of our Canadian earnings;
 - risks associated with the ownership of a majority of our outstanding common stock by entities managed or controlled by Fortress Investment Group, LLC (collectively “Fortress”), including potential sales of shares held by Fortress, governance rights in our stockholders' agreement with Fortress and potential conflicts of interests; and
- our substantial leverage, which could adversely affect our ability to raise additional capital to support our growth strategy.

You should carefully consider the risks described in Part I - Item 1A, Risk Factors, of our Annual Report on Form 10-K for the year ended June 30, 2015 filed with the Securities and Exchange Commission (the “SEC”) on September 9, 2015. Moreover, we operate in a competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTRAWEST RESORTS HOLDINGS, INC.

Condensed Consolidated Balance Sheets

(In thousands, except per share data)

(Unaudited)

	December 31, 2015	June 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 94,973	\$90,580
Restricted cash	14,005	10,018
Receivables, net of allowances of \$917 and \$717	32,765	36,176
Other current assets	53,909	44,614
Current assets held for sale	22,296	23,156
Total current assets	217,948	204,544
Property, plant and equipment, net of accumulated depreciation of \$404,382 and \$401,552	512,274	527,186
Real estate held for development	136,056	139,951
Intangible assets, net of accumulated amortization of \$58,775 and \$59,581	51,162	56,501
Goodwill	105,298	106,469
Other long-term assets, net of accumulated amortization of \$1,452 and \$1,364	27,030	30,385
Long-term assets held for sale	25,631	29,959
Total assets	\$ 1,075,399	\$ 1,094,995
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 80,344	\$62,890
Deferred revenue and deposits	135,926	62,441
Capital lease obligations due within one year	21,192	3,927
Long-term debt due within one year	9,655	6,919
Current liabilities held for sale	8,569	9,955
Total current liabilities	255,686	146,132
Long-term capital lease obligations	17,979	35,175
Long-term debt	562,590	566,922
Other long-term liabilities	63,468	69,030
Total liabilities	899,723	817,259
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 300,000 shares authorized; 0 issued and outstanding at each of December 31, 2015 and June 30, 2015	—	—
Common stock, \$0.01 par value; 2,000,000 shares authorized; 45,230 shares issued and outstanding at each of December 31, 2015 and June 30, 2015	452	452
Additional paid-in capital	2,899,090	2,897,343
Accumulated deficit	(2,841,295)	(2,766,947)
Accumulated other comprehensive income	115,223	145,379
Total Intrawest Resorts Holdings, Inc. stockholders' equity	173,470	276,227
Noncontrolling interest	2,206	1,509
Total stockholders' equity	175,676	277,736

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Total liabilities and stockholders' equity	\$ 1,075,399	\$ 1,094,995
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See accompanying notes to condensed consolidated financial statements.

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Condensed Consolidated Statements of Operations and
Comprehensive Income (Loss)
(In thousands, except per share data)
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Statements of Operations				
Revenue	\$ 103,951	\$ 120,802	\$ 190,155	\$ 195,175
Operating expenses	117,074	128,265	220,322	226,341
Depreciation and amortization	14,496	14,712	29,538	29,298
(Gain) on disposal of assets	(1,638)	(214)	(2,327)	(43)
Loss on remeasurement of equity method investment	—	—	—	1,454
Loss from operations	(25,981)	(21,961)	(57,378)	(61,875)
Interest expense, net	(9,384)	(10,202)	(18,618)	(19,816)
Earnings (loss) from equity method investments	1,702	(506)	(1,382)	(2,757)
Other income (expense), net	5,131	(150)	5,210	(455)
Loss before income taxes	(28,532)	(32,819)	(72,168)	(84,903)
Income tax expense (benefit)	(519)	(630)	1,268	(2,616)
Net loss	(28,013)	(32,189)	(73,436)	(82,287)
(Loss) income attributable to noncontrolling interest	(708)	(1,116)	912	(239)
Net loss attributable to Intrawest Resorts Holdings, Inc.	\$(27,305)	\$(31,073)	\$(74,348)	\$(82,048)
Weighted average shares of common stock outstanding:				
Basic and diluted	45,230	45,045	45,230	45,036
Net loss attributable to Intrawest Resorts Holdings, Inc. per share:				
Basic and diluted	\$(0.60)	\$(0.69)	\$(1.64)	\$(1.82)
Statements of Comprehensive Income (Loss)				
Net loss	\$(28,013)	\$(32,189)	\$(73,436)	\$(82,287)
(Loss) income attributable to noncontrolling interest	(708)	(1,116)	912	(239)
Net loss attributable to Intrawest Resorts Holdings, Inc.	(27,305)	(31,073)	(74,348)	(82,048)
Other comprehensive loss (net of tax of \$0)	(8,379)	(11,399)	(30,371)	(28,867)
Other comprehensive (loss) income attributable to noncontrolling interest	(59)	8	(215)	(6)
Other comprehensive loss attributable to Intrawest Resorts Holdings, Inc.	(8,320)	(11,407)	(30,156)	(28,861)
Comprehensive loss, net of tax	(36,392)	(43,588)	(103,807)	(111,154)
Comprehensive (loss) income attributable to noncontrolling interest	(767)	(1,108)	697	(245)
Comprehensive loss attributable to Intrawest Resorts Holdings, Inc.	\$(35,625)	\$(42,480)	\$(104,504)	\$(110,909)

See accompanying notes to condensed consolidated financial statements.

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Condensed Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Six Months Ended December 31,	
	2015	2014
Cash provided by (used in):		
Operating activities:		
Net loss	\$(73,436)	\$(82,287)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	29,538	29,298
Funding of pension plans	(2,207)	(2,201)
Distribution of earnings from equity method investments	1,000	—
Other non-cash expense, net	3,824	5,513
Changes in assets and liabilities, net of business acquisitions:		
Inventories	(10,072)	(7,110)
Receivables	4,813	7,813
Accounts payable and accrued liabilities	21,262	13,410
Deferred revenue and deposits	77,115	83,107
Other assets and liabilities, net	(7,516)	(12,701)
Net cash provided by operating activities	44,321	34,842
Investing activities:		
Capital expenditures	(32,531)	(31,691)
Acquisitions, net of cash received	—	(41,467)
Other investing activities, net	2,244	(606)
Net cash used in investing activities	(30,287)	(73,764)
Financing activities:		
Proceeds from issuance of long-term debt	—	59,925
Repayments of bank and other borrowings	(4,892)	(6,002)
Financing costs paid	—	(1,234)
Net cash (used in) provided by financing activities	(4,892)	52,689
Effect of exchange rate changes on cash	(4,749)	(1,300)
Increase (decrease) in cash and cash equivalents	4,393	12,467
Cash and cash equivalents, beginning of period	90,580	56,020
Cash and cash equivalents, end of period	\$94,973	\$68,487
Supplemental information:		
Cash paid for interest	\$15,735	\$17,592
Non-cash investing and financing activities:		
Property, plant and equipment received but not paid	\$7,355	\$—

See accompanying notes to condensed consolidated financial statements.

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Notes to Condensed Consolidated Financial Statements
Three and Six Months Ended December 31, 2015 and 2014
(Unaudited)

Note 1 - Formation and Business

Note 2 - Significant Accounting Policies

Note 3 - Earnings (Loss) Per Share

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Notes to Condensed Consolidated Financial Statements

Three and Six Months Ended December 31, 2015 and 2014

(Unaudited)

1. Formation and Business

Intrawest Resorts Holdings, Inc. (together with its subsidiaries, collectively referred to herein as "the Company") is a Delaware corporation that was formed on August 30, 2013 as a holding company that operates various subsidiaries primarily engaged in the operation of mountain resorts, adventure businesses, and real estate activities, throughout North America.

The Company conducts business through three segments: Mountain, Adventure and Real Estate. The Mountain segment includes the Company's mountain resorts and lodging operations at Steamboat Ski & Resort and Winter Park Resort ("Winter Park") in Colorado, Stratton Mountain Resort in Vermont, Snowshoe Mountain Resort in West Virginia, Mont Tremblant Resort ("Tremblant") in Quebec, and Blue Mountain Ski Resort ("Blue Mountain") in Ontario, of which the Company owned a 50.0% equity interest prior to the Company's acquisition of the remaining 50.0% equity interest on September 19, 2014 (the "Blue Mountain Acquisition"). The Mountain segment derives revenue mainly from sales of lift products, lodging, ski school services, retail and rental merchandise, food and beverage, and other ancillary services.

The Adventure segment includes Canadian Mountain Holidays ("CMH"), which provides helicopter accessed skiing, mountaineering and hiking at eleven lodges in British Columbia, Canada. In support of CMH's operations, the Company owns a fleet of Bell helicopters that are also used in the off-season for fire suppression activities and other commercial uses primarily in the United States and Canada. The Company's subsidiary, Alpine Aerotech L.P., provides helicopter maintenance, repair and overhaul services to the Company's fleet of helicopters as well as to aircraft owned by unaffiliated third parties.

The Real Estate segment is comprised of real estate management, marketing and sales businesses and real estate development activities. The Company manages, markets and/or sells real estate through the Intrawest Resort Club Group ("IRCG") division, a vacation club business, Intrawest Hospitality Management, Inc. ("IHM"), which principally manages condominium hotel properties in Maui, Hawaii and Mammoth Lakes, California, and Playground, a residential real estate sales and marketing business, as well as the Company's 50.0% interest in Mammoth Hospitality Management L.L.C. and 57.1% economic interest in Chateau M.T. Inc. The Real Estate segment also includes costs associated with real estate development activities, such as planning activities and land carrying costs. On November 24, 2015, the Company entered into an agreement to sell IRCG as described below in Note 2, "Significant Accounting Policies".

2. Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these statements do not include all of the information and notes required for complete financial statements prepared in accordance with GAAP. In management's opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. These results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the full year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

On November 24, 2015, the Company, through its wholly owned indirect subsidiaries, Intrawest U.S. Holdings, Inc. and Intrawest ULC, entered into a definitive agreement to sell IRCG, its vacation club business, to Diamond Resorts Corporation (the “Purchaser”) and Diamond Resorts International, Inc. (together with the Purchaser, “Diamond”) for a purchase price of \$80.8 million, (the “IRCG Transaction”), which includes estimated purchase price adjustments relating to net working capital. The purchase price consisted of cash consideration and the assumption of certain liabilities, including certain lease obligations and certain other continuing contract obligations. Upon closing the IRCG Transaction on January 29, 2016, Diamond acquired substantially all of the assets used in operation of IRCG and all of the equity interests in certain wholly-owned subsidiaries of the Company. The assets and liabilities included in the IRCG Transaction meet the held for sale classification criteria and are classified as such on the accompanying condensed consolidated balance sheets.

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Notes to Condensed Consolidated Financial Statements

Three and Six Months Ended December 31, 2015 and 2014

(Unaudited)

The following table shows the components of assets and liabilities that are classified as held for sale in the Company's condensed consolidated balance sheets as of December 31, 2015 and June 30, 2015 (in thousands):

	December 31, 2015	Fiscal Year End June 30, 2015
Restricted cash	\$ 218	\$ 228
Receivables, net	5,130	6,592
Other current assets	16,948	16,336
Property, plant and equipment, net of accumulated depreciation	1,901	2,071
Real estate held for development	2,999	3,085
Other long-term assets, net	20,731	24,803
Total assets classified as held for sale	\$ 47,927	\$ 53,115
Accounts payable and accrued liabilities	\$ 3,749	\$ 4,334
Deferred revenue and deposits	4,820	5,621
Total liabilities classified as held for sale	\$ 8,569	\$ 9,955

The following table shows the income before income taxes for IRCG for each of the periods presented (in thousands):

	Three Months Ended December 31, 2015		Six Months Ended December 31, 2015	
	2015	2014	2015	2014
Income before income taxes	\$ 604	\$ 1,962	\$ 1,366	\$ 3,587

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and a variable interest entity ("VIE") for which the Company is the primary beneficiary. All significant intercompany transactions are eliminated in consolidation. Investments in which the Company does not have a controlling interest or is not the primary beneficiary, but over which the Company is able to exercise significant influence, are accounted for under the equity method. Under the equity method, the original cost of the investment is adjusted for the Company's share of post-acquisition earnings or losses increased by contributions less distributions received.

The Company owns a 20.0% equity interest in Alpine Helicopters Inc. ("Alpine Helicopters"). Alpine Helicopters employs all the pilots that fly the helicopters supporting CMH operations. Alpine Helicopters leases 100% of its helicopters from Intrawest ULC, a consolidated subsidiary of the Company, creating economic dependence and therefore giving Intrawest ULC a variable interest in Alpine Helicopters. Alpine Helicopters is a VIE for which the Company is the primary beneficiary and is consolidated in the accompanying condensed consolidated financial statements. The remaining 80.0% equity interest in Alpine Helicopters is held by the employees of Alpine Helicopters and is reflected as a noncontrolling interest in the accompanying condensed consolidated financial statements. As of December 31, 2015, Alpine Helicopters had total assets of \$10.7 million and total liabilities of \$6.1 million.

On September 19, 2014 (the “Acquisition Date”), the Company acquired the remaining 50.0% equity interest in Blue Mountain that the Company did not already own from Blue Mountain Resorts Holdings Inc., as described in Note 8, “Acquisition”. The accompanying condensed consolidated financial statements reflect the Company's equity method investment in Blue Mountain prior to the Blue Mountain Acquisition and the consolidated results for periods subsequent to the Acquisition Date.

Fair Value of Financial Instruments

As of December 31, 2015 and June 30, 2015, the fair value of cash and cash equivalents, restricted cash, net receivables and accounts payable approximated their carrying value based on the short-term nature of these instruments. Estimates of fair value may be affected by assumptions made and, accordingly, are not necessarily indicative of the amounts the Company could realize in a current market exchange.

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Notes to Condensed Consolidated Financial Statements

Three and Six Months Ended December 31, 2015 and 2014

(Unaudited)

The fair value of the Senior Debt (as defined in Note 5, "Long-Term Debt") was estimated using quoted prices for the Company's instruments in markets that are not active and was considered a Level 2 measure. The fair value of other debt obligations was estimated based on Level 3 inputs using discounted cash flow analyses based on assumptions that management believes are consistent with market participant assumptions.

	December 31, 2015		June 30, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior Debt	\$570,356	\$583,516	\$571,745	\$595,362
Other debt obligations	1,889	1,620	2,096	1,793

Recent Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-05, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement ("ASU 2015-05"). This update is intended to reduce diversity in practice by providing explicit guidance to customers about whether a cloud computing arrangement includes a software license. For public business entities, the guidance is effective for annual periods beginning after December 15, 2015, with early adoption permitted. The Company has not yet selected a transition method and is currently in the process of evaluating the impact that ASU 2015-05 will have on its consolidated financial statements and related disclosures.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis ("ASU 2015-02"). This update (i) amends the criteria for determining which entities are considered VIEs or voting interest entities, (ii) amends the criteria for evaluating fees paid to a decision maker or service provider as a variable interest, (iii) amends the effect of fee arrangements and related parties on the primary beneficiary determination, and (iv) ends the deferral previously granted to certain investment companies for application of the VIE consolidation model. The guidance is effective for public business entities for annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company is currently in the process of evaluating the impact that ASU 2015-02 will have on its consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard is effective for the Company beginning July 1, 2018. In August 2015, the FASB issued a one-year deferral to the effective date with an option to permit adoption as early as the original effective date of July 1, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. The Company has not yet selected a transition method and it is currently in the process of evaluating the impact that ASU 2014-09 will have on its consolidated financial statements and related disclosures.

3. Earnings (Loss) Per Share

Basic earnings (loss) per share ("EPS") is calculated by dividing net income (loss) attributable to the Company by the weighted average number of shares of common stock outstanding. Diluted EPS is calculated by dividing net income (loss) attributable to the Company by the weighted average number of shares of common stock outstanding, plus potentially dilutive securities. Potentially dilutive securities include unvested restricted common stock, restricted stock units, and stock options, the dilutive effect of which is calculated using the treasury stock method.

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Notes to Condensed Consolidated Financial Statements

Three and Six Months Ended December 31, 2015 and 2014

(Unaudited)

Due to the Company's reported net loss for the three months ended December 31, 2015 and 2014, the effect of 1.5 million stock awards and 1.0 million stock awards, respectively, was not included in the calculation of EPS as the effect would be anti-dilutive. Due to the Company's reported net loss for the six months ended December 31, 2015 and 2014, the effect of 1.3 million stock awards and 1.0 million stock awards, respectively, was not included in the calculation of EPS as the effect would be anti-dilutive. The calculation of basic and diluted EPS is presented below (in thousands, except per share data).

	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Basic and Diluted EPS				
Net loss attributable to Intrawest Resorts Holdings, Inc.	\$(27,305)	\$(31,073)	\$(74,348)	\$(82,048)
Weighted average common shares outstanding	45,230	45,045	45,230	45,036
	\$(0.60)	\$(0.69)	\$(1.64)	\$(1.82)

4. Supplementary Balance Sheet Information

Current receivables

Current receivables as of December 31, 2015 and June 30, 2015 consisted of the following (in thousands):

	Fiscal	
	December 31, 2015	Year End June 30, 2015
Trade receivables	\$ 33,625	\$36,458
Loans, mortgages and notes receivable	57	435
Allowance for doubtful accounts	(917)	(717)
Total current receivables	\$ 32,765	\$36,176

Other current assets

Other current assets as of December 31, 2015 and June 30, 2015 consisted of the following (in thousands):

	Fiscal	
	December 31, 2015	Year End June 30, 2015
Inventories	\$ 30,126	\$22,913
Capital spares	11,175	11,640
Prepaid insurance	5,694	5,345
Other prepaid expenses and current assets	6,914	4,716
Total other current assets	\$ 53,909	\$44,614

Other long-term assets, net

Other long-term assets, net as of December 31, 2015 and June 30, 2015 consisted of the following (in thousands):

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	December 31, 2015	Fiscal Year End June 30, 2015
Equity method investments	\$ 22,552	\$ 25,394
Long-term receivables	1,464	1,508
Other long-term asset, net	3,014	3,483
Total other long-term assets, net	\$ 27,030	\$ 30,385

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Notes to Condensed Consolidated Financial Statements
Three and Six Months Ended December 31, 2015 and 2014
(Unaudited)

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as of December 31, 2015 and June 30, 2015 consisted of the following (in thousands):

	December 31, 2015	Fiscal Year End June 30, 2015
Accounts payable	\$ 69,421	\$ 52,372
Accrued liabilities	10,923	10,518
Total accounts payable and accrued liabilities	\$ 80,344	\$ 62,890

Current deferred revenue and deposits

Current deferred revenue and deposits as of December 31, 2015 and June 30, 2015 consisted of the following (in thousands):

	December 31, 2015	Fiscal Year End June 30, 2015
Season pass and other deferred revenue	\$ 86,648	\$ 39,216
Lodging and tour deposits	49,235	23,178
Deposits on real estate sales	43	47
Total current deferred revenue and deposits	\$ 135,926	\$ 62,441

Other long-term liabilities

Other long-term liabilities as of December 31, 2015 and June 30, 2015 consisted of the following (in thousands):

	December 31, 2015	Fiscal Year End June 30, 2015
Pension liability, net of funded assets	\$ 29,254	\$ 33,150
Forgivable government grants	7,645	8,950
Deferred revenue and deposits	8,522	8,909
Other long-term liabilities	18,047	18,021
Total other long-term liabilities	\$ 63,468	\$ 69,030

5. Long-Term Debt

Long-term debt as of December 31, 2015 and June 30, 2015 consisted of the following (in thousands):

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	Maturity	December 31, Fiscal 2015	Year End June 30, 2015
Senior Debt	2020	\$ 570,356	\$571,745
Other debt obligations	2016-2023	1,889	2,096
Total		572,245	573,841
Less: Long-term debt due within one year		9,655	6,919
Total long-term debt		\$ 562,590	\$566,922

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Notes to Condensed Consolidated Financial Statements

Three and Six Months Ended December 31, 2015 and 2014

(Unaudited)

Senior Debt

In December 2013, one of the Company's subsidiaries, as borrower, and several of the Company's U.S. subsidiaries, as guarantors, entered into a credit agreement (the "Credit Agreement") with a syndicate of lenders, Goldman Sachs Bank USA, as issuing bank, and Goldman Sachs Lending Partners LLC, as administrative agent, providing for a \$540.0 million term loan facility (the "Term Loan"), a \$25.0 million senior secured first-lien revolving loan facility (the "Revolver"), and a \$55.0 million senior secured first-lien letters of credit facility (the "LC Facility" and, together with the Term Loan and Revolver, collectively referred to herein as the "Senior Debt"). Pursuant to an Incremental Amendment to the Credit Agreement, dated September 19, 2014 (the "Incremental Amendment"), the Company borrowed an incremental \$60.0 million under the Term Loan, primarily to finance the Blue Mountain Acquisition described in Note 8, "Acquisition". The proceeds were also used to pay certain fees, commissions and expenses related to the Blue Mountain Acquisition and for working capital purposes. The Incremental Amendment has the same terms and maturity date as the original Term Loan. The Company has the ability to increase the size of the Term Loan under certain circumstances by an aggregate amount of up to \$40.0 million, so long as, after giving effect to any additional amounts borrowed, the Company remains compliant with all covenants of the Credit Agreement.

The Term Loan has a maturity date of December 9, 2020. Borrowings under the Credit Agreement, including the Term Loan, LC Facility and Revolver, bear interest, at the Company's option, at a rate equal to either an adjusted LIBOR rate or a base rate, in each case plus the applicable margin. The Term Loan currently bears interest based upon the LIBOR-based rate with a LIBOR floor of 1.0%. The Credit Agreement requires quarterly principal payments in the amount of \$1.5 million. The Company's current applicable margin is 3.75% under the Term Loan, 4.50% under the LC Facility, and 3.75% under the Revolver.

The net cash proceeds from the Term Loan were reduced by an original issue discount ("OID") of 0.9%, or \$5.5 million, after giving effect to the Incremental Amendment. The OID is amortized into interest expense using the effective interest method. There was \$4.0 million and \$4.3 million of unamortized OID remaining as of December 31, 2015 and June 30, 2015, respectively.

The Company has incurred \$19.7 million of debt issuance costs in connection with the Senior Debt, which together with the OID is presented as a direct reduction of the carrying value of the long-term debt on the accompanying condensed consolidated balance sheets. These costs are amortized into interest expense using the effective interest method. There was \$14.0 million and \$15.2 million of unamortized costs remaining as of December 31, 2015 and June 30, 2015, respectively.

The borrower's obligations under the Credit Agreement are supported by guarantees of substantially all of the Company's material U.S. subsidiaries. The guarantees are further collateralized by mortgages and other security interests in certain properties and assets held by U.S. subsidiaries of the Company. The collateral includes both general and specific assets.

The Credit Agreement provides for affirmative and negative covenants that the Company believes are usual and customary for a senior secured credit agreement. The negative covenants restrict, among other things, the ability of the Company's subsidiaries to incur indebtedness, dispose of property, or make investments or distributions. It also includes customary cross-default provisions with respect to certain other borrowings of the Company's subsidiaries. Additionally, the Credit Agreement requires the borrower to comply with a total secured debt leverage ratio to the extent that more than 30.0% of the Revolver is outstanding (including outstanding swingline loans and letters of

credit) on the last day of each fiscal quarter. The Company was in compliance with the applicable covenants of the Credit Agreement at December 31, 2015. As of December 31, 2015, the Company was required to make an excess cash flow payment of \$8.8 million during the third fiscal quarter of 2016 based upon calculations defined in the Credit Agreement. The excess cash flow payment was made on January 29, 2016.

The LC Facility and the Revolver each have a maturity date of December 9, 2018. The LC Facility includes fronting fees of 25 basis points and a commitment fee of 37.5 basis points on the first 15% of unutilized commitments. There were \$42.6 million and \$45.4 million of irrevocable standby letters of credit outstanding under the LC Facility at December 31, 2015 and June 30, 2015, respectively. The Revolver includes commitment fees of 37.5 basis points. There were no outstanding borrowings under the Revolver at either December 31, 2015 or June 30, 2015.

Other Debt Obligations

Other debt obligations include various lending agreements, including a government loan agreement and a bank loan related to employee housing. The weighted average interest rate for other debt obligations was 5.5% for the six months ended December 31, 2015.

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Notes to Condensed Consolidated Financial Statements
Three and Six Months Ended December 31, 2015 and 2014
(Unaudited)

Maturities

Current maturities represent principal payments due in the next 12 months. As of December 31, 2015, the long-term debt aggregate maturities for the 12 month period ended December 31, of each of the following years are set forth below (in thousands):

2016	\$ 9,655
2017	3,441
2018	6,136
2019	6,143
2020	564,431
Thereafter	378

Interest Expense

The Company recorded interest expense of \$10.3 million and \$11.3 million in the accompanying condensed consolidated statements of operations for the three months ended December 31, 2015 and 2014, respectively, of which \$0.9 million and \$0.7 million, respectively, was amortization of deferred financing costs and the OID. The Company recorded interest expense of \$20.4 million and \$22.0 million in the accompanying condensed consolidated statements of operations for the six months ended December 31, 2015 and 2014, respectively, of which \$1.8 million and \$1.5 million was amortization of deferred financing costs and the OID for the six months ended December 31, 2015 and 2014, respectively.

In October 2006, the Company entered into interest rate swap contracts to minimize the impact of changes in interest rates on its cash flows for certain of the Company's floating bank rates and other indebtedness. The outstanding swap contracts were terminated on October 11, 2008. The fair value of the swap contracts at October 11, 2008 was a liability of \$111.4 million. The remaining deferred losses of \$1.3 million as of December 31, 2015 related to the terminated swap liability are recorded in accumulated other comprehensive income ("AOCI") and will be recognized periodically through March 31, 2017 through interest expense. Approximately \$1.1 million of deferred losses will be amortized from AOCI into interest expense in the next 12 months. The portion included in interest expense, net in the accompanying condensed consolidated statements of operations for the three and six months ended December 31, 2015 was \$0.3 million and \$0.6 million, respectively, and for the three and six months ended December 31, 2014 was \$0.4 million and \$0.8 million, respectively.

6. Accumulated Other Comprehensive Income and Other Comprehensive Loss

Accumulated Other Comprehensive Income

The following table presents the changes in AOCI, by component, for the six months ended December 31, 2015 and 2014 (in thousands):

	Realized portion on cash flow hedge	Actuarial loss on pensions	Foreign currency translation adjustments	Total
As of June 30, 2014	\$(3,347)	\$(14,084)	\$ 215,154	\$ 197,723

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Amounts reclassified from AOCI	827	400	—	1,227
Foreign currency translation adjustments	(464)	746	(30,370)	(30,088)
Net current period other comprehensive income (loss)	363	1,146	(30,370)	(28,861)
As of December 31, 2014	\$(2,984)	\$(12,938)	\$ 184,784	\$ 168,862
As of June 30, 2015	\$(1,918)	\$(11,949)	\$ 159,246	\$ 145,379
Amounts reclassified from AOCI	606	349	—	955
Foreign currency translation adjustments	(9)	778	(31,880)	(31,111)
Net current period other comprehensive income (loss)	597	1,127	(31,880)	(30,156)
As of December 31, 2015	\$(1,321)	\$(10,822)	\$ 127,366	\$ 115,223

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Notes to Condensed Consolidated Financial Statements

Three and Six Months Ended December 31, 2015 and 2014

(Unaudited)

Other Comprehensive Loss

Other comprehensive loss is derived from adjustments to reflect i) foreign currency translation adjustments, ii) realized portion of a cash flow hedge, and iii) actuarial loss on pensions. The components of other comprehensive loss for the three and six months ended December 31, 2015 and 2014 are as follows (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Foreign currency translation adjustments	\$(8,845)	\$(12,004)	\$(31,326)	\$(30,094)
Realized portion of cash flow hedge ^(a)	303	407	606	827
Actuarial loss on pensions ^(b)	163	198	349	400
Other comprehensive loss (net of tax of \$0)	\$(8,379)	\$(11,399)	\$(30,371)	\$(28,867)

(a) Amounts reclassified out of AOCI are included in interest expense in the accompanying condensed consolidated statements of operations.

(b) Amounts reclassified out of AOCI are included in operating expenses in the accompanying condensed consolidated statements of operations.

7. Income Taxes

The Company's quarterly provision for income taxes is calculated using an estimated annual effective tax rate for the period, adjusted for discrete items that occurred within the period presented. The consolidated income tax provision attributable to the Company was a \$0.5 million benefit and a \$1.3 million expense for the three and six months ended December 31, 2015, respectively and a \$0.6 million benefit and \$2.6 million benefit for the three and six months ended December 31, 2014; respectively. These amounts represent an effective tax rate of 1.8% and (1.8%) for the three and six months ended December 31, 2015, respectively; and an effective tax rate of 2.0% and 3.1% for the three and six months ended December 31, 2014, respectively. The \$1.3 million expense for the six months ended December 31, 2015 primarily relates to Canadian helicopter operations. The net \$2.6 million tax benefit for the six months ended December 31, 2014 is comprised of \$0.5 million of tax expense related to Canadian helicopter operations and a \$3.1 million tax benefit. The one-time \$3.1 million tax benefit was due to a restructuring, in association with the Blue Mountain Acquisition, which enabled the Company to utilize a portion of its Canadian deferred tax assets resulting in a corresponding release of the valuation allowance. The federal blended statutory rate for the three months ended December 31, 2015 and 2014 was 29.5% and 30.0%, respectively. The federal blended statutory rate for the six months ended December 31, 2015 and 2014 was 31.5% and 31.1%, respectively. The effective tax rates for the periods presented differ from the federal blended statutory rates due to changes in the recorded valuation allowance for entities in the United States and Canada.

8. Acquisition

On September 19, 2014, the Company acquired the remaining 50.0% equity interest in Blue Mountain that the Company did not already own from Blue Mountain Resorts Holdings Inc. The Company has included the financial results of Blue Mountain in the accompanying condensed consolidated financial statements since the Acquisition

Date. The total consideration transferred to acquire Blue Mountain was \$109.6 million, which consisted of \$54.8 million in cash and \$54.8 million for the previously held equity interest. The valuation of the Company's previously held equity interest resulted in a loss of \$1.5 million included within loss on remeasurement of equity method investment in the accompanying condensed consolidated statements of operations for the six months ended December 31, 2014.

The primary assets acquired and liabilities assumed as of the Acquisition Date included \$85.8 million of property, plant and equipment, \$13.8 million of accounts payable and accrued liabilities, \$13.3 million of cash and cash equivalents, \$8.7 million of identifiable intangibles and \$13.2 million of residual goodwill. The goodwill recorded is primarily attributable to economies of scale, opportunities for synergies and any intangible assets that do not qualify for separate recognition. None of the goodwill is deductible for tax purposes.

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Notes to Condensed Consolidated Financial Statements

Three and Six Months Ended December 31, 2015 and 2014

(Unaudited)

9. Commitments and Contingencies

Letters of Credit

The Company issued letters of credit of \$42.6 million and \$45.4 million at December 31, 2015 and June 30, 2015, respectively, mainly to secure the Company's commitments under the three closed noncontributory defined benefit pension plans covering certain of the Company's former executives and self-insurance claims. These outstanding letters of credit will expire in November 2018.

Legal

The Company is involved in various lawsuits and claims arising in the ordinary course of business and others arising from legacy real estate development. These lawsuits and claims may include, among other things, claims or litigation relating to personal injury and wrongful death, allegations of violations of laws and regulations relating to real estate activities and labor and employment, intellectual property and environmental matters and commercial contract disputes. The Company operates in multiple jurisdictions and, as a result, a claim in one jurisdiction may lead to claims or regulatory penalties in other jurisdictions.

Due to the nature of the activities at the Company's mountain resorts and CMH, the Company is exposed to the risk that customers or employees may be involved in accidents during the use, operation or maintenance of its trails, lifts, helicopters and facilities. As a result, the Company is, from time to time, subject to various lawsuits and claims in the ordinary course of business related to injuries occurring at the Company's properties.

In addition, the Company's pre-2010 legacy real estate development and sales activities, combined with the significant downward shift in real estate asset values that occurred in 2007 and 2008, resulted in claims arising in the ordinary course of business being filed against the Company by owners and prospective purchasers of residences of the Company's real estate developments. In some instances, the Company has been named as a defendant in lawsuits alleging construction defects at certain of the Company's existing developments or that the Company failed to construct planned amenities. In other lawsuits, purchasers are seeking rescission of real estate purchases and/or return of deposits paid on pre-construction purchase and sale agreements. These claims are related to alleged violations of state and federal laws.

The Company believes that it has adequate insurance coverage or has adequately accrued for loss contingencies for all material matters in which it believes a loss is probable and the amount of the loss is reasonably estimable. Although the ultimate outcome of claims cannot be ascertained, current pending and threatened claims are not expected to have a material adverse effect, individually or in the aggregate, on the Company's financial position, results of operations or cash flows.

Government Grants and Loans

The federal government of Canada and the provincial government of Quebec have granted financial assistance to certain subsidiaries of the Company in the form of reimbursable loans and forgivable grants for the construction of specified tourist facilities at Tremblant. The unamortized balance of forgivable government grants received is included in other long-term liabilities in the accompanying condensed consolidated balance sheets and recorded as a reduction in depreciation expense of the related fixed asset or a reduction in cost of sales for property under development at the

time a sale is recognized. Reimbursable government loans are included in long-term debt and long-term debt due within one year in the accompanying condensed consolidated balance sheets. The reimbursable government loans have a weighted average borrowing rate of 6.1%.

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(Unaudited)

Reimbursable government loans and forgivable grants as of December 31, 2015 and June 30, 2015 in Canadian dollars ("CAD") and U.S. dollar ("USD") equivalent are as follows (in thousands):

	December 31, 2015		Fiscal Year End June 30, 2015	
	CAD	USD Equivalent	CAD	USD Equivalent
Loans	\$ 1,168	\$ 844	\$ 1,237	\$ 992
Grants				
Received	89,298	64,522	89,298	71,587
Future advances	31,421	22,703	31,421	25,189
Total grants	\$ 120,719	\$ 87,225	\$ 120,719	\$ 96,776

Capital Leases

Capital lease obligations are primarily for equipment except for the lease of the Winter Park ski resort. The Winter Park capital lease requires annual payments, a portion of which are contingent on future annual gross revenue levels. As such, the obligation associated with the contingent portion of the payments is not readily determinable and has not been recorded. The Company is contractually obligated to make certain debt service payments on behalf of Winter Park Recreational Association as a requirement of the capital lease agreement.

Amortization of assets under capital leases is included in depreciation and amortization expense in the accompanying condensed consolidated statements of operations. The capital leases have a weighted average remaining term of 36 years and a weighted average interest rate of 10.0%.

Other

The Company holds forestry licenses and land leases with respect to certain of its resort operations. These leases expire at various times between 2017 and 2047 and provide for annual payments of approximately 2.0% of defined gross revenue. Payments for forestry licenses and land leases were \$0.8 million and \$0.7 million for the three months ended December 31, 2015 and 2014, respectively, and \$0.9 million and \$0.8 million for the six months ended December 31, 2015 and 2014, respectively.

10. Segment Information

The Company currently manages and reports operating results through three segments: Mountain, Adventure and Real Estate. The Mountain segment includes the operations of the Company's mountain resorts and related ancillary activities. The Mountain segment earns revenue from a variety of activities, including lift revenue, lodging revenue, ski school revenue, retail and rental revenue, food and beverage revenue, and other revenue. The Adventure segment generates revenue from the sale of helicopter accessed skiing, mountaineering and hiking adventure packages, and ancillary services, such as fire suppression services, leasing, and maintenance, repair and overhaul of aircraft. The Real Estate segment includes a vacation club business, management of condominium hotel properties and real estate management, including marketing and sales activities, as well as real estate development activities.

Each of the Company's segments offers distinctly different products and services and requires different types of management focus. As such, these segments are managed separately. In deciding how to allocate resources and assess

performance, the Company's Chief Operating Decision Maker ("CODM") regularly evaluates the performance of the Company's segments on the basis of revenue and earnings, which are adjusted for certain items set forth in the reconciliation below, including interest, taxes, depreciation and amortization ("Adjusted EBITDA"). The Company also evaluates Adjusted EBITDA as a key compensation measure. The compensation committee of the board of directors determines the annual variable compensation for certain members of the management team based, in part, on Adjusted EBITDA. Adjusted EBITDA is useful when comparing the segment performance over various reporting periods because it removes from the operating results the impact of items that the Company's management believes do not reflect the Company's core operating performance.

Adjusted EBITDA should not be considered an alternative to, or more meaningful than, net income (loss) or other measures of financial performance or liquidity derived in accordance with GAAP. Adjusted EBITDA may not be comparable to similarly titled measures of other companies because other entities may not calculate Adjusted EBITDA in the same manner as the Company. The Company's definition of Adjusted EBITDA is generally consistent with the definition of Consolidated EBITDA in the Credit Agreement, with exceptions related

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Three and Six Months Ended December 31, 2015 and 2014

(Unaudited)

to not adjusting for recurring public company costs and foreign currency translation adjustments related to operational activities and adjusting for executive management restructuring costs.

The Company defines Adjusted EBITDA as net income (loss) attributable to Intrawest Resorts Holdings, Inc. before interest expense, net (excluding interest income earned from receivables related to IRCG operations), income tax benefit or expense and depreciation and amortization, further adjusted to exclude certain items, including, but not limited to: (i) impairments of goodwill, real estate and long-lived assets; (ii) gains and losses on asset dispositions; (iii) earnings and losses from equity method investments; (iv) gains and losses from remeasurement of equity method investments; (v) gains and losses on extinguishment of debt; (vi) other income or expense; (vii) earnings and losses attributable to noncontrolling interest; (viii) discontinued operations, net of tax; and (ix) other items, which include revenue and expenses of legacy and other non-core operations, restructuring charges and associated severance expenses, non-cash compensation and other items. For purposes of calculating Adjusted EBITDA, the Company also adds back to net income (loss) attributable to Intrawest Resorts Holdings, Inc. the pro rata share of Adjusted EBITDA related to equity method investments included within the segments and removes from Adjusted EBITDA the Adjusted EBITDA attributable to noncontrolling interests for entities consolidated within the segments. Asset information by segment, except for capital expenditures as shown in the table below, is not included in reports used by the CODM in the monitoring of performance and, therefore, is not disclosed.

The accounting policies of the segments are the same as those described in Note 2, "Significant Accounting Policies". Transactions among segments are accounted for as if the sales or transfers were to third parties, or, in other words, at current market prices.

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Notes to Condensed Consolidated Financial Statements

Three and Six Months Ended December 31, 2015 and 2014

(Unaudited)

The following tables present segment revenue reconciled to consolidated revenue and net income (loss) attributable to the Company reconciled to Adjusted EBITDA and Adjusted EBITDA by segment, (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Revenue:				
Mountain				
Lift ⁽¹⁾	\$31,937	\$36,254	\$35,941	\$39,541
Lodging	11,547	14,102	26,866	23,473
Ski School ⁽²⁾	6,662	7,872	7,272	8,371
Retail and Rental	11,195	15,035	18,652	21,197
Food and Beverage	10,338	11,501	19,970	18,868
Other	7,757	9,891	20,493	19,518
Total Mountain revenue	79,436	94,655	129,194	130,968
Adventure revenue	12,368	10,244	36,630	32,858
Real Estate revenue	11,403	15,152	23,216	30,223
Total segment revenue	103,207	120,051	189,040	194,049
Legacy, non-core and other revenue ⁽³⁾	744	751	1,115	1,126
Total revenue	\$103,951	\$120,802	\$190,155	\$195,175
Net loss attributable to Intrawest Resorts Holdings, Inc.	\$(27,305)	\$(31,073)	\$(74,348)	\$(82,048)
Legacy and other non-core expenses, net ⁽⁴⁾	2,092	925	4,442	1,907
Other operating expenses ⁽⁵⁾	1,401	3,171	2,552	4,998
Depreciation and amortization	14,496	14,712	29,538	29,298
(Gain) on disposal of assets	(1,638)	(214)	(2,327)	(43)
Loss on remeasurement of equity method investment	—	—	—	1,454
Interest income, net ⁽⁶⁾	(65)	(34)	(136)	(88)
Interest expense	10,269	11,255	20,431	21,981
(Earnings) loss from equity method investments ⁽⁷⁾	(1,702)	506	1,382	2,757
Pro rata share of Adjusted EBITDA related to equity method investments ^{(8) (9)}	853	969	1,545	1,951
Adjusted EBITDA attributable to noncontrolling interest	1,029	1,518	(1,133)	260
Other (income) expense, net ⁽¹⁰⁾	(5,131)	150	(5,210)	455
Income tax expense (benefit)	(519)	(630)	1,268	(2,616)
Income (loss) attributable to noncontrolling interest	(708)	(1,116)	912	(239)
Total Adjusted EBITDA	\$(6,928)	\$139	\$(21,084)	\$(19,973)
Mountain Adjusted EBITDA ⁽⁸⁾	\$(5,136)	\$2,467	\$(25,923)	\$(21,527)
Adventure Adjusted EBITDA ⁽¹¹⁾	(3,489)	(4,817)	1,371	(2,682)
Real Estate Adjusted EBITDA ⁽¹²⁾	1,697	2,489	3,468	4,236
Total Adjusted EBITDA	\$(6,928)	\$139	\$(21,084)	\$(19,973)

(1) Lift revenue outside of the ski season is derived primarily from mountain biking and sightseeing lift products.

(2) Ski School revenue outside of the ski season is derived primarily from mountain bike instruction at various resorts.

(3)

Legacy, non-core and other revenue represents legacy and other non-core operations that are not reviewed regularly by the CODM to assess performance and make decisions regarding the allocation of resources. It includes legacy real estate asset sales, divested non-core operations, and non-core retail revenue.

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(Unaudited)

- (4) Legacy and other non-core expenses, net represents revenue and expenses of legacy and other non-core operations that are not reviewed regularly by the CODM to assess performance and make decisions regarding the allocation of resources. Revenue and expenses related to legacy and other non-core operations include retail operations not located at the Company's properties and legacy litigation consisting of claims for damages related to alleged construction defects, purported disclosure violations in real estate marketing sales and documents, and allegations that the Company failed to construct planned amenities.
- (5) Includes costs related to non-cash compensation, reduction in workforce severance, lease payments pursuant to the lease at Winter Park and other expenses.
- (6) Includes interest income unrelated to IRCG financing activities.
- (7) Represents the losses from equity method investments, including: Chateau M.T. Inc., Mammoth Hospitality Management L.L.C., the Mammoth family of resorts, and Blue Mountain prior to the Blue Mountain Acquisition.
- (8) Includes the Company's pro rata share of Adjusted EBITDA from its equity method investment in Blue Mountain prior to the Blue Mountain Acquisition. The pro rata share of Adjusted EBITDA represents the share of Adjusted EBITDA from the equity method investment based on the Company's economic ownership percentage.
- (9) Includes the Company's pro rata share of Adjusted EBITDA from its equity method investments in Mammoth Hospitality Management L.L.C. and Chateau M.T. Inc. The pro rata share of Adjusted EBITDA represents the Company's share of Adjusted EBITDA from these equity method investments based on the Company's economic ownership percentages.
- (10) Includes litigation settlement gains (losses), acquisition-related expenses, and other expenses.
- (11) Adventure segment Adjusted EBITDA excludes Adjusted EBITDA attributable to noncontrolling interest.
- (12) Real Estate segment Adjusted EBITDA includes interest income earned from receivables related to the IRCG operations, in the amount of \$0.8 million and \$1.0 million for the three months ended December 31, 2015 and 2014, respectively and \$1.7 million and \$2.1 million for the six months ended December 31, 2015 and 2014, respectively.

Capital Expenditures

The following table presents capital expenditures for each segment, reconciled to consolidated amounts for each of the three and six months ended December 31, 2015 and 2014 (in thousands):

	Three Months Ended December 31, 2015		Six Months Ended December 31, 2014	
Capital expenditures:				
Mountain	\$17,285	\$13,792	\$24,915	\$25,991
Adventure	2,980	1,547	4,325	2,774

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Real Estate	115	140	238	227
Total segment capital expenditures	20,380	15,479	29,478	28,992
Corporate and other	2,362	1,064	3,053	2,699
Total capital expenditures	\$22,742	\$16,543	\$32,531	\$31,691

Geographic Data

The Company's revenue by geographic region for each of the three and six months ended December 31, 2015 and 2014 consisted of the following (in thousands):

	Three Months Ended December 31, 2015		Six Months Ended December 31, 2015		2014	
Revenue:						
United States	\$67,321	\$75,377	\$106,342	\$112,322		
Canada	36,630	45,425	83,813	82,853		
Total revenue	\$103,951	\$120,802	\$190,155	\$195,175		

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Notes to Condensed Consolidated Financial Statements

Three and Six Months Ended December 31, 2015 and 2014

(Unaudited)

11. Subsequent Events

On January 12, 2016, the Company announced the commencement of a modified “Dutch auction” self-tender offer (“Tender Offer”) to purchase for cash up to \$50.0 million of shares of its common stock at a price per share not greater than \$10.00 nor less than \$9.00, less applicable withholding taxes and without interest. The Tender Offer will expire on February 10, 2016, unless the Tender Offer is extended or withdrawn by the Company. Tenders of shares must be made prior to the expiration of the Tender Offer and may be withdrawn at any time prior to the expiration of the Tender Offer, in each case in accordance with the procedures set forth in the Schedule TO-I filed with the SEC on January 12, 2016 (the “Schedule TO”).

The Company will use a portion of its cash and cash equivalents on hand to fund the purchase of shares in the Tender Offer. The Tender Offer is not conditioned upon obtaining financing or any minimum number of shares being tendered; however, the Tender Offer is subject to a number of other terms and conditions, which are specified in the Offer to Purchase dated January 12, 2016, including the condition that the Company’s sale of IRCG to Diamond has been completed. As described in Note 2, “Significant Accounting Policies”, the IRCG Transaction closed on January 29, 2016.

This Quarterly Report on Form 10-Q is not an offer to purchase or a solicitation of an offer to sell the Company’s securities. The solicitation and offer to purchase the securities will only be made pursuant to the Offer to Purchase dated January 12, 2016 and related materials. The Company’s stockholders are advised to read the Schedule TO and the related exhibits and filings, each as may be amended or supplemented from time to time, and any other relevant documents filed with the SEC when they become available, before making any decision with respect to the Tender Offer because all such documents contain or will contain important information about the Tender Offer.

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ITEM 2. 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 condensed consolidated financial statements and the notes thereto included in this Quarterly Report on Form 10-Q. In addition to historical consolidated financial information, the following discussion contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. See "Cautionary Note About Forward-Looking Statements" included elsewhere in this Quarterly Report on Form 10-Q.

Overview

We are a North American mountain resort, adventure, and real estate company, delivering distinctive vacation and travel experiences to our customers for over three decades. We wholly own six four-season mountain resorts with approximately 8,000 skiable acres and over 1,130 acres of land available for real estate development. Our mountain resorts are geographically diversified across North America's major ski regions, including the Eastern United States, the Rocky Mountains and Canada. Our mountain resorts are located within an average of approximately 160 miles of major metropolitan markets with high concentrations of affluent skiers and several major national airports, including: New York City, Boston, Washington D.C., Denver, Pittsburgh, Montreal and Toronto. We also operate an adventure travel business, which includes Canadian Mountain Holidays ("CMH"), a leading heli-skiing adventure company in North America. CMH provides helicopter accessed skiing, mountaineering and hiking over approximately 3.0 million tenured acres. Additionally, we operate a comprehensive real estate business through which we manage, market and sell vacation club properties, manage condominium hotel properties, and sell and market residential real estate.

Our three segments are as follows:

Mountain: Our Mountain segment includes our mountain resort and lodging operations at Steamboat Ski & Resort ("Steamboat"), Winter Park Resort ("Winter Park"), Stratton Mountain Resort ("Stratton"), Snowshoe Mountain Resort ("Snowshoe"), Mont Tremblant Resort ("Tremblant"), and Blue Mountain Ski Resort ("Blue Mountain"). Our Mountain segment includes our 50.0% equity interest in Blue Mountain prior to our acquisition of the remaining 50.0% equity interest in Blue Mountain on September 19, 2014 ("Blue Mountain Acquisition").

Adventure: Our Adventure segment is comprised of CMH, which provides helicopter accessed skiing, mountaineering, and hiking in British Columbia, and our ancillary businesses that support CMH and provide commercial aviation services, such as firefighting, leasing and helicopter maintenance, repair and overhaul ("MRO") services to third parties.

Real Estate: Our Real Estate segment includes our real estate management, marketing and sales businesses, as well as our real estate development activities. The Real Estate segment includes Intrawest Resort Club Group ("IRCG"), our vacation club business, Intrawest Hospitality Management, Inc. ("IHM"), which manages condominium hotel properties, and Playground, our residential real estate sales and marketing business, as well as our 50.0% interest in Mammoth Hospitality Management L.L.C. ("MHM") and 57.1% economic interest in Chateau M.T. Inc. ("Chateau").

In addition to our segments, our consolidated financial results reflect items related to our legacy real estate development and sales activities and non-core assets and operations (referred to herein as "Legacy, non-core and other").

Recent Transactions

IRCG Transaction

On November 24, 2015, we, through our wholly owned indirect subsidiaries, Intrawest U.S. Holdings Inc. and Intrawest ULC, entered into a definitive agreement (the “Purchase Agreement”) to sell IRCG to Diamond Resorts Corporation (the “Purchaser”) and Diamond Resorts International, Inc. (together with the Purchaser, “Diamond”) for a purchase price of \$80.8 million (the “IRCG Transaction”), which includes estimated purchase price adjustments relating to net working capital. IRCG is engaged in the business of developing, selling interests in, and managing (a) Club Intrawest, a points-based timeshare vacation club at certain locations in the United States, Canada and Mexico, (b) a fractional timeshare program with properties located in Zihuatanejo, Mexico, and (c) an internal exchange program for members of the vacation club operated through Extraordinary Escapes Corporation.

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Upon closing the IRCG Transaction on January 29, 2016, Diamond acquired substantially all of the assets used in operation of the IRCG, including, but not limited to, certain management contracts, accounts receivable, notes and other amounts receivable, certain real property, the resort points available for sale, and all of the equity interests in certain wholly-owned indirect subsidiaries of the Company.

Blue Mountain Acquisition

On September 19, 2014 (the "Acquisition Date"), we acquired the remaining 50.0% equity interest in Blue Mountain that we did not already own from Blue Mountain Resorts Holdings Inc. ("Blue Mountain Holdings") for a purchase price of \$61.4 million Canadian dollars ("CAD"), or approximately \$54.8 million U.S. dollars ("USD") based on prevailing exchange rates on the Acquisition Date, in a privately negotiated transaction. In connection with the Blue Mountain Acquisition, the shareholders' agreement between us and Blue Mountain Holdings was terminated. The purchase price, along with fees and expenses incurred in connection with the transaction, were financed through an incremental amendment, dated as of September 19, 2014 (the "Incremental Amendment"), to our credit agreement dated as of December 9, 2013 (the "Credit Agreement"), and existing cash. The Incremental Amendment has the same economic and other terms as the original term loan facility under the Credit Agreement.

Factors Affecting our Business

Economic Conditions

Our results of operations are affected by consumer discretionary spending. Numerous economic trends support the notion that the health of the general economy has improved in recent periods. We believe that if the economy continues to improve, consumers will have more disposable income and a greater inclination to engage in and spend money on leisure activities, which will positively impact our results of operations. We also believe that lower fuel prices experienced in recent periods can, if sustained, benefit the travel and leisure industry.

Snowfall and Weather

The timing and amount of snowfall and other weather conditions can have an impact on visitation and the financial results in our Mountain and Adventure segments. Our resorts are geographically diversified and have strong snowmaking capabilities, which help to partially mitigate the impact of localized snow conditions and weather. In addition, our increasing percentage of revenue derived from season pass and frequency products sold prior to the ski season helps to insulate us from variations in snowfall and weather conditions. Prolonged periods of severe weather at our resorts and helicopter accessed skiing tenures can force us to cancel or suspend operations, which may have a negative impact on our financial results. Weather may also have an effect on our summer fire suppression activities and flight hours, as a significant share of our ancillary firefighting service revenue is from "as needed" contracts, which is based almost entirely on flight hours.

Season Pass and Frequency Product Usage

Season pass products offer unlimited access to lifts at our resorts, subject to certain exceptions and restrictions, for a fixed upfront payment. Frequency products are valid for a specific period of time or number of visits, providing our customers with flexibility to ski on multiple dates for a fixed price. The number of visits from season pass and frequency product holders is influenced by sales volume and usage levels. In recent ski seasons, season pass and frequency product sales have been increasing, while usage levels vary from one ski season to the next due primarily to changes in weather, snowfall and skiing conditions. A greater proportion of visits from season pass and frequency

product holders results in downward pressure on the effective ticket price (“ETP”) since these passholders are skiing for a fixed upfront payment, regardless of the number of times they visit. This downward pressure on ETP is more pronounced in ski seasons with higher snowfall, as season pass holders increase their usage. Similarly, a greater proportion of visits from season pass and frequency product holders may result in downward pressure on Revenue Per Visit, as defined in "Key Business Metrics Evaluated by Management". We expect the volume and pricing of season pass and frequency product sales to continue to increase in future ski seasons; however, ETP and Revenue Per Visit in any given ski season may increase or decrease as a result of the mix of visitors and pass products.

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Seasonality and Fluctuations in Quarterly Results

Our business is seasonal in nature. Although we operate four-season resorts, based upon historical results, we generate the highest revenue between our second and third fiscal quarters, which includes the peak ski season. As a result of the seasonality of our business, our mountain resorts and CMH typically experience operating losses during the first and fourth quarters of each fiscal year. In addition, during our peak quarters, we generate the highest daily revenue on weekends, during the Christmas/New Year's and Presidents' Day holiday periods and, in the case of our mountain resorts, during school spring breaks. Depending on how peak periods, holidays and weekends fall on the calendar, in any given year we may have more or less peak periods, holidays and weekends in our second fiscal quarter compared to prior years, with a corresponding difference in our third fiscal quarter. These differences can result in material differences in our quarterly results of operations and affect the comparability of our results of operations.

The following table contains selected unaudited segment information for the quarter ended December 31, 2015 and the four preceding quarters (in thousands):

	Three Months Ended				
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Mountain revenue	\$79,436	\$49,758	\$36,869	\$258,092	\$94,655
Adventure revenue	12,368	24,263	19,362	44,579	10,244
Real Estate revenue	11,403	11,812	11,416	17,635	15,152
Total segment revenue	\$103,207	\$85,833	\$67,647	\$320,306	\$120,051

	Three Months Ended				
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Mountain Adjusted EBITDA	\$(5,136)	\$(20,787)	\$(25,222)	\$135,721	\$2,467
Adventure Adjusted EBITDA	(3,489)	4,860	538	15,449	(4,817)
Real Estate Adjusted EBITDA	1,697	1,773	966	5,221	2,489
Total Adjusted EBITDA	\$(6,928)	\$(14,154)	\$(23,718)	\$156,391	\$139

Resort Real Estate Markets

We intend to resume development of residential vacation homes at our mountain resorts when market conditions are favorable. The value and sales volume of vacation homes fluctuate with macroeconomic trends and consumer sentiment. During recent periods we have seen a partial recovery in the market for vacation homes.

Foreign Currency Fluctuation Risk

We present our financial statements in USD. Our operating results are sensitive to fluctuations in foreign currency exchange rates, as a significant portion of our revenue and operating expenses is transacted in Canadian dollars, principally at Tremblant, Blue Mountain and within our Adventure segment. A significant fluctuation in the Canada/U.S. exchange rate could therefore have a significant impact on our results of operations after translating our Canadian operations into USD. See Part I - Item 3, Quantitative and Qualitative Disclosures About Market Risk, "Foreign Currency Fluctuations".

Where we discuss the impact of foreign currency translation adjustments, the impact is calculated on a constant USD basis. We calculate constant USD amounts by applying prior period average exchange rates to the current comparable period.

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Results of Operations

The following historical consolidated statements of operations for the three and six months ended December 31, 2015 and 2014 have been derived from the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Set forth below is a discussion of our consolidated results of operations followed by a discussion of our segment results.

Comparison of Results of Operations for the Three and Six Months Ended December 31, 2015 and 2014 (dollars in thousands)

	Three Months Ended December 31,		Change		Six Months Ended December 31,		Change	
	2015	2014	\$	%	2015	2014	\$	%
Revenue	\$103,951	\$120,802	\$(16,851)	(13.9)%	\$190,155	\$195,175	\$(5,020)	(2.6)%
Operating expenses	117,074	128,265	(11,191)	(8.7)%	220,322	226,341	(6,019)	(2.7)%
Depreciation and amortization	14,496	14,712	(216)	(1.5)%	29,538	29,298	240	0.8%
(Gain) on disposal of assets	(1,638)	(214)	(1,424)	n/m	(2,327)	(43)	(2,284)	n/m
Loss on remeasurement of equity method investment	—	—	—	—%	—	1,454	(1,454)	(100.0)%
Loss from operations	(25,981)	(21,961)	(4,020)	18.3%	(57,378)	(61,875)	4,497	(7.3)%
Interest expense, net	(9,384)	(10,202)	818	(8.0)%	(18,618)	(19,816)	1,198	(6.0)%
Earnings (loss) from equity method investments	1,702	(506)	2,208	n/m	(1,382)	(2,757)	1,375	n/m
Other income (expense), net	5,131	(150)	5,281	n/m	5,210	(455)	5,665	n/m
Loss before income taxes	(28,532)	(32,819)	4,287	(13.1)%	(72,168)	(84,903)	12,735	(15.0)%
Income tax expense (benefit)	(519)	(630)	111	(17.6)%	1,268	(2,616)	3,884	(148.5)%
Net loss	(28,013)	(32,189)	4,176	(13.0)%	(73,436)	(82,287)	8,851	(10.8)%
(Loss) income attributable to noncontrolling interest	(708)	(1,116)	408	(36.6)%	912	(239)	1,151	n/m
Net loss attributable to Intrawest Resorts Holdings, Inc.	\$(27,305)	\$(31,073)	\$3,768	(12.1)%	\$(74,348)	\$(82,048)	\$7,700	(9.4)%

n/m - Calculation is not meaningful.

Revenue

Revenue decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 due to a decrease of \$16.8 million in total segment revenue. Total segment revenue in the three months ended December 31, 2015 included decreases of \$15.2 million and \$3.7 million in Mountain revenue and Real Estate revenue, respectively, partially offset by an increase of \$2.1 million in Adventure revenue. During the three months ended December 31, 2015, excluding an unfavorable foreign currency translation adjustment of \$6.5 million, revenue decreased \$10.4 million, or 8.6%, compared to the three months ended December 31, 2014.

Revenue decreased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 due to a decrease of \$5.0 million in total segment revenue. Total segment revenue in the six months ended December 31, 2015 included decreases of \$7.0 million and \$1.8 million in Real Estate revenue and Mountain revenue,

respectively, partially offset by an increase of \$3.8 million in Adventure revenue. During the six months ended December 31, 2015, excluding Blue Mountain and an unfavorable foreign currency translation adjustment of \$11.5 million, revenue increased slightly by \$0.1 million, compared to the six months ended December 31, 2014.

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Operating expenses

Operating expenses decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 as a result of decreases of \$10.6 million and \$0.6 million in total segment operating expenses and Legacy, non-core and other expenses, respectively. Total segment operating expenses in the three months ended December 31, 2015 included decreases of \$7.6 million and \$3.3 million in Mountain and Real Estate operating expenses, respectively, partially offset by an increase of \$0.3 million in Adventure operating expenses. Legacy, non-core and other expenses decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 primarily due to a \$0.3 million decrease in severance-related expenses. During the three months ended December 31, 2015, excluding a favorable foreign currency translation adjustment of \$7.7 million, operating expenses decreased \$3.5 million, or 2.7%, compared to the three months ended December 31, 2014.

Operating expenses decreased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 due to a decrease of \$6.1 million in total segment operating expenses partially offset by an increase of \$0.1 million in Legacy, non-core and other expenses. Total segment operating expenses in the six months ended December 31, 2015 included decreases of \$6.8 million and \$1.7 million in Real Estate and Adventure operating expenses, respectively, partially offset by an increase of \$2.3 million in Mountain operating expenses. During the six months ended December 31, 2015, excluding Blue Mountain and a favorable foreign currency translation adjustment of \$11.4 million, operating expenses decreased \$2.0 million, or 1.0%, compared to the six months ended December 31, 2014.

Depreciation and amortization

Depreciation and amortization decreased slightly by \$0.2 million, or 1.5%, in the three months ended December 31, 2015 compared to the three months ended December 31, 2014. Depreciation and amortization increased slightly by \$0.2 million, or 0.8% in the six months ended December 31, 2015 compared to the six months ended December 31, 2014.

(Gain) on disposal of assets

In the three months ended December 31, 2015, we completed a non-monetary exchange of helicopter assets with an independent third party acquiring four helicopters in exchange for two. A \$1.7 million gain resulted from the fair value of the helicopters received exceeding the net book value of helicopters sold. In the three months ended December 31, 2014, the gain on disposal of assets was \$0.2 million.

In the six months ended December 31, 2015, we completed a non-monetary exchange of helicopter assets with an independent third party acquiring four helicopters in exchange for two. A \$1.7 million gain resulted from the fair value of the helicopters received exceeding the net book value of helicopters sold. Additionally, we recognized a gain on the write-off of a damaged helicopter. In the six months ended December 31, 2014, the gain on disposal of assets was less than \$0.1 million.

Loss on remeasurement of equity method investment

In the six months ended December 31, 2014, we recognized a \$1.5 million loss on remeasurement of our equity method investment in Blue Mountain in connection with the Blue Mountain Acquisition. There was no similar transaction in the six months ended December 31, 2015.

Interest expense, net

Interest expense, net decreased in the three and six months ended December 31, 2015 compared to the three and six months ended December 31, 2014 primarily as a result of repricing our senior debt facilities in April 2015 (the "Repricing"), which lowered the average annual effective rate from approximately 5.5% to approximately 4.75%. The impact of the Repricing was partially offset by an increase in the average outstanding principal balance of our senior debt as a result of borrowing an incremental \$60.0 million under the Credit Agreement in September 2014, primarily to finance the Blue Mountain Acquisition.

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Earnings (loss) from equity method investments

The increase in earnings from equity method investments in the three and six months ended December 31, 2015 compared to the three and six months ended December 31, 2014 was primarily a result of earnings from our investment in the Mammoth family of resorts during the three months ended December 31, 2015, primarily due to the inclusion of earnings from Snow Summit Mountain Resort and Bear Mountain in the three and six months ended December 31, 2015. These two resorts were added to the Mammoth family of resorts in the third fiscal quarter of 2015. Additionally, an increase in Skier Visits driven by improved snowfall and better ski conditions compared to prior year period contributed to an increase in earnings from our investment in the Mammoth family of resorts.

Other income (expense), net

Other income, net increased \$5.3 million and \$5.7 million in three and six months ended December 31, 2015, respectively, primarily due to a favorable legacy legal settlement during the three months ended December 31, 2015 partially offset by expenses incurred related to the IRCG Transaction.

Income tax expense (benefit)

The consolidated income tax provision attributable to the Company was a \$0.5 million benefit and a \$1.3 million expense for the three and six months ended December 31, 2015, respectively; and a \$0.6 million benefit and \$2.6 million benefit for the same periods in the prior year; respectively. These amounts represent an effective tax rate of 1.8% and (1.8%) for the three and six months ended December 31, 2015, respectively; and an effective tax rate of 2.0% and 3.1% for the three and six months ended December 31, 2014, respectively. The \$1.3 million expense for the six months ended December 31, 2015 primarily relates to taxable Canadian helicopter operations. The net \$2.6 million tax benefit for the six months ended December 31, 2014 is comprised of \$0.5 million of tax expense related to taxable Canadian helicopter operations and a \$3.1 million tax benefit. The one-time \$3.1 million tax benefit was due to a restructuring, in association with the Blue Mountain Acquisition, which enabled the Company to utilize a portion of its Canadian deferred tax assets resulting in a corresponding release of the valuation allowance. The federal blended statutory rate for the three months ended December 31, 2015 and 2014 was 29.5% and 30.0%, respectively. The federal blended statutory rate for the six months ended December 31, 2015 and 2014 was 31.5% and 31.1%, respectively. The effective tax rates for the periods presented differ from the federal blended statutory rates due to changes in the recorded valuation allowance for entities in the United States and Canada.

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Results of Segment Operations (in thousands)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Mountain revenue	\$79,436	\$94,655	\$129,194	\$130,968
Adventure revenue	12,368	10,244	36,630	32,858
Real Estate revenue	11,403	15,152	23,216	30,223
Total segment revenue	\$103,207	\$120,051	\$189,040	\$194,049
Mountain Adjusted EBITDA	\$(5,136)	\$2,467	\$(25,923)	\$(21,527)
Adventure Adjusted EBITDA	(3,489)	(4,817)	1,371	(2,682)
Real Estate Adjusted EBITDA	1,697	2,489	3,468	4,236
Total Adjusted EBITDA	\$(6,928)	\$139	\$(21,084)	\$(19,973)

See "Non-GAAP Financial measures" below for reconciliations between non-GAAP financial measures and the most directly comparable GAAP (as defined below) measures.

Key Business Metrics Evaluated by Management

"Skier Visits" We measure visitation volume during the ski season, which is when most of our lift revenue is earned, by the number of "Skier Visits" at our resorts, each of which represents an individual's use of a paid or complimentary ticket, frequency card or season pass product to ski or snowboard at our mountain resorts for any part of one day. The number of Skier Visits, viewed in conjunction with ETP, is an important indicator of our lift revenue. Changes in the number of Skier Visits have an impact on Mountain revenue. The number of Skier Visits is affected by numerous factors, including the quality of the guest experience, the effectiveness of our marketing efforts, pricing policies, snow and weather conditions, overall industry trends, macroeconomic factors and the relative attractiveness of our resort offerings compared to competitive offerings.

"Revenue per Visit" is total Mountain revenue recorded during the ski season divided by total Skier Visits during such period. This metric excludes non-ski season revenue, which is not directly correlated to visitor growth. Revenue per Visit is influenced by our mix of guests. Destination guests are more likely to purchase ancillary products and services than regional guests and a higher percentage of destination guests in our skier mix typically increases Revenue per Visit.

"ETP" we measure average ticket price during a given period by calculating our "effective ticket price" or "ETP", which is determined by dividing Lift revenue recorded during the ski season by total Skier Visits. ETP is influenced by lift product mix and other factors. Season pass products offer unlimited access, subject to certain exceptions and restrictions, for a fixed upfront payment. As a result, season passholders skiing more frequently in a given fiscal period as compared to the corresponding prior year period will result in downward pressure on ETP. This downward pressure on ETP is more pronounced in ski seasons with higher snowfall, as season pass holders increase their usage. Conversely, single- and multi-day lift ticket products are priced per visit, and therefore a greater proportion of use of these products will tend to increase our ETP. Other factors that influence ETP include the number of complimentary or special promotional passes issued by us, the average age of skiers visiting our resorts, the volume of group or promotional sales and the relative volume of products sold through different sales channels, including our call centers, our ecommerce platform and our network of third-party online and traditional travel companies. Products sold at the ticket counter, which has been a declining percentage of Lift revenue in recent years, are typically priced higher relative to other channels because walk-up customers are our least price sensitive guests.

"Revenue per available room" or "RevPAR" is determined by dividing gross room revenue during a given period by the number of units available to guests during such period.

"Average Daily Rate" or "ADR" is determined by dividing gross room revenue during a given period by the number of occupied units under management during such period. ADR is a measure commonly used in the lodging industry, as well as by our management to track lodging pricing trends. ADR trends provide useful information concerning the pricing environment and the nature of the customer base of a lodging operation. ADR is affected by numerous factors, including the quality of the guest experience, the effectiveness of our

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marketing efforts, snow and weather conditions, overall industry trends, macroeconomic factors and the relative attractiveness of our resort offerings compared to competing offerings.

Comparison of Mountain Results for the Three and Six Months Ended December 31, 2015 and 2014 (dollars in thousands)

	Three Months Ended December 31,				Six Months Ended December 31,			
	2015	2014	Change		2015	2014	Change	
			\$	%			\$	%
Skier Visits	627,810	858,781	(230,971)	(26.9)%	627,810	858,781	(230,971)	(26.9)%
Revenue per Visit	\$111.29	\$98.75	\$12.54	12.7 %	\$111.29	\$98.75	\$12.54	12.7 %
ETP	\$49.72	\$41.36	\$8.36	20.2 %	\$49.72	\$41.36	\$8.36	20.2 %
RevPAR	\$43.97	\$56.43	\$(12.46)	(22.1)%	\$53.06	\$50.73	\$2.33	4.6 %
ADR	\$152.12	\$172.34	\$(20.22)	(11.7)%	\$140.74	\$149.93	\$(9.19)	(6.1)%
Mountain revenue:								
Lift	\$31,937	\$36,254	\$(4,317)	(11.9)%	\$35,941	\$39,541	\$(3,600)	(9.1)%
Lodging	11,547	14,102	(2,555)	(18.1)%	26,866	23,473	3,393	14.5 %
Ski School	6,662	7,872	(1,210)	(15.4)%	7,272	8,371	(1,099)	(13.1)%
Retail and Rental	11,195	15,035	(3,840)	(25.5)%	18,652	21,197	(2,545)	(12.0)%
Food and Beverage	10,338	11,501	(1,163)	(10.1)%	19,970	18,868	1,102	5.8 %
Other	7,757	9,891	(2,134)	(21.6)%	20,493	19,518	975	5.0 %
Total Mountain revenue	\$79,436	\$94,655	\$(15,219)	(16.1)%	\$129,194	\$130,968	\$(1,774)	(1.4)%
Mountain Adjusted EBITDA	\$(5,136)	\$2,467	\$(7,603)	n/m	\$(25,923)	\$(21,527)	\$(4,396)	20.4 %

Mountain revenue

Mountain revenue decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 primarily due to a 61.8% decrease in Skier Visits at our Eastern resorts due to unseasonably warm weather and lack of snowfall partially offset by a 6.4% increase in Skier Visits at our Colorado resorts. Excluding an unfavorable foreign currency translation adjustment of \$4.0 million, Mountain revenue decreased \$11.2 million, or 11.9%, in the three months ended December 31, 2015 compared to the three months ended December 31, 2014.

Mountain revenue decreased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 primarily due to a 61.8% decrease in Skier Visits at our Eastern resorts due to unseasonably warm weather and lack of snowfall partially offset by a 6.4% increase in Skier Visits at our Colorado resorts and the inclusion of revenue from owning 100% of Blue Mountain since the Acquisition Date. Mountain revenue in the six months ended December 31, 2015 includes Blue Mountain revenue for the entire period whereas Mountain revenue in the six months ended December 31, 2014 only includes Blue Mountain revenue subsequent to the Acquisition Date of September 19, 2014. Prior to the Acquisition Date, Blue Mountain was accounted for under the equity method and therefore the associated revenue was not included in Mountain revenue. Excluding Blue Mountain and an unfavorable foreign currency translation adjustment of \$5.1 million, Mountain revenue decreased \$3.2 million, or 2.8%, in the six months ended December 31, 2015 compared to the six months ended December 31, 2014.

Lift revenue

Lift revenue decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014. The decrease was primarily due to a decrease in Skier Visits at our Eastern resorts due to unseasonably

warm weather and lack of snowfall. Our Eastern resorts experienced a 61.8% decrease in Skier Visits, which was partially offset by a 6.4% increase in Skier Visits at our Colorado resorts. Higher season pass and frequency product sales across our resorts partially offset the impact of the decrease in Skier Visits in the current period compared to the same period in the prior year. Season pass and frequency product revenue for the 2015/2016 ski season increased 2.0% in the three months ended December 31, 2015 compared to the

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same period in the prior year and comprised 50.7% and 43.8% of Lift revenue for the three months ended December 31, 2015 and 2014, respectively. Season pass revenue, for which cash is primarily collected prior to the ski season, is recognized based on historical usage patterns. Frequency product revenue is recognized as used, and unused portions ("breakage") are recognized based on historical usage for each frequency product. Excluding an unfavorable foreign currency translation adjustment of \$0.9 million, Lift revenue decreased \$3.4 million, or 9.4%, in the three months ended December 31, 2015 compared to the same period in the prior year, which was the result of a 39.6% decrease in Lift revenue at our Eastern resorts partially offset by a 16.3% increase at our Colorado resorts due to higher yields and increased skier visits. Excluding unfavorable foreign currency adjustments, ETP increased \$9.64, or 23.3% in the three months ended December 31, 2015 compared to the same period in the prior year as the decline in Skier Visits was greater than the decline in Lift revenue.

As our ski resorts opened during our second quarter, the results of the six months ended December 31, 2015 and 2014 for Lift revenue are largely the same as the results for the three months ended December 31, 2015 and 2014. During the summer season, Lift revenue primarily relates to mountain biking and sightseeing products, which increased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 primarily due to higher summer visitation.

Lodging revenue

Lodging revenue decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 primarily due to lower ADR and occupancy at our Eastern resorts which is primarily attributable to the unseasonably warm weather and lack of snowfall. Excluding an unfavorable foreign currency translation adjustment of \$1.2 million, Lodging revenue decreased \$1.3 million, or 9.5%, in the three months ended December 31, 2015 compared to the same period in the prior year, which was the result of a 13.0% decrease in Lodging revenue at our Eastern resorts partially offset by a 11.5% increase at our Colorado resorts due to higher ADR.

Lodging revenue increased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 primarily due to the inclusion of revenue from owning 100% of Blue Mountain since the Acquisition Date. Excluding Blue Mountain and an unfavorable foreign currency adjustment of \$1.3 million, Lodging revenue decreased \$0.7 million, or 3.9% in the six months ended December 31, 2015 compared to the same period in the prior year, which was the result of a 8.8% decrease in Lodging revenue at our Eastern resorts due to lower ADR and occupancy partially offset by a 13.2% increase at our Colorado resorts due to higher ADR.

Ski School revenue

Ski School revenue decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 primarily due to a decrease in Skier Visits at our Eastern resorts. Ski School revenue decreased 41.2% at our Eastern resorts partially offset by a 8.0% increase at our Colorado resorts due to Skier Visit growth and select price increases.

As our ski resorts opened during our second quarter, the results of the six months ended December 31, 2015 and 2014 for Ski School revenue are largely the same as the results for the three months ended December 31, 2015 and 2014. During the summer, Ski School revenue is derived from mountain bike instruction and child care, which increased slightly in the six months ended December 31, 2015 compared to the six months ended December 31, 2014.

Retail and Rental revenue

Retail and Rental revenue decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 primarily due to a decrease in Skier Visits at our Eastern resorts. Excluding an unfavorable foreign currency translation adjustment of \$0.8 million, Retail and Rental revenue decreased \$3.0 million, or 20.3%, in the three months ended December 31, 2015 compared to the same period in the prior year, which was the result of a 28.9% decrease in Retail and Rental revenue at our Eastern resorts partially offset by a 3.6% increase at our Colorado resorts due to Skier Visit growth.

Retail and Rental revenue decreased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 primarily due to a decrease in Skier Visits at our Eastern resorts partially offset by the inclusion of revenue from owning 100% of Blue Mountain since the Acquisition Date. Excluding Blue Mountain and an unfavorable foreign currency translation adjustment of \$1.0 million, Retail and Rental revenue decreased \$1.7 million, or 9.2%, in the six months ended December 31, 2015 compared to the same period in the prior year, which was the result of a 17.4% decrease in Retail and Rental revenue at

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our Eastern resorts partially offset by a 10.3% increase at our Colorado resorts primarily due to higher summer visitation and Skier Visit growth.

Food and Beverage revenue

Food and Beverage revenue decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 primarily due to a decrease in Skier Visits at our Eastern resorts. Excluding an unfavorable foreign currency translation adjustment of \$0.6 million, Food and Beverage revenue decreased \$0.5 million, or 4.6%, in the three months ended December 31, 2015 compared to the same period in the prior year, which was the result of a 18.2% decrease in Food and Beverage revenue at our Eastern resorts partially offset by a 17.4% increase at our Colorado resorts primarily due to Skier Visit growth and select price increases.

Food and Beverage revenue increased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 primarily due to the inclusion of revenue from owning 100% of Blue Mountain since the Acquisition Date. Excluding Blue Mountain and an unfavorable foreign currency translation adjustment of \$0.6 million, Food and Beverage revenue increased slightly by \$0.1 million, or 0.6%, in the six months ended December 31, 2015 compared to the same period in the prior year, which was the result of a 17.5% increase in Food and Beverage revenue at our Colorado resorts primarily due to higher summer visitation and an increase in group business revenue. This increase was partially offset by a 14.6% decrease at our Eastern resorts primarily due to decrease in Skier Visits.

Other revenue

Other revenue decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014. Excluding an unfavorable foreign currency translation adjustment of \$0.3 million, Other revenue decreased \$1.8 million, or 18.6%, in the three months ended December 31, 2015 compared to the same period in the prior year primarily due to a decrease in snow cat sales and lower amenity fees.

Other revenue increased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 primarily due to the inclusion of revenue from owning 100% of Blue Mountain since the Acquisition Date. Excluding Blue Mountain and an unfavorable foreign currency translation adjustment of \$0.8 million, Other revenue decreased \$0.4 million, or 2.1%, in the six months ended December 31, 2015 compared to the same period in the prior year primarily due to lower amenity fees.

Mountain Adjusted EBITDA

Mountain Adjusted EBITDA decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 primarily due to a \$15.2 million decrease in Mountain revenue, offset by a \$7.6 million decrease in Mountain operating expenses.

Mountain operating expenses decreased from \$92.2 million in the three months ended December 31, 2014 to \$84.6 million in the three months ended December 31, 2015. Excluding a favorable foreign currency translation adjustment of \$4.6 million, Mountain operating expenses decreased \$3.0 million, or 3.2%, primarily due to a decrease in staffing and cost of sales at our Eastern resorts associated with a decrease in Skier Visits and a decrease in snowmaking and snow cat sales related to unusually warm weather in the East. These decreases were partially offset by an increase in general and administrative expenses related to health and medical coverage.

Mountain revenue decreased \$11.2 million in the three months ended December 31, 2015 compared to the same period in the prior year partially offset by a \$2.9 million decrease in Mountain operating expenses, resulting in an

decrease to Mountain Adjusted EBITDA of \$8.3 million excluding a net favorable foreign currency translation adjustment.

Mountain Adjusted EBITDA decreased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 primarily due to \$1.8 million decrease in Mountain revenue and a \$2.3 million increase in Mountain operating expenses. Mountain operating expenses increased from \$152.8 million in the six months ended December 31, 2014 to \$155.1 million in the six months ended December 31, 2015. The increase is primarily due to the inclusion of 100% of Blue Mountain since the Acquisition Date. Mountain operating expenses in the six months ended December 31, 2015 include Blue Mountain operating expenses for the entire period, whereas Mountain operating expenses in the six months ended December 31, 2014 only include Blue Mountain operating expenses subsequent to the Acquisition Date of September 19, 2014. Prior to the Acquisition Date, Blue Mountain was accounted for under the equity method and therefore the associated operating expenses were not included in Mountain operating expenses. Additionally, Mountain Adjusted

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EBITDA in the prior year period included \$0.3 million of our pro rata share of EBITDA from Blue Mountain for the period from July 1, 2014 through September 19, 2014. Excluding Blue Mountain and a favorable foreign currency translation adjustment of \$5.3 million, Mountain operating expenses increased \$0.3 million, or 0.2%.

Mountain revenue decreased \$3.2 million in the six months ended December 31, 2015 compared to the same period in the prior year partially offset by a \$0.3 million decrease in Mountain operating expenses, resulting in an decrease to Mountain Adjusted EBITDA of \$3.5 million excluding Blue Mountain and a net favorable foreign currency translation adjustment.

Comparison of Adventure Results for the Three and Six Months Ended December 31, 2015 and 2014 (dollars in thousands)

	Three Months Ended December 31,		Change		Six Months Ended December 31,		Change	
	2015	2014	\$	%	2015	2014	\$	%
Adventure revenue	\$12,368	\$10,244	\$2,124	20.7 %	\$36,630	\$32,858	\$3,772	11.5 %
Adventure Adjusted EBITDA	\$(3,489)	\$(4,817)	\$1,328	(27.6)%	\$1,371	\$(2,682)	\$4,053	(151.1)%

Adventure revenue

Adventure revenue increased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 primarily due to a \$2.3 million increase in CMH revenue partially offset by a \$0.2 million decrease in ancillary services. Excluding an unfavorable foreign currency translation adjustment of \$2.1 million, Adventure revenue increased \$4.3 million, or 41.6%, in the three months ended December 31, 2015 primarily due to a \$3.4 million increase in CMH revenue primarily due to higher guest nights and higher yields and a \$0.8 million increase in ancillary services due to an increase in helicopter MRO services due to higher billable hours and helicopter part sales.

Adventure revenue increased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 primarily due to a \$2.7 million increase in CMH revenue and a \$1.1 million increase in ancillary services. Excluding an unfavorable foreign currency translation adjustment of \$5.5 million, Adventure revenue increased \$9.3 million, or 28.3%, primarily due to a \$4.9 million increase in ancillary services primarily due to an increase in fire suppression related activities as a result of above average forest fire activity in the first quarter of fiscal 2016 and an increase in helicopter MRO services due to higher billable hours and helicopter part sales. Additionally, CMH revenue increased \$4.4 million due to higher guest nights and operating one additional lodge for summer operations in the six months ended December 31, 2015 and compared to same period in the prior year.

Adventure Adjusted EBITDA

Adventure Adjusted EBITDA increased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 primarily due to a \$2.1 million increase in Adventure revenue partially offset by a \$0.3 million increase in Adventure operating expenses, which increased from \$16.6 million in the three months ended December 31, 2014 to \$16.9 million in the three months ended December 31, 2015. After removing \$1.0 million of Adjusted EBITDA attributable to the 80.0% interest in Alpine Helicopters that is owned by a third party, Adventure Adjusted EBITDA increased \$1.3 million. Excluding a favorable foreign currency translation adjustment of \$2.6 million, Adventure operating expenses increased \$2.9 million, or 17.5%, primarily due to higher variable expenses associated with an increase in CMH guest nights and an increase in helicopter MRO expenses associated with higher billable hours.

Adventure Adjusted EBITDA increased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 primarily due to \$3.8 million increase in Adventure revenue and a \$1.7 million decrease in Adventure operating expenses, which decreased from \$35.8 million in the six months ended December 31, 2014 to \$34.1 million in the six months ended December 31, 2015. After removing \$1.4 million of Adjusted EBITDA attributable to the 80.0% interest in Alpine Helicopters that is owned by a third party, Adventure Adjusted EBITDA increased \$4.1 million. The decrease in Adventure operating expenses in the six months ended December 31, 2015 was primarily attributable to a \$5.0 million favorable foreign currency translation adjustment. Excluding the favorable foreign currency translation adjustment, Adventure operating expenses increased \$3.3 million, or 9.2%, primarily due to higher variable expenses associated with an increase in CMH guest nights and fire suppression activities.

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Comparison of Real Estate Results for the Three and Six Months Ended December 31, 2015 and 2014 (dollars in thousands)

	Three Months				Six Months			
	Ended December 31,		Change		Ended December 31,		Change	
	2015	2014	\$	%	2015	2014	\$	%
Real Estate revenue	\$11,403	\$15,152	\$(3,749)	(24.7)%	\$23,216	\$30,223	\$(7,007)	(23.2)%
Real Estate Adjusted EBITDA	\$1,697	\$2,489	\$(792)	(31.8)%	\$3,468	\$4,236	\$(768)	(18.1)%

Real Estate revenue

Real Estate revenue decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 primarily due to decreases of \$3.2 million and \$0.5 million at IRCG and Playground, respectively. The decrease in revenue at IRCG was primarily due to lower sales volume and an unfavorable foreign currency translation adjustment of \$0.3 million.

Real Estate revenue decreased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 primarily due to decreases of \$6.6 million and \$0.3 million at IRCG and IHM, respectively. The decrease in revenue at IRCG was primarily due to lower sales volume and an unfavorable foreign currency translation adjustment of \$0.9 million. During the first quarter of fiscal 2016, forest fires near Whistler Blackcomb in British Columbia contributed to lower tour volume at that sales center.

Real Estate Adjusted EBITDA

Real Estate Adjusted EBITDA decreased in the three months ended December 31, 2015 compared to the three months ended December 31, 2014 primarily due to a \$3.7 million decrease in Real Estate revenue partially offset by a \$3.3 million decrease in Real Estate operating expenses, which decreased from \$14.7 million in the three months ended December 31, 2014 to \$11.4 million in the three months ended December 31, 2015. Excluding a favorable foreign currency translation adjustment of \$0.5 million, Real Estate operating expenses decreased \$2.8 million, or 19.2%, primarily due to a \$1.8 million decrease in IRCG operating expenses resulting from lower sales volume and associated selling costs, \$0.4 million decrease in Playground operating expenses primarily due to a decrease in commissions expense, a \$0.3 million decrease in IHM operating expenses due to lower occupancy, and a \$0.2 million decrease in general and administrative expenses. Additionally, Real Estate Adjusted EBITDA was impacted by a \$0.2 million decrease in interest income earned from IRCG notes receivable in the three months ended December 31, 2015.

Real Estate Adjusted EBITDA decreased in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 primarily due to a \$7.0 million decrease in Real Estate revenue partially offset by a \$6.8 million decrease in Real Estate operating expenses, which decreased from \$29.7 million in the six months ended December 31, 2014 to \$23.0 million in the six months ended December 31, 2015. Excluding a favorable foreign currency translation adjustment of \$1.1 million, Real Estate operating expenses decreased \$5.7 million, or 19.1%, primarily due to a \$3.9 million decrease in IRCG operating expenses resulting from lower sales volume and associated selling costs and a \$1.0 million decrease in operating expenses at IHM due to lower occupancy and a \$0.4 million decrease in general and administrative expenses. Additionally, Real Estate Adjusted EBITDA was impacted by a \$0.4 million decrease in interest income earned from IRCG notes receivable in the six months ended December 31, 2015.

Non-GAAP Financial Measures

We use Adjusted EBITDA as a measure of our operating performance. Adjusted EBITDA is a supplemental non-GAAP financial measure. Adjusted EBITDA is not a substitute for net income (loss), income (loss) from continuing operations, cash flows from operating activities or any other measure prescribed by accounting principles generally accepted in the United States of America ("GAAP").

Our board of directors and management team focus on Adjusted EBITDA as a key performance and compensation measure. Adjusted EBITDA assists us in comparing our performance over various reporting periods because it removes from our operating results the impact of items that our management believes do not reflect our core operating performance. The compensation committee of our board of directors will determine the annual variable compensation for certain members of our management team based, in part, on Adjusted EBITDA.

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There are limitations to using non-GAAP measures such as Adjusted EBITDA. Although we believe that Adjusted EBITDA can make an evaluation of our operating performance more consistent because it removes items that do not reflect our core operations, other companies in our industry may define Adjusted EBITDA differently than we do. As a result, it may be difficult to use Adjusted EBITDA to compare the performance of those companies to our performance. Adjusted EBITDA should not be considered as a measure of the income generated by our business or discretionary cash available to us to invest in the growth of our business. Our management compensates for these limitations by reference to our GAAP results and by using Adjusted EBITDA as a supplemental measure. Our definition of Adjusted EBITDA is generally consistent with the definition of Consolidated EBITDA in the Credit Agreement, with exceptions related to not adjusting for recurring public company costs and foreign currency translation adjustments related to operational activities and adjusting for executive management restructuring costs.

The following table reconciles net loss attributable to the Company to total Adjusted EBITDA for the periods presented (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Net loss attributable to Intrawest Resorts Holdings, Inc.	\$(27,305)	\$(31,073)	\$(74,348)	\$(82,048)
Legacy and other non-core expenses, net	2,092	925	4,442	1,907
Other operating expenses	1,401	3,171	2,552	4,998
Depreciation and amortization	14,496	14,712	29,538	29,298
(Gain) loss on disposal of assets	(1,638)	(214)	(2,327)	(43)
Loss on remeasurement of equity method investment	—	—	—	1,454
Interest income, net	(65)	(34)	(136)	(88)
Interest expense	10,269	11,255	20,431	21,981
(Earnings) loss from equity method investments	(1,702)	506	1,382	2,757
Pro rata share of Adjusted EBITDA related to equity method investments	853	969	1,545	1,951
Adjusted EBITDA attributable to noncontrolling interest	1,029	1,518	(1,133)	260
Other (income) expense, net	(5,131)	150	(5,210)	455
Income tax expense (benefit)	(519)	(630)	1,268	(2,616)
Income (loss) attributable to noncontrolling interest	(708)	(1,116)	912	(239)
Total Adjusted EBITDA	\$(6,928)	\$139	\$(21,084)	\$(19,973)

Liquidity and Capital Resources

Overview

Our primary goal as it relates to liquidity and capital resources is to maintain an appropriate level of debt and cash to fund operations, expansions, maintenance projects and other capital investments and to ensure that we are poised for growth in our businesses. Our principal sources of liquidity are cash generated from operations, existing cash on hand and our revolving credit facility. Our principal uses of cash include the funding of working capital obligations, capital expenditures and servicing our debt.

Due to the seasonality of our business, there are significant fluctuations in our cash and liquidity throughout the year. Our cash balances are typically at their highest at the end of our third fiscal quarter, following the peak ski season, and at their lowest toward the middle of our second fiscal quarter, before the start of the ski season.

Significant Sources of Cash

Historically, we have financed our capital expenditures and other cash needs through cash generated from operations. We generated \$44.3 million and \$34.8 million of cash from operating activities during the six months ended December 31, 2015 and 2014, respectively. We currently anticipate that our ongoing operations will continue to provide a significant source of future operating cash flows with the third fiscal quarter of each fiscal year generating the highest cash flows due to the seasonality of our business.

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As part of the refinancing in December 2013, we entered into the Credit Agreement, which provided for a \$540.0 million term loan facility ("Term Loan"), a \$55.0 million senior secured first-lien line of credit facility ("LC Facility"), and a \$25.0 million senior secured first-lien revolving loan facility (the "Revolver" and, together with the Term Loan and LC Facility, collectively referred to herein as the "Senior Debt"). In September 2014, pursuant to the Incremental Amendment, we borrowed an incremental \$60.0 million under the Term Loan, primarily to finance the Blue Mountain Acquisition described in Part I - Item 1, Financial Statements (unaudited), Note 8, "Acquisitions". The proceeds were also used to pay certain fees, commissions and expenses related to the Blue Mountain Acquisition and for working capital. The incremental borrowing has the same terms and maturity date as the original Term Loan. We have the ability to increase the size of the Term Loan under certain circumstances by an aggregate amount of up to \$40.0 million, so long as, after giving effect to any additional amounts borrowed, we remain compliant with all covenants of the Credit Agreement.

As of December 31, 2015, we had available capacity of \$12.4 million under the LC Facility and \$25.0 million under the Revolver. The Credit Agreement contains affirmative and negative covenants that restrict, among other things, the ability of our subsidiaries to incur indebtedness, dispose of property and make investments or distributions. We were in compliance with the applicable covenants of the Credit Agreement as of December 31, 2015.

Our cash and cash equivalents balance as of December 31, 2015 was \$95.0 million. We expect that our liquidity needs for at least the next 12 months will be met by continued utilization of operating cash flows and borrowings under the Revolver, if needed.

Significant Uses of Cash

Our current cash requirements include providing for our working capital obligations, capital expenditures and servicing our debt.

On September 19, 2014, we paid \$54.8 million as cash consideration for the Blue Mountain Acquisition, which included a \$3.0 million payment for a working capital adjustment.

We make capital expenditures to maintain the safety and quality of our operations within our Mountain, Adventure and Real Estate segments. Many of these capital expenditures are related to maintenance capital, including lift maintenance, snow grooming machine replacement, snowmaking equipment upgrades and building refurbishments. We also make growth capital expenditures that are discretionary in nature and intended to generate new revenue, improve our level of service, or increase the scale of our operations. Capital expenditures were \$32.5 million and \$31.7 million in the six months ended December 31, 2015 and 2014, respectively, or 17.1% and 16.2% of total revenue for the respective periods.

We expected to spend between \$41 million and \$46 million on capital expenditures in calendar year 2015. Our Calendar year capital expenditures were \$44.8 million. Our Calendar year capital expenditures are capital expenditures as presented in the accompanying condensed consolidated statements of cash flows adjusted for third party reimbursements and property, plant and equipment received but not yet paid.

	Twelve
	Months
	Ended
	December
	31, 2015
Capital expenditures	\$(42,713)

Third party reimbursement for capital expenditures	1,197
Accrued capital expenditures	(3,240)
Calendar year capital expenditures	\$(44,756)

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We paid principal, interest and fees to our lenders of \$20.6 million and \$24.8 million in the six months ended December 31, 2015 and 2014, respectively. The majority of principal payments on our long-term debt under the Term Loan are not due until 2020. As of December 31, 2015, the Company was required to make an excess cash flow payment of \$8.8 million during the third fiscal quarter of 2016 based upon calculations defined in the Credit Agreement.

Our debt service requirements can be impacted by changing interest rates as we had \$588.3 million of variable rate debt outstanding as of December 31, 2015. As of December 31, 2015, the three month LIBOR was 0.61%. As our variable rate borrowings have a LIBOR floor of 1.0%, a 100-basis point decrease in the three month LIBOR would not impact our annual interest payments. By contrast, a 100-basis point increase in the three month LIBOR would cause our annual interest payments to change by approximately \$3.6 million.

Cash Flows for the Six Months Ended December 31, 2015 and 2014

The table below sets forth for the periods indicated our net cash flows from operating, investing and financing activities, as well as the effect of exchange rates on cash:

	Six Months Ended December 31,		
	2015	2014	\$ Change
Net cash provided by (used in):			
Operating activities	\$44,321	\$34,842	\$9,479
Investing activities	(30,287)	(73,764)	43,477
Financing activities	(4,892)	52,689	(57,581)
Effect of exchange rate on cash	(4,749)	(1,300)	(3,449)
Net increase (decrease) in cash and cash equivalents	\$4,393	\$12,467	\$(8,074)

Operating Activities

The \$9.5 million increase in cash provided by operating activities in the six months ended December 31, 2015 compared to the six months ended December 31, 2014 was primarily related to increased income from operations primarily from Blue Mountain and fire suppression related activities as well as improvements in working capital.

Investing Activities

Cash used in investing activities decreased \$43.5 million in the six months ended December 31, 2015 compared to the six months ended December 31, 2014. In the six months ended December 31, 2014, we acquired Blue Mountain for \$41.5 million, net of cash received, and there was no comparable transaction in the six months ended December 31, 2015. Additionally, other investing activities, net increased \$2.9 million primarily due to proceeds received on asset disposals.

Financing Activities

Cash provided by financing activities decreased \$57.6 million in the six months ended December 31, 2015 compared to the six months ended December 31, 2014. In the six months ended December 31, 2014, we borrowed an incremental \$60.0 million under the Term Loan, primarily to finance the Blue Mountain Acquisition, and there was no comparable transaction in the six months ended December 31, 2015.

Contractual Obligations

There were no material changes in our commitments under contractual obligations as disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2015, filed with the SEC on September 9, 2015.

Off-Balance Sheet Arrangements

As of December 31, 2015, we did not engage in any material off-balance sheet financing activities other than those included in the "Contractual Obligations" discussion above and those reflected in Item 1 - Financial Statements (unaudited), Note 9, "Commitments and Contingencies".

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. These estimates form the basis of judgments we make about the carrying values of our assets and liabilities, which are not readily apparent from other sources. We base our estimates and judgments on historical experience and on various other assumptions that we believe are reasonable under the circumstances. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates.

There have been no material changes in our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in our Annual Report on Form 10-K for the fiscal year ended June 30, 2015, filed with the SEC on September 9, 2015.

Recent Accounting Pronouncements

For a discussion of the recent accounting pronouncements relevant to our business operations, see the information provided under Part I - Item 1, Financial Statements (unaudited), Note 2, "Significant Accounting Policies".

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Fluctuations

Our exposure to market risk is limited primarily to fluctuating interest rates associated with variable rate indebtedness. At December 31, 2015, we had \$588.3 million of variable rate indebtedness, representing approximately 99% of our total debt outstanding, at an average interest rate for the six months ended December 31, 2015 of approximately 4.75%. As of December 31, 2015, the three month LIBOR was 0.61%. As our variable rate borrowings have a LIBOR floor of 1.0%, a 100-basis point decrease in the three month LIBOR would not impact our annual interest payments. By contrast, a 100-basis point increase in the three month LIBOR would cause our annual interest payments to change by approximately \$3.6 million.

Foreign Currency Fluctuations

In addition to our operations in the United States, we conduct operations in Canada from which we record revenue and expenses in Canadian dollars. Because our reporting currency is in U.S. dollars, fluctuations in the value of the Canadian dollar against the U.S. dollar have had and will continue to have an effect, which may be significant, on our reported financial results. A decline in the value of the Canadian dollar, or in any other foreign currencies in which we receive revenue against the U.S. dollar, will reduce our reported revenue, expenses, and Adjusted EBITDA from operations in foreign currencies, while an increase in the value of any such foreign currencies against the U.S. dollar will tend to increase our reported revenue, expenses, and Adjusted EBITDA from operations in foreign currencies. Total Canadian dollar denominated revenue comprised approximately 44% and 42% of total revenue for the six months ended December 31, 2015 and 2014, respectively. Based upon our ownership of Canadian subsidiaries as of December 31, 2015, holding all else constant, a 10% unfavorable change in foreign currency exchange rates would have reduced our reported revenue by approximately \$8.3 million for the six months ended December 31, 2015. Any negative impact on revenue would be naturally hedged, in part, by our Canadian dollar denominated operating expenses. Variations in exchange rates can significantly affect the comparability of our financial results between reported periods. We do not currently engage in any foreign currency hedging activities related to this exposure.

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ITEM 4. 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) as of the end of the period covered by this Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q, are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. 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.

Change in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or that are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various lawsuits and claims arising in the ordinary course of business and others arising from our legacy real estate development. These lawsuits and claims may include, among other things, claims or litigation relating to personal injury and wrongful death, allegations of violations of laws and regulations relating to our real estate activities and labor and employment, intellectual property and environmental matters and commercial contract disputes. We operate in multiple jurisdictions and, as a result, a claim in one jurisdiction may lead to claims or regulatory penalties in other jurisdictions.

Due to the nature of the activities at our mountain resorts and CMH, we are exposed to the risk that customers or employees may be involved in accidents during the use, operation or maintenance of our trails, lifts, helicopters and facilities. As a result, we are, from time to time, subject to various lawsuits and claims in the ordinary course of business related to injuries occurring at our properties.

In addition, our pre-2010 legacy real estate development and sales activities, combined with the significant downward shift in real estate asset values that occurred in 2007 and 2008, resulted in claims arising in the ordinary course of business being filed against us by owners and prospective purchasers of residences in our real estate developments. In some instances, we have been named as a defendant in lawsuits alleging construction defects at certain of our existing developments or that we failed to construct planned amenities. In other lawsuits, purchasers are seeking rescission of real estate purchases and/or return of deposits paid on pre-construction purchase and sale agreements. These claims are related to alleged violations of state and federal laws.

We believe that we have adequate insurance coverage or have adequately accrued for loss contingencies for all material matters in which we believe a loss is probable and the amount of the loss is reasonably estimable. Although the ultimate outcome of claims against us cannot be ascertained, current pending and threatened claims are not expected to have a material adverse effect, individually or in the aggregate, on our financial position, results of operations or cash flows. However, regardless of their merits or their ultimate outcomes, such matters are costly, divert management's attention and may affect our reputation, even if resolved in our favor.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in Part 1, Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2015, filed with the SEC on September 9, 2015.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

We are providing the following information under this Item 5 in lieu of reporting the information under Item 2.01, "Completion of Acquisition or Disposition of Assets", and Item 9.01, "Financial Statements and Exhibits", of a Current Report on Form 8-K with a due date on or after the date hereof:

On November 24, 2015, the Company entered into a definitive agreement to sell IRCG, its vacation club business, to Diamond Resorts Corporation and Diamond Resorts International, Inc. for a purchase price of \$80.8 million (the "IRCG Transaction") as described in Part I - Item 1, Financial Statements (unaudited), Note 2, "Significant Accounting Policies" and the IRCG Transaction closed on January 29,

2016. The unaudited interim pro forma condensed consolidated statement of operations for the six months ended December 31, 2015, the unaudited pro forma condensed consolidated statement of operations for the year ended June 30, 2015 and the unaudited pro forma condensed consolidated balance sheet as of December 31, 2015 of the Company are included as Exhibit 99.1 to this Report.

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ITEM 6. EXHIBITS

The exhibits filed or furnished herewith are set forth in the Exhibit Index at the end of this Quarterly Report on Form 10-Q.

SIGNATURES

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

Intrawest Resorts Holdings, Inc.

Date: February 3, 2016 By: /s/ Travis Mayer

Travis Mayer

Executive Vice President, Chief Financial Officer and Treasurer

Principal Financial Officer

Date: February 3, 2016 By: /s/ Carl Long

Carl Long

Chief Accounting Officer and Corporate Controller

Principal Accounting Officer

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INDEX TO EXHIBITS

Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith	Furnished Herewith
		Form	Exhibit	Filing Date		
2.1	Share Purchase Agreement, dated as of September 12, 2014, by and between Le Sommet Property Management Inc. and Blue Mountain Resorts Holdings Inc.	8-K	2.1	September 12, 2014		
2.2	Purchase Agreement, dated November 24, 2015, among Intrawest U.S. Holdings Inc., Intrawest ULC, Diamond Resorts Corporation, and Diamond Resorts International, Inc.				X	
3.1	Restated Certificate of Incorporation of the Registrant	S-1/A	3.1	January 10, 2014		
3.2	Amended and Restated Bylaws of the Registrant	S-1/A	3.2	January 10, 2014		
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X	
31.2	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X	
32.1	Certification of Chief Executive Officer and Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).					X
99.1	Unaudited Pro Forma Condensed Consolidated Financial Information of Intrawest Resorts Holdings, Inc.				X	
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					