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

FORM 10-K

☑ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Fiscal Year Ended September 30, 2019

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period

from____________________ to_________________________

Commission File Number: 0-261

ALICO, INC.

(***Exact name of registrant as specified in its charter***)

Florida	**59-0906081**
(*State or other jurisdiction of incorporation or organization*)	(*I.R.S. Employer Identification No.*)

10070 Daniels Interstate Court

Suite 100 Fort Myers FL	**33913**
(Address of principal executive offices)	*(Zip Code)*

(239) 226-2000

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	ALCO	NASDAQ Global Select Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
☐Yes ☑ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
☐Yes ☑ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☑Yes ☐ No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	☐	**Accelerated Filer**	☑
Non-accelerated filer	☐	Smaller Reporting Company	☐
Emerging Growth Company	☐		

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

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

The aggregate market value of the voting and nonvoting common equity held by non-affiliates based on the closing price, as quoted on the Nasdaq Global Select Market as of March 29, 2019 (the last business day of Alico's most recently completed second fiscal quarter) was $95,991,356. Solely for the purposes of this calculation, the registrant has elected to treat all executives, officers and greater than 10% stockholders as affiliates of the registrant. There were 7,475,200 shares of common stock outstanding at

December 2, 2019.

Documents Incorporated by Reference:

Portions of the Proxy Statement of Registrant for the 2020 Annual Meeting of Stockholders (to be filed with the SEC under Regulation 14A within 120 days after the end of the Registrant's fiscal year), are incorporated by reference in Part III of this report.

ALICO, INC.
FORM 10-K
For the fiscal year ended September 30, 2019

Cautionary Statement

This Annual Report on Form 10-K contains certain “forward-looking statements,” as such term is defined in Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). They are based on management’s current expectations and assumptions regarding our business and performance, the economy and other future conditions and forecasts of future events, circumstances and results. These forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often include words such as “may,” “will,” “could,” “should,” “would,” “believes,” “expects,” “anticipates”, “estimates”, “projects,” “intends,” “plans” and other words and terms of similar substance in connection with discussions of future operating or financial performance. Such forward-looking statements include, but are not limited to, statements regarding future actions, business plans and prospects, prospective products, trends, future performance or results of current and anticipated products, sales efforts, expenses, interest rates, the outcome of contingencies, such as legal proceedings, plans relating to dividends, government regulations, the adequacy of our liquidity to meet our needs for the foreseeable future and our expectations regarding market conditions.

As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements.

We undertake no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the U.S. Securities and Exchange Commission ("SEC"). We provide in Item 1A, “Risk Factors,” a cautionary discussion of certain risks and uncertainties related to our businesses. These are factors that we believe, individually or in the aggregate, could cause our actual results to differ materially from expected and historical results. We note these factors for investors as permitted by Section 21E of the Exchange Act. In addition, the operation and results of our business are subject to risks and uncertainties identified elsewhere in this Annual Report on Form 10-K as well as general risks and uncertainties such as those relating to general economic conditions. You should understand that it is not possible to predict or identify all such risks. Consequently, you should not consider such discussion to be a complete discussion of all potential risks or uncertainties.

PART I

Item 1. Business

Alico, Inc. ("Alico") was incorporated under the laws of the state of Florida in 1960. Collectively with its subsidiaries (the "Company", "we", "us" or "our"), our business and operations are described below. For detailed financial information with respect to our business and our operations, see Management's Discussion and Analysis of Financial Condition and Results of Operations which is included in Item 7 in this Annual Report on Form 10-K, and the accompanying Consolidated Financial Statements and the related Notes, which are included in Item 8. In addition, general information concerning our Company can be found on our website, the internet address of which is *http://www.alicoinc.com*. All of our filings with the U.S. Securities and Exchange Commission (the "SEC") including, but not limited to, the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments thereto, are available free of charge on our website as soon as reasonably practicable after such material is electronically filed or furnished with the SEC. Our recent press releases and information regarding corporate governance, including the charters of our audit, compensation, executive and nominating governance committees, as well as our code of business conduct and ethics are also available to be viewed or downloaded electronically at *http://www.alicoinc.com*. Unless explicitly stated herein, the information on our website is not incorporated by reference into this Annual Report on Form 10-K and the Company disclaims any such incorporation by reference.

Overview

Alico is an agribusiness with a legacy of achievement and innovation in citrus and conservation. The Company owns approximately111,000 acres of land in eight Florida counties (Charlotte, Collier, DeSoto, Glades, Hardee, Hendry, Highlands and Polk) including approximately 90,000 acres of mineral rights. Our principal lines of business are citrus groves and conservation.

Alico is one of the largest citrus producers in the United States of America.

Alico, Inc. operates two divisions: Alico Citrus, a citrus producer, and Water Resources and Other Operations, a leading water storage and environmental services division.

The Company manages its land based upon its primary usage and reviews its performance based upon two primary classifications - Alico Citrus and Water Resources and Other Operations. Other Operations includes a lease for grazing rights, hunting leases, a lease to a third party of an aggregate mine and leases of oil extraction rights to third parties, farm lease revenue and rental income for office space. Alico presents its financial results and the related discussion based upon its two business segments: (i) Alico Citrus and (ii) Water Resources and Other Operations.

Recent Developments

Alico 2.0 Modernization Program

On November 16, 2017, we announced the Alico 2.0 Modernization Program ("Alico 2.0"). This program was intended to transform three legacy businesses (Alico, Orange Co., and Silver Nip) into a single efficient enterprise, Alico Citrus, so we would remain one of the leaders in the U.S. citrus industry. This initiative was to explore every aspect of Alico's citrus and ranch operations, including corporate and operational cost structures, grove costs, purchasing and procurement, non-performing and under-performing assets, professional fees, and human resources efficiency.

Under this program, Alico expected to reduce its operating costs. Alico has executed on the efficiencies identified and has improved margins through better purchasing, more precise application of selected fertilizers and chemicals, outsourcing work such as harvesting, hauling, and certain caretaking tasks, and by streamlining grove management. We have also deployed a more efficient labor model that is consistent and uniform for field staffing and grove operations and is aligned with the geographical footprint of the citrus groves. This effort has helped to transition us to a high-quality, low-cost producer of citrus now and for future years to come.

In combination with these efforts, the Company worked to maintain operational efficiencies and deploy its resources to solidify the Company's position as a leader in the recovering citrus industry.

Under Alico 2.0, we also decided to divest assets that generated low rates of return and shut down parts of our operations that were not profitable. As a result of Alico 2.0, Alico has generated cash of approximately $57,800,000 through September 30, 2019 from asset sales. This has been facilitated through (i) the sale of its nursery in Gainesville, Florida, (ii) the sale of certain underperforming groves, (ii) the sale of its breeding herd, (iv) the sale of certain parcels of land on its Ranch, (v) the sale of certain trailers related to our logistics division, and (vi) the sale of certain real estate assets that were not strategic to our business plan.

In January 2018, the Company sold its breeding herd and leased grazing rights on the Ranch to a third party operator. However, the Company continues to own the property and continues to conduct its long-term dispersed water program and wildlife management programs.

Alico 2.0 also included an enhanced program to plant more citrus trees. The Company planted over 400,000 trees in both the fiscal years ended September 30, 2019 and 2018 to help position the Company for future production growth.

Tender Offer

On September 5, 2018, the Board of Directors approved and Alico announced the commencement of an issuer offer (the "Tender Offer") to purchase up to $19,999,990 in value of shares of its common stock at a purchase price of $34.00 per share. On October 3, 2018, upon the terms and subject to the conditions described in the Offer to Purchase dated September 5, 2018, Alico repurchased an aggregate of 752,234 shares at a price of $34.00 per share aggregating $25,575,956. These shares represented approximately 9.2% of the total number of shares of the Company's common stock issued and outstanding as of October 2, 2018. Included in the 752,234 shares were 163,999 shares that the Company elected to purchase pursuant to its right to purchase up to an additional 2% of its outstanding shares of common stock. 734 Investors, LLC, ("734 Investors") Alico's largest stockholder from 2013 until November 12, 2019, participated in the Tender Offer by selling a small percentage of its holdings of the Company's common stock. Members of neither the management team nor the Board of Directors sold any shares directly to the Tender Offer.

Termination Proceedings against Mr. Remy W. Trafelet

On November 19, 2018, Alico, with unanimous approval of the members of the Board of Directors, other than Remy W. Trafelet, notified Mr. Trafelet, who was at the time the Company's President and Chief Executive Officer and a member of the Board of Directors, that it intended to consider terminating his employment for "cause" pursuant to the terms of his employment agreement with the Company and option agreements entered into under the Company's Stock Incentive Plan of 2015 (collectively, the "Compensation Documents"). On November 28, 2018, the parties in the Florida Litigation (as defined below) stipulated to an order which provided, among other things, that pending the resolution of the Delaware Litigation (as defined below), the Board of Directors would not take any action out of the routine day-to-day operations conducted in the ordinary course of business, including removing any corporate officers or directors from positions held as of November 27, 2018.

As described in "Note 16. Commitments and Contingencies" to the consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K, the parties to the Florida Litigation entered into the Alico Settlement Agreement wherein the parties agreed to promptly dismiss all claims in the Florida Litigation, including those related to the termination proceedings against Mr. Trafelet, and Mr. Trafelet agreed to voluntarily resign as President and Chief Executive Officer and a member of the Company's Board of Directors, effective upon the execution of the Alico Settlement Agreement.

As contemplated by the Alico Settlement Agreement, on February 11, 2019, the Company entered into the Consulting Agreement with Mr. Trafelet and 3584, Inc. (the "Consultant"). Pursuant to the Consulting Agreement, Mr. Trafelet agreed to make himself available to provide consulting services to the Company through the Consultant for up to 24 months. In exchange for the consulting services, the Consultant is receiving an annual consulting fee of $400,000. If the Company terminates the consulting period (other than in certain specified circumstances), the Company will continue to pay the consulting fees described in the immediately preceding sentence through the balance of the 24-month term.

In addition, as contemplated by the Alico Settlement Agreement, the Company entered into the Registration Rights Agreement with Mr. Trafelet, relating to the Registrable Securities. The Registration Rights Agreement required the Company to, among other things and subject to the terms and conditions thereof, use reasonable best efforts to file with the SEC a registration statement on Form S-3 covering the resale of the Registrable Securities. On October 10, 2019, Mr. Trafelet executed a waiver whereby he waived the S-3 Registration Rights but maintained all other rights arising under the Registration Rights Agreement and all rights arising under Section 14 of the Alico Settlement Agreement.

Management and Board Changes

On April 11, 2019, the Board of Directors announced the appointment of Mr. John E. Kiernan as President and Chief Executive Officer and Mr. Richard Rallo as Chief Financial Officer, both effective July 1, 2019. Additionally, Mr. Benjamin D. Fishman, the Company's current Interim President, agreed to resign from this position effective July 1, 2019. In addition, on April 11, 2019, Mr. Henry A. Slack, the current Executive Chairman of the Board, informed the Board that he agreed to step down as Executive

Chairman of the Board, effective July 1, 2019. Mr. Slack's decision to step down as Executive Chairman of the Board was not the result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices. Mr. Slack will remain a member of the Board of Directors. The Board appointed Mr. Benjamin D. Fishman, the Company's current Interim President, to the role of non-employee Executive Chairman of the Board, effective July 1, 2019.

On April 29, 2019, the Board of Directors appointed Mr. Toby K. Purse as a member of the Board of Directors, to serve until the 2020 annual meeting of the Company's shareholders or until his earlier death, resignation, or removal in accordance with the Amended and Restated Bylaws of the Company. The Board of Directors has affirmatively determined that Mr. Purse qualifies as an independent director under the rules of the Nasdaq Stock Exchange and as defined under applicable law. Mr. Purse has also been appointed to serve as a member of the audit committee of the Board of Directors.

Federal Relief Program

The Company is eligible for Hurricane Irma federal relief programs for block grants that are being administered through the State of Florida. During the fourth quarter of fiscal year 2019 and for the fiscal year ended September 30, 2019, the Company received approximately $15,597,000 under the Florida Citrus Recovery Block Grant ("CRBG") program. This represents the Part 1 and a portion of the Part 2 reimbursement under the three-part program. Subsequent to fiscal year end 2019, the Company received additional proceeds of approximately $4,136,000 under the Florida CRBG program. This represents another portion of the Part 2 reimbursement under the three-part program. The timing and amount to be received under the remaining portion of the Part 2 and the Part 3 of the program, if any, has not been finalized.

Distribution of Shares by 734 Investors

On November 14, 2019, 734 Investors filed a Form 4 and an amendment to Schedule 13D with the SEC disclosing that on November 12, 2019, it distributed all of its shares of Company common stock previously held by it, consisting of 3,173,405 shares, on a pro rata basis, to its members. Prior to such distribution, 734 Investors was the Company's largest shareholder.

The Land We Manage

We regularly review our land holdings to determine the best use of each parcel based upon our management expertise. Our total return profile is a combination of operating income potential and long-term appreciation. Land holdings not meeting our total return criteria are considered surplus to our operations and will be sold or exchanged for land considered to be more compatible with our business objectives and total return profile.

Our land holdings and the operating activities in which we engage are categorized in the following table:

	Gross Acreage	Operating Activities
Alico Citrus		
Citrus Groves	45,151	Citrus Cultivation
Citrus Nursery	22	Citrus Tree Development
	45,173	
Water Resources and Other Operations		
Ranch	64,782	Leasing and Conservation
Other Land	1,446	Mining Lease and Office
	66,228	
Total	111,401	

Alico Citrus

We own and manage citrus land in DeSoto, Polk, Collier, Hendry, Charlotte, Highlands, and Hardee Counties and engage in the cultivation of citrus trees to produce citrus for delivery to the fresh and processed citrus markets. Alico citrus groves total approximately 45,173 gross acres or 40.5% of our land holdings.

Our citrus acreage is detailed in the following table:

	Net Plantable					
	Producing	Developing	Fallow	Total Plantable	Support & Other	Gross
DeSoto County	15,180	1,096	482	16,758	4,650	21,408
Polk County	4,545	—	—	4,545	2,228	6,773
Collier County	4,261	—	—	4,261	2,905	7,166
Hendry County	3,546	57	175	3,778	1,707	5,485
Charlotte County	1,729	—	138	1,867	676	2,543
Highlands County	1,063	—	—	1,063	161	1,224
Hardee County	403	—	—	403	171	574
Total	30,727	1,153	795	32,675	12,498	45,173

Of the 45,173 gross acres of citrus land we own and manage, approximately12,498 acres are classified as support and other acreage. Support and other acreage includes acres used for roads, barns, water detention, water retention and drainage ditches integral to the cultivation of citrus trees, but which are not capable of directly producing fruit. In addition, we own a small citrus tree nursery and utilize the trees produced in our own operations. The 32,675 remaining acres are classified as net plantable acres. Net plantable acres are those that are capable of directly producing fruit. These include acres that are currently producing, acres that are developing (acres that are planted with trees too young to commercially produce fruit) and acres that are fallow.

Our Alico Citrus business segment cultivates citrus trees to produce citrus for delivery to the processed and fresh citrus markets. Our sales to the processed market were approximately 95.0%, 93.7% and 91.7% of Alico Citrus revenues for the fiscal years ended September 30, 2019, 2018 and 2017, respectively. We produce Early and Mid-Season varieties, primarily Hamlin oranges, as well as a Valencia variety for the processed market. We deliver our fruit to the processors in boxes which each contains approximately 90 pounds of oranges. Because the processors convert the majority of the citrus crop into orange juice, they generally do not buy their citrus on a per box basis, but rather on a pound solids basis, which is the measure of the soluble solids (sugars and acids) contained in one box of citrus fruit. We produced approximately 46,727,000, 26,513,000 and 42,611,000 pound solids for the fiscal years ended September 30, 2019, 2018 and 2017, respectively, from boxes delivered to processing plants of approximately 7,904,000, 4,702,000 and 7,259,000, respectively. As previously indicated, the falloff in fiscal year 2018 was mostly attributable to the impact of Hurricane Irma.

The average pound solids per box was 5.91, 5.64 and 5.87 for the fiscal years ended September 30, 2019, 2018 and 2017, respectively.

We generally use multi-year contracts with citrus processors that include pricing structures based on a minimum ("floor") price with a price increase ("rise") based on market conditions. Therefore, if pricing in the market is favorable relative to our floor price, we benefit from the incremental difference between the floor and the final market price.

Our citrus produced for the processed citrus market in fiscal year 2019-2020 under our largest agreement is subject to minimum floor price ranging from $2.05 to $2.15 per pound solid and rise price from $2.50 to $2.65 per pound solid. Under this agreement, if the market price is below the floor prices or exceeds the rise prices, then 50% of the shortfall or excess will be deducted from the floor price or added to the rise price. Under our next largest agreement, our citrus produced is subject to a minimum floor price of $2.60 per pound solid and rise price of $3.00 per pound solid. We believe that other markets are available for our citrus products; however, new arrangements may be less favorable than our current contracts.

Our sales to the fresh citrus market constituted approximately 3.0%, 2.6% and 4.6% of our Alico Citrus revenues for the fiscal years ended September 30, 2019, 2018 and 2017, respectively. We produce numerous varieties for the fresh fruit market including grapefruit, navel and other fresh varieties. Generally, our fresh fruit is sold to packing houses by the box and the packing houses are responsible for the harvest and haul of these boxes. We produced approximately 210,000, 125,000 and 328,000 fresh fruit boxes for each of the fiscal years ended September 30, 2019, 2018 and 2017, respectively.

Revenues from our Alico Citrus operations were approximately 97.4%, 96.1% and 95.1% of our total operating revenues for each of the fiscal years ended September 30, 2019, 2018 and 2017, respectively.

Water Resources and Other Operations

We own and manage land in Collier, Glades, and Hendry Counties and are engaged in land leasing for recreational and grazing purposes, conservation, and mining activities. Our Water Resources and Other Operations land holdings total 66,228 gross acres, or 59.5% of our total acreage.

Our Water Resources and Other Operations acreage is detailed in the following table as of September 30, 2019:

	Acreage
Hendry County	61,680
Glades County	526
Collier County	4,022
Total	66,228

In January 2018, the Company sold its breeding herd and leased grazing rights on the Ranch to a third party operator. The Company continues to own the property and conduct its long-term dispersed water program and wildlife management programs. As part of the sales transaction, the Company expensed all cattle inventory costs that were accumulated at the date of sale.

In fiscal year 2017, our cattle operation was engaged in the production of beef cattle in Hendry and Collier Counties. The breeding herd consisted of approximately 8,700 cows and bulls. We primarily sold our calves to feed yards and yearling grazing operations in the United States. We also sold cattle through local livestock auction markets and to contract cattle buyers in the United States. These buyers provided ready markets for our cattle. Revenues from Water Resources and Other Operations were approximately 2.6%, 3.9% and 4.9% of total operating revenues for each of the fiscal years ended September 30, 2019, 2018 and 2017, respectively.

Our Strategy

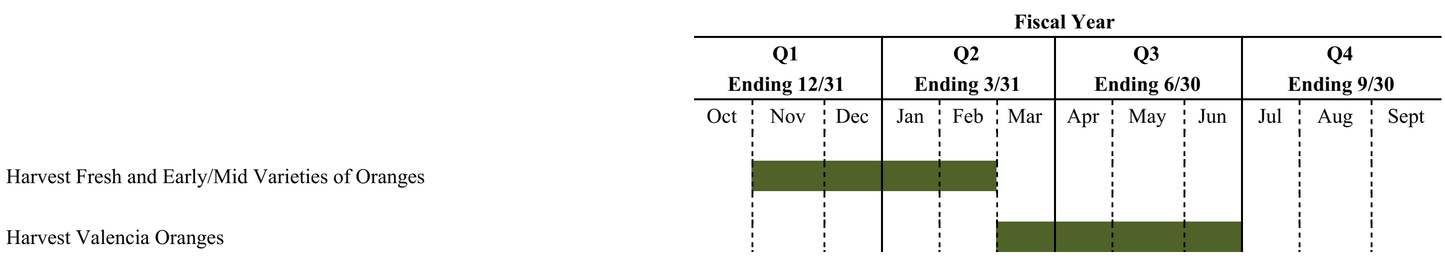
Our core business strategy is to maximize stockholder value through continuously improving the return on our invested capital, either by holding and managing our existing land through skilled agricultural production, leasing, or other opportunistic means of monetization, disposing of under productive land or business units and acquiring new land or operations with appreciation potential.

Our objectives are to produce the highest quality agricultural products, create innovative land uses, opportunistically acquire and convert undervalued assets, sell under-productive land and other assets not meeting our total return profile, generate recurring and sustainable profit with the appropriate balance of risk and reward, and exceed the expectations of stockholders, customers, clients and partners.

Our strategy is based on best management practices of our agricultural operations and the environmental and conservation stewardship of our land and natural resources. We manage our land in a sustainable manner and evaluate the effect of changing land uses while considering new opportunities. Our commitment to environmental stewardship is fundamental to the Company's core beliefs.

Seasonal Nature of Business

As with any agribusiness enterprise, our agribusiness operations and revenues are predominantly seasonal in nature. The following table illustrates the seasonality of our agribusiness revenues:



Significant Customers

Revenue from Tropicana represented approximately 89%, 87% and 86% of our consolidated revenue for the fiscal years ended September 30, 2019, 2018 and 2017, respectively. The revenue in fiscal year 2019 from Tropicana was generated primarily from two separate contracts. This revenue was generated from the sale of our citrus product in the processed market. No other single customer provided more than 10% of our consolidated revenue in fiscal year 2019, 2018 or 2017.

Competition

The orange and specialty citrus markets are intensely competitive, but no single producer has any significant market power over any market segments, as is consistent with the production of most agricultural commodities. Citrus is grown domestically in several states including Florida, California, Arizona and Texas, as well as foreign countries, most notably Brazil. Competition is impacted by several factors including quality, production, demand, brand recognition, market prices, weather, disease, export/import restrictions and foreign currency exchange rates.

Environmental Regulations

Our operations are subject to various federal, state and local laws regulating the discharge of materials into the environment. Management believes we are in compliance with all such rules including permitting and reporting requirements. Historically, compliance with environmental regulations has not had a material impact on our financial position, results of operations or cash flows.

Management monitors environmental legislation and requirements and makes every effort to remain in compliance with such regulations. In addition, we require lessees of our property to comply with environmental regulations as a condition of leasing.

Employees

As of September 30, 2019, we had235 full-time employees. Our employees work in the following divisions:

Alico Citrus	214
Water Resources and Other Operations	0
Corporate, General, Administrative and Other	21
Total employees	235

None of our employees are subject to a collective bargaining agreement. We believe that our relations with our employees are good.

Capital Resources and Raw Materials

Management believes that the Company will be able to meet its working capital requirements for at least the next 12 months, and over the long term, through internally generated funds, cash flows from operations, the sale of under-productive land and other assets, our existing lines of credit and access to capital markets. The Company has commitments that provide for lines of revolving credit that are available for our general and corporate use.

Raw materials needed to cultivate the various crops grown by the Company consist primarily of fertilizers, herbicides, insecticides and fuel and are readily available from local suppliers.

Available Information

We will provide electronic copies of our SEC filings free of charge upon request. Additionally, our reports, amendments thereto, proxy statements and other information are also made available, free of charge, on our investor relations website at *ir.alicoinc.com* as soon as reasonably practicable after we electronically file or furnish such information with the SEC. Any information posted on or linked from our website is not incorporated by reference in this Annual Report on Form 10-K. The SEC also maintains a website at *http://www.sec.gov*, which contains annual, quarterly and current reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors

Our business and results of operations are subject to numerous risks and uncertainties, many of which are beyond our control. The following is a description of the known factors that we believe may materially affect our business, financial condition, results of operations or cash flows. They should be considered carefully, in addition to the information set forth elsewhere in this Annual Report on Form 10-K, including Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8, Financial Statements and Supplementary Data, including the related Notes to the Consolidated Financial Statements in making any investment decisions with respect to our securities. Additional risks or uncertainties that are not currently known to us that we currently deem to be immaterial or that could apply to any company could also materially adversely affect our business, financial condition, results of operations or cash flows.

Risks Related to our Business

Adverse weather conditions, natural disasters and other natural conditions, including the effects of climate change, could impose significant costs and losses on our business.

Fresh produce is vulnerable to adverse weather conditions, including windstorms, floods, drought and temperature extremes, which are quite common and may occur with higher frequency or be less predictable in the future due to the effects of climate change. Unfavorable growing conditions can reduce both crop size and crop quality. In extreme cases, entire harvests may be lost in some geographic areas. Citrus groves are subject to damage from frost and freezes, and this has happened periodically in the recent past, including most recently the impact from Hurricane Irma. In some cases, the fruit is damaged or ruined; in the case of extended periods of cold, the trees can also be damaged or killed. These factors can increase costs, decrease revenues and lead to additional charges to earnings, which may have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our citrus groves are subject to damage and loss from disease including but not limited to citrus greening and citrus canker which could negatively impact our business, financial condition, results of operations and cash flows.

Our citrus groves are subject to damage and loss from diseases such as citrus greening and citrus canker. Each of these diseases is widespread in Florida and exists in our citrus groves and in the areas where our citrus groves are located. The success of our citrus business is directly related to the viability and health of our citrus groves.

Citrus greening is one of the most serious citrus plant diseases in the world. Once a tree is infected, its productivity generally decreases. While the disease poses no threat to humans or animals, it has devastated citrus crops throughout the United States and abroad. Named for its green, misshapen fruit, citrus greening disease has now killed millions of citrus plants in the southeastern United States and has spread across the entire country. Infected trees produce fruits that are green, misshapen and bitter, unsuitable for sale as fresh fruit or for juice. Infected trees can die within a few years. At the present time, there is no known cure for citrus greening once trees have become infected. Primarily, as a result of citrus greening, orange production in the State of Florida has continued to drop.

Citrus canker is a disease affecting citrus species and is caused by a bacterium which is spread by contact with infected trees or by windblown transmission. There is no known cure for citrus canker at present although some management practices, including the use of copper-based bactericides, can mitigate its spread and lessen its effect on infected trees; however, there is no assurance that currently available technologies will control such disease effectively.

Both of these diseases pose a significant threat to the Florida citrus industry and to our citrus groves. While we use best management practices to attempt to control diseases and their spread, there can be no assurance that our mitigation efforts will be successful. These diseases can significantly increase our costs which could materially adversely affect our business, financial condition, results of operations and cash flows. Our citrus groves produce the significant majority of our annual operating revenues. A significant reduction in available citrus from our citrus groves could decrease our operating revenues and materially adversely affect our business, financial condition, results of operations and cash flows.

Our citrus groves are geographically concentrated in Florida and the effects of adverse weather conditions including hurricanes and tropical storms could adversely affect our results of operations, financial position and cash flows.

Our citrus operations are concentrated in central and south Florida with our groves located in parcels in DeSoto, Polk, Collier, Hendry, Charlotte, Highlands, and Hardee Counties. Because our groves are located in close proximity to each other, the impact of adverse weather conditions may be material to our results of operations, financial position and cash flows. Florida is particularly susceptible to the occurrence of hurricanes and tropical storms. Depending on where any particular hurricane or tropical storm makes landfall, our properties could experience significant, if not catastrophic damage. Hurricanes and tropical storms have the potential to destroy crops and impact citrus production through the loss of fruit and destruction of trees and/or plants either as a result of high winds or through the spread of windblown disease. Such damage could materially affect our citrus operations and could result in a loss of operating revenues from those products for a multi-year period. We seek to minimize hurricane risk by the purchase of insurance contracts, but the majority of our crops remain uninsured. In addition to hurricanes and tropical storms, the occurrence of other natural disasters and climate conditions in Florida, such as tornadoes, floods, freezes, unusually heavy or prolonged rain, droughts and heat waves, could have a material adverse effect on our operations and our ability to realize income from our crops or properties.

A significant portion of our revenues are derived from our citrus business and any adverse event affecting such business could disproportionately harm our business.

Our revenues from our citrus business were approximately 97.4%, 96.1% and 95.1% of our operating revenues in fiscal years 2019, 2018 and 2017, respectively. Our citrus division is one of the largest citrus producers in the United States and because of the significance of the revenues derived from this business, we are more vulnerable to adverse events or market conditions affecting our citrus business which could have a significant impact on our overall results of operations, financial condition and cash flows.

Our business is highly competitive and we cannot assure you that we will maintain our current market share.

Many companies compete in our different businesses and offer products that are similar to our products or are direct competitors to our products. We face strong competition from these and other companies engaged in the agricultural product business.

Important factors with respect to our competitors include the following:

- Some of our competitors may have greater operating flexibility and, in certain cases, this may permit them
- to respond better or more quickly to changes in the industry.
- We cannot predict the pricing or promotional actions of our competitors or whether those actions will have a negative effect on us.
- Our competitors may have access to substantially greater financial resources, deeper management and agricultural resources, regional, national or global areas that offer agricultural advantages, and enhanced public visibility or reputations.

There can be no assurance that we will continue to compete effectively with our present and future competitors, and our ability to compete could be materially adversely affected by our debt levels and debt service requirements.

We depend on our relationship with Tropicana for a significant portion of our business. Any disruption in this relationship could harm our sales. Additionally, if certain criteria are not met under one of our contracts with Tropicana, we could experience a significant reduction in revenues and cash flows.

The Company's contracts with Tropicana accounted for 88.6%, 86.6% and 85.6% of the Company's revenues in fiscal years 2019, 2018 and 2017, respectively. The revenue for Tropicana is primarily generated from two contracts. Should there be any change in our current relationship structure, whereby they do not buy our oranges, we would need to find replacement buyers to purchase our remaining crop, which could take time and expense and may result in less favorable terms of sale. The loss of Tropicana as a customer or significant reduction in business with Tropicana may cause a material adverse impact to our financial position, results of operations and cash flows.

Our agricultural products are subject to supply and demand pricing which is not predictable.

Agricultural operations traditionally provide almost all of our operating revenues with citrus being the largest portion and are subject to supply and demand pricing. While according to Nielsen data consumer demand for orange juice has decreased significantly to its lowest level in almost a decade, we have been able to offset the impact of such decline with higher prices based on a lower supply of available oranges. However, there can be no assurance that we will be able to continue to do so if demand continues to decline. Although our processed citrus is subject to minimum pricing, we are unable to predict with certainty the final price we will receive for our products. In some instances the harvest and growth cycle will dictate when such products must be marketed which may or may not be advantageous in obtaining the best price. Excessive supplies tend to cause severe price competition and lower prices for the commodity affected. Limited supply of certain agricultural commodities due to world and domestic market conditions can cause commodity prices to rise in certain situations.

There is no assurance that Alico 2.0 will continue to provide the cost savings that we have achieved.

On November 16, 2017, we announced Alico 2.0, which we expect will result in a significant citrus grove cost savings and a decline in Alico Citrus' general and administrative expenses. While the Company has executed on its Alico 2.0 initiatives and achieved significant grove cost savings, there is no assurance that we can maintain these cost levels.

If we are unable to successfully develop and execute our strategic growth initiatives, or if they do not adequately address the challenges or opportunities we face, our business, financial condition and prospects may be adversely affected.

Our success is dependent, in part, on our ability to identify, develop and execute appropriate strategic growth initiatives that will enable us to achieve sustainable growth in the long term. The implementation of our strategic initiatives is subject to both the risks affecting our business generally and the inherent risks associated with implementing new strategies. These strategic initiatives may not be successful in generating revenues or improving operating profit and, if they are, it may take longer than anticipated. As a result and depending on evolving conditions and opportunities, we may need to adjust our strategic initiatives and such changes could be substantial, including modifying or terminating one or more of such initiatives. Termination of such initiatives may require us to write down or write off the value of our investments in them. Transition and changes in our strategic initiatives may also create uncertainty in our employees, customers and partners that could adversely affect our business and revenues. In addition, we may incur higher than expected or unanticipated costs in implementing our strategic initiatives, attempting to attract revenue opportunities or changing our strategies. There is no assurance that the implementation of any strategic growth initiative will be successful, and we may not realize anticipated benefits at levels we project or at all, which would adversely affect our business, financial condition and prospects.

We are subject to the risk of product contamination and product liability claims.

The sale of agricultural products for human consumption involves the risk of injury to consumers. Such injuries may result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents, or residues introduced during the growing, storage, handling or transportation phases. While we are subject to governmental inspection and regulations and believe our facilities comply in all material respects with all applicable laws and regulations, we cannot be sure that our agricultural products will not cause a health-related illness in the future or that we will not be subject to claims or lawsuits relating to such matters. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused illness or injury could adversely affect our reputation with existing and potential customers and our corporate and brand image. Moreover, claims or liabilities of this sort might not be covered by our insurance or by any rights of indemnity or contribution that we may have against others. We maintain product liability insurance, however, we cannot be sure that we will not incur claims or liabilities for which we are not insured or that exceed the amount of our insurance coverage.

Our agricultural operations are subject to water use regulations restricting our access to water.

Our operations are dependent upon the availability of adequate surface and underground water. The availability of water is regulated by the state of Florida through water management districts which have jurisdiction over various geographic regions in which our lands are located. Currently, we have permits in place for the next 15 to 20 years for the use of underground and surface water which are adequate for our agricultural needs.

Surface water in Hendry County, where much of our agricultural land is located, comes from Lake Okeechobee via the Caloosahatchee River and a system of canals used to irrigate such land. The Army Corps of Engineers controls the level of Lake Okeechobee and ultimately determines the availability of surface water even though the use of water has been permitted by the state of Florida through the water management district. The Army Corps of Engineers decided in 2010 to lower the permissible level of Lake Okeechobee in response to concerns about the ability of the levee surrounding the lake to restrain rising waters which could result from hurricanes. Changes in availability of surface water use may result during times of drought, because of lower lake levels and could materially adversely affect our agricultural operations, financial condition, results of operations and cash flows.

Changes in immigration laws could impact our ability to harvest our crops.

We engage third parties to provide personnel for our harvesting operations. The availability and number of such workers is subject to decrease if there are changes in the U.S. immigration laws. Immigration reform and enforcement is currently attracting significant attention in the current U.S. administration and U.S. Congress, with enforcement operations taking place across the country, resulting in arrests and detentions of unauthorized workers. If new immigration legislation is enacted in the U.S. and/or if enforcement actions are taken against available personnel, such legislation and/or enforcement activities may contain provisions that could significantly reduce the number and availability of workers. Termination of a significant number of personnel who are found to be unauthorized workers or the scarcity of other available personnel to harvest our agricultural products could cause harvesting costs to increase or could lead to the loss of product that is not timely harvested which could have a material adverse effect to our citrus grove business, financial condition, results of operations and cash flows.

Our acquisition of additional agricultural assets and other businesses could pose risks.

We seek to opportunistically acquire new agricultural assets from time to time that we believe would complement our business. For example, in fiscal year 2015 we acquired three Florida citrus properties, including Orange-Co and Silver Nip Citrus, which resulted in our citrus division being one of the largest citrus producers in the United States. While we expect that our past and future acquisitions will successfully complement our business, we may fail to realize all of the anticipated benefits of these acquisitions, which could reduce our anticipated results. We cannot assure that we will be able to successfully identify suitable acquisition opportunities, negotiate appropriate acquisition terms, or obtain any financing that may be needed to consummate such acquisitions or complete proposed acquisitions. Acquisitions by us could result in accounting changes, potentially dilutive issuances of equity securities, increased debt and contingent liabilities, reduce the amount of cash available for dividends, debt service payments, integration issues and diversion of management's attention, any of which could adversely affect our business, results of operations, financial condition, and cash flows. We may be unable to successfully realize the financial, operational, and other benefits we anticipate from our acquisitions and our failure to do so could adversely affect our business, results of operations, financial condition and cash flows.

Dispositions of our assets may adversely affect our future results of operations.

We also routinely evaluate the benefits of disposing of certain of our assets which could include the exit from lines of business. For example, in November of 2014 we sold significant sugarcane assets and we are no longer involved in the sugarcane business and in January of 2018 we sold our breeding herd and no longer engage in cattle operations. While such dispositions increase the amount of cash available to us, it could also result in a potential loss of significant operating revenues and income streams that we might not be able to replace, makes our business less diversified and could ultimately have a negative impact on our results of operations, financial condition and cash flows.

If a transaction intended to qualify as a Section 1031 Exchange is later determined to be taxable, we may face adverse consequences, and if the laws applicable to such transactions are amended or repealed, we may not be able to dispose of properties on a tax deferred basis.

From time to time we dispose of properties in transactions that are intended to qualify as Section 1031 Exchanges. It is possible that the qualification of a transaction as a Section 1031 Exchange could be successfully challenged and determined to be currently taxable and we could also be required to pay interest and penalties. As a result, we may be required to borrow funds in order to pay additional income taxes, and the payment of such taxes could cause us to have less cash available. Moreover, it is possible that legislation could be enacted that could modify or repeal the laws with respect to Section 1031 Exchanges, which could make it more difficult or not possible for us to dispose of properties on a tax deferred basis.

We may undertake one or more significant corporate transactions that may not achieve their intended results, may adversely affect our financial condition and our results of operations or result in unforeseeable risks to our business.

We continuously evaluate the acquisition or disposition of operating businesses and assets and may in the future undertake one or more significant transactions. Any such acquisitive transaction could be material to our business and could take any number of forms, including mergers, acquisitions, joint ventures and the purchase of equity interests. The consideration for such acquisitive transactions may include, among other things, cash, common stock or equity interests in the Company or our subsidiaries, or a contribution of property or equipment to obtain equity interests, and in conjunction with a transaction we might incur additional indebtedness. We also routinely evaluate the benefits of disposing of certain assets. Such dispositions could take the form of asset sales, mergers or sales of equity interests.

These transactions may present significant risks such as insufficient assets to offset liabilities assumed, potential loss of significant operating revenues and income streams, increased or unexpected expenses, inadequate return of capital, regulatory or compliance issues, the triggering of certain financial covenants in our debt instruments (including accelerated repayment) and unidentified issues not discovered in due diligence. In addition, such transactions could distract management from current operations. As a result of the risks inherent in such transactions, we cannot guarantee that any such transaction will ultimately result in the realization of its anticipated benefits or that it will not have a material adverse impact on our business, financial condition, results of operations or cash flows. If we were to complete such an acquisition, disposition, investment or other strategic transaction, we may require additional debt or equity financing that could result in a significant increase in our amount of debt and our debt service obligations or the number of outstanding shares of our common stock, thereby diluting holders of our common stock outstanding prior to such acquisition.

Our citrus business is seasonal.

Our citrus groves produce the majority of our annual operating revenues and the citrus business is seasonal because it is tied to the growing and picking seasons. Historically, the second and third quarters of our fiscal year generally produce the majority of our annual revenues, and our working capital requirements are typically greater in the first and fourth quarters of our fiscal year coinciding with our planting cycles. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year or in future quarters. If our operating revenues in the second and third quarters are lower than expected, it would have a disproportionately large adverse impact on our annual operating results.

We face significant competition in our agricultural operations.

We face significant competition in our agricultural operations both from domestic and foreign producers and do not have any branded products. Foreign growers generally have an equal or lower cost of production, less environmental regulation and in some instances, greater resources and market flexibility than us. Because foreign growers have greater flexibility as to when they enter the U.S. market, we cannot always predict the impact these competitors will have on our business and results of operations. The competition we face from certain foreign suppliers of orange juice is mitigated by a governmentally imposed tariff on orange imports. Accordingly, a reduction in the government's orange juice tariff could adversely impact our results of operations.

Our earnings are sensitive to fluctuations in market supply and prices and demand for our products.

Excess supplies often cause severe price competition in our industry. Growing conditions in various parts of the world, particularly weather conditions such as windstorms, floods, droughts and freezes, as well as diseases and pests, are primary factors affecting market prices because of their influence on the supply and quality of product.

Fresh produce is highly perishable and generally must be brought to market and sold soon after harvest. Many of the items involved in our business, such as oranges, must be sold more quickly than other produce our competitors may produce, such as lemons. As such, our competitors may be able to maintain certain items they produce in inventory for longer periods than we are able to maintain our inventory which may offer our competitors strategic advantages when they respond to fluctuations in market supply and demand that are not available to us.

In addition, general public perceptions regarding the quality, safety or health risks associated with particular food products could reduce demand and prices for some of our products. To the extent that consumer preferences evolve away from products that we produce for health or other reasons, and we are unable to modify our products or to develop products that satisfy new consumer preferences, there will be a decreased demand for our products. If excess supplies do exist, this could result in reduced pricing or unusable inventory which could adversely impact our results of operations.

Climate change, or legal, regulatory, or market measures to address climate change, may negatively affect our business and operations.

There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. In the event that such climate change has a negative effect on the productivity of our citrus groves, it could have an adverse impact on our business and results of operations. The increasing concern over climate change also may result in more regional, federal, and/or global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases. In the event that such regulation is enacted, we may experience significant increases in our costs of operations. In particular, increasing regulation of fuel emissions could substantially increase the distribution and supply chain costs associated with our products. As a result, climate change could negatively affect our business and operations.

Increases in labor, personnel and benefits costs could adversely affect our operating results.

We primarily utilize labor contractors to harvest and deliver our fruit to outside packing facilities. Our employees and contractors are in demand by other agribusinesses and other industries. Shortages of labor, particularly as a result of the recent low unemployment rate in the United States and in Florida in particular, could delay our harvesting or orange processing activities or could result in increases in labor costs.

We and our labor contractors are subject to government mandated wage and benefit laws and regulations. In addition, current or future federal or state healthcare legislation and regulation, including the Affordable Care Act, may increase our medical costs or the medical costs of our labor contractors that could be passed on to us.

Increases in commodity or raw product costs, such as fuel and chemical costs, could adversely affect our operating results.

Many factors may affect the cost and supply of citrus, including external conditions, commodity market fluctuations, changes in governmental laws and regulations, tariffs, agricultural programs, severe and prolonged weather conditions and natural disasters. Increased costs for products can negatively impact our operating results and there can be no assurance that they will not adversely affect our operating results in the future.

We are subject to transportation risks.

We depend on third party providers of transportation and have no control over such third parties. An extended interruption in our ability to harvest and haul our products could have a material adverse effect on our business, financial condition and results of operations. Similarly, any extended disruption in the distribution of our products could have a material adverse effect on our business, financial condition and results of operations. While we believe we are adequately insured and would attempt to transport our products by alternative means if we were to experience an interruption due to strike, natural disasters or otherwise, we cannot be sure that we would be able to do so or be successful in doing so in a timely and cost-effective manner.

We benefit from reduced real estate taxes due to the agricultural classification of a majority of our land. Changes in the classification or valuation methods employed by county property appraisers could cause significant changes in our real estate property tax liabilities.

In the fiscal years ended September 30, 2019, 2018 and 2017 we paid approximately $2,755,000, $3,089,000 and $3,106,000 in real estate taxes, respectively. These taxes were based upon the agricultural use (“Green Belt”) values determined by the county property appraisers in which counties we own land, of approximately $91,312,000, $104,017,000 and $105,496,000 for each of the fiscal years ended September 30, 2019, 2018 and 2017 respectively, which differs significantly from the fair values determined by the county property appraisers of approximately $514,330,000, $537,183,000 and $539,790,000, respectively. Changes in state law or county policy regarding the granting of agricultural classification or calculation of "Green Belt" values or average millage rates could significantly impact our results of operations, cash flows and/or financial position.

Liability for the use of fertilizers, pesticides, herbicides and other potentially hazardous substances could increase our costs.

Our agricultural business involves the use of herbicides, fertilizers and pesticides, some of which may be considered hazardous or toxic substances. We may be deemed liable and have to pay for the costs or damages associated with the improper application, accidental release or the use or misuse of such substances. Our insurance may not be adequate to cover such costs or damages, or may not continue to be available at a price or under terms that are satisfactory to us. In such cases, if we are required to pay significant costs or damages, it could materially adversely affect our business, results of operations, financial condition and cash flows.

Compliance with applicable environmental laws may substantially increase our costs of doing business which could reduce our profits.

We are subject to various laws and regulations relating to the operation of our properties, which are administered by numerous federal, state and local governmental agencies. We face a potential for environmental liability by virtue of our ownership of real estate property. If hazardous substances (including herbicides and pesticides used by us or by any persons leasing our lands) are discovered emanating from any of our lands and the release of such substances presents a threat of harm to the public health or the environment, we may be held strictly liable for the cost of remediation of these hazardous substances. In addition, environmental laws that apply to a given site can vary greatly according to the site’s location, its present and former uses, and other factors such as the presence of wetlands or endangered species on the site. Management monitors environmental legislation and requirements and makes every effort to remain in compliance with such regulations. Furthermore, we require lessees of our properties to comply with environmental regulations as a condition of leasing. We also purchase insurance for environmental liability when it is available; however, these insurance contracts may not be adequate to cover such costs or damages or may not continue to be available at prices and terms that would be satisfactory. It is possible that in some cases the cost of compliance with these environmental laws could exceed the value of a particular tract of land, make it unsuitable for use in what would otherwise be its highest and best use, and/or be significant enough that it would materially adversely affect us.

Our business may be adversely affected if we lose key employees.

We depend to a large extent on the services of certain key management personnel. These individuals have extensive experience and expertise in the business lines and segments in which they work. The loss of any of these individuals could have a material adverse effect on our businesses. We do not maintain key-man life insurance with respect to any of our employees. Our success will be dependent on our ability to continue to attract, employ and retain skilled personnel in our business lines and segments.

Inflation can have a significant adverse effect on our operations.

Inflation can have a major impact on our citrus operations. The citrus operations are most affected by escalating costs and unpredictable revenues and very high irrigation water costs. High fixed water costs related to our citrus lands will continue to adversely affect earnings. Prices received for many of our products are dependent upon prevailing market conditions and commodity prices. Therefore, it is difficult for us to accurately predict revenue, just as we cannot pass on cost increases caused by general inflation, except to the extent reflected in market conditions and commodity prices.

We incur increased costs as a result of being a publicly traded company.

As a company with publicly traded securities, we have incurred, and will continue to incur, significant legal, accounting and other expenses. In addition, the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as well as rules promulgated by the SEC and Nasdaq, requires us to adopt corporate governance practices applicable to U.S. public companies. These laws, rules and regulations may increase our legal and financial compliance costs, which could adversely affect the trading price of our common stock.

System security risks, data protection breaches, cyber-attacks and systems integration issues could disrupt our internal operations or services provided to customers, and any such disruption could reduce our expected revenues, increase our expenses, damage our reputation and adversely affect our stock price.

Computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of third parties, create system disruptions or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms, and other malicious software programs that attack our systems and databases or otherwise exploit any security vulnerabilities of our systems and databases. In addition, sophisticated hardware and operating system software and applications that we develop internally or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the system. The costs to us to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, distribution or other critical functions.

Portions of our information technology infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time consuming, disruptive and resource-intensive. Such disruptions could adversely impact our ability to track sales and could interrupt other operational or financial processes, which in turn could adversely affect our financial results, stock price and reputation.

Risks Related to Our Indebtedness

We maintain a significant amount of indebtedness which could adversely affect our financial condition, results of operations or cash flows and may limit our operational and financing flexibility and negatively impact our business.

As of September 30, 2019, we had approximately $163,000,000 in principal amount of indebtedness outstanding under our secured credit facilities and line of credit and an additional $94,500,000 is available under our revolving lines of credit. Our loan agreements, and other debt instruments we may enter into in the future, may have negative consequences to us and could limit our business because we will use a substantial portion of our cash flows from operations to pay debt service costs which will reduce the funds available to us for corporate and general expenses and it may make us more vulnerable to economic downturns and adverse developments in our business. Our loan agreements require us to comply with various restrictive covenants and some contain financial covenants that require us to comply with specified financial ratios and tests. Our failure to meet these covenants could result in default under these loan agreements and would result in a cross-default under other loan agreements. In the event of a default and our inability to obtain a waiver of the default, all amounts outstanding under loan agreements could be declared immediately due and payable. Our loan agreements also contain various covenants that limit our ability to engage in specified types of transactions. We expect that we will depend primarily upon our citrus operations to provide funds to pay our corporate and general expenses and to pay any amounts that may become due under any credit facilities and any other indebtedness we may incur. In addition, there are factors beyond our control that could negatively affect our citrus business revenue stream. Our ability to make these payments depends on our future performance, which will be affected by various financial, business, macroeconomic and other factors, many of which we cannot control.

We may be unable to generate sufficient cash flow to service our debt obligations.

To service our debt, we require a significant amount of cash. Our ability to generate cash, make scheduled payments or refinance our obligations depends on our successful financial and operating performance. Our financial and operating performance, cash flow and capital resources depend upon prevailing economic conditions and various financial, business and other factors, many of which are beyond our control. These factors include among others:

- economic and competitive conditions
- changes in laws and regulations
- operating difficulties, increased operating costs or pricing pressures we may experience; and
- delays in implementing any strategic projects

If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell material assets or operations, obtain additional capital or restructure our debt. If we are required to take any actions referred to above, it could have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot assure investors that we would be able to take any of these actions on terms acceptable to us, or at all, or that these actions would enable us to continue to satisfy our capital requirements or that these actions would be permitted under the terms of our various debt agreements.

Some of our debt is based on variable rates of interest, which could result in higher interest expenses in the event of an increase in the interest rates.

Our credit facility and certain of our term loans that we have currently bear interest at variable rates, which will generally change as interest rates change. We bear the risk that the rates we are charged by our lenders will increase faster than the earnings and cash flow of our business, which could reduce profitability, adversely affect our ability to service our debt, cause us to breach covenants contained in our credit facility and term loans, any of which could materially adversely affect our business, financial condition, results of operations and cash flows.

Risks Related to our Common Stock

Our common stock has low trading volume and the distribution of all of the shares of our common stock owned by 734 Investors to its members has the effect of increasing the Company's public float and such increase may have a material adverse effect on the market price of our common stock.

Although our common stock trades on the Nasdaq Global Select Market, it is thinly traded and our average daily trading volume is low compared to the number of shares of common stock we have outstanding. The low trading volume of our common stock can cause our stock price to fluctuate significantly as well as make it difficult for a stockholder to sell their common shares quickly. As a result of our stock being thinly traded and/or our low stock price, institutional investors might not be interested in owning our common stock.

On November 12, 2019, 734 Investors effected a distribution of all of the shares of our common stock owned by 734 Investors to its members. The distribution of Alico shares of common stock by 734 Investors to its members has the effect of increasing the Company's public float and such increase may have a material adverse effect on the market price of the common stock, which in turn could have a material adverse effect on our ability to obtain future funding, if needed, as well as create a potential market overhang.

We may not be able to continue to pay or maintain our cash dividends on our common stock and the failure to do so may negatively affect our share price.

We have historically paid regular quarterly dividends to the holders of our common stock. Our ability to pay cash dividends depends on, among other things, our cash flows from operations, our cash requirements, our financial condition, the degree to which we are/or become leveraged, contractual restrictions binding on us, provisions of applicable law and other factors that our Board of Directors may deem relevant. There can be no assurance that we will generate sufficient cash from continuing operations in the future, or have sufficient cash surplus or net profits to pay dividends on our common stock. Our dividend policy is based upon our directors' current assessment of our business and the environment in which we operate and that assessment could change based on business developments (which could, for example, increase our need for capital expenditures) or new growth opportunities. Our Board of Directors may, in its discretion, decrease the level of cash dividends or entirely discontinue the payment of cash dividends. The reduction or elimination of cash dividends may negatively affect the market price of our common stock.

There can be no assurance that we will resume the repurchase of shares of our common stock.

In fiscal year 2017, our Board of Directors authorized the repurchase of up to $7,000,000 of the Company's common stock in two separate authorizations. In March 2017, our Board of Directors authorized the repurchase of up to $5,000,000 of the Company's common stock beginning March 9, 2017 and continued through March 9, 2019. In May 2017, our Board of Directors authorized the repurchase of up to an additional $2,000,000 of the Company's common stock beginning May 24, 2017 and continued through May 24, 2019. There can be no assurance that we will repurchase shares in the future in any particular amounts or at all. A reduction in, or elimination of, share repurchases could have a negative effect on our share price.

If we were to conduct a tender offer or engage in a share repurchase program, holders of our securities would be subject to certain risks associated with a decrease in the outstanding number of shares of our common stock.

In September 2018 the Company announced the commencement of the Tender Offer. During the Tender Offer the Company repurchased an aggregate of 752,234 shares at a price of $34.00 per share aggregating $25,575,956. These shares represented approximately 9.2% of the total number of shares of the Company's common stock issued and outstanding as of October 2, 2018. While we have no plans to conduct another tender offer at this time, we may conduct another tender offer or engage in the repurchase of our shares in the future. Shareholders could be adversely affected by a reduction in our "public float," that is, the number of shares owned by outside shareholders and available for trading in the securities markets, if the Company makes future tender offers or private or open market repurchases of its shares. Although the Company is not currently pursuing a tender offer, there are no assurances that our Board of Directors will not authorize the Company to do so in the future. Engaging in a tender offer or repurchase program in the future could have a negative effect on our share price.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of September 30, 2019, Alico owned 111,401 acres of land located in eight counties in Florida. Acreage in each county and the primary classification with respect to the present use of these properties is shown in the following table:

	Total	Hendry	Polk	Collier	DeSoto	Glades	Charlotte	Hardee	Highlands
Alico Citrus:									
Citrus Groves	45,151	5,485	6,773	7,166	21,386	—	2,543	574	1,224
Citrus Nursery	22	—	—	—	22	—	—	—	—
Total Citrus Groves	45,173	5,485	6,773	7,166	21,408	—	2,543	574	1,224
Water Resources and Other Operations	64,782	60,760	—	4,022	—	—	—	—	—
Mining	526	—	—	—	—	526	—	—	—
Other	920	920	—	—	—	—	—	—	—
Total	111,401	67,165	6,773	11,188	21,408	526	2,543	574	1,224

Approximately 51,000 acres of the properties listed are encumbered by credit agreements totaling approximately $163,000,000 as of September 30, 2019. For a more detailed description of the credit agreements and collateral please see Note 6. “Long-Term Debt and Lines of Credit” to the Company’s fiscal year 2019 consolidated financial statements.

The Company currently collects mining royalties on approximately 526 acres of land located in Glades County, Florida. These royalties do not represent a significant portion of operating revenues or gross profits.

Item 3. Legal Proceedings

Florida Litigation

On November 16, 2018, 734 Agriculture, RCF 2014 Legacy LLC, Delta Offshore Master II, LTD. and Mr. Remy W. Trafelet (the “Trafelet Parties”), who was at the time the Company's President and Chief Executive Officer and a member of the Board of Directors, filed a lawsuit against Messrs. George R. Brokaw, Henry R. Slack, W. Andrew Krusen and Greg Eisner, members of the Board of Directors, in the Circuit Court (the “Circuit Court”) for Hillsborough County, Florida (the “Florida Litigation”). The Trafelet Parties sought, among other things, a declaration that (1) a purported stockholder action by written consent, delivered to the Company in the name of 734 Investors and the plaintiffs in the Florida Litigation on November 11, 2018 (the “Purported Consent”) was valid and binding, (2) the resolutions passed at a meeting of the Board of Directors on November 12, 2018, to, among other things, constitute an ad hoc committee of the Board of Directors to consider, evaluate and make any and all determinations, and to take any and all actions, on behalf of the Board of Directors, in connection with the Purported Consent were null and void and (3) the four defendants in the Florida Litigation were properly removed from the Board of Directors by the Purported Consent. On November 27, 2018, the Circuit Court denied without prejudice plaintiffs’ motion for a temporary restraining order and an affirmative injunction restoring Mr. Trafelet from administrative leave to active status in his capacity as President and CEO of the Company.

On November 28, 2018, the parties in the Florida Litigation stipulated to an order which provided, pending the resolution of the Delaware Litigation (as defined below), that (1) the record date for the Purported Consent was stayed indefinitely, and (2) Mr. Trafelet and the Company’s Board of Directors should not take any action out of routine day-to-day operations conducted in the ordinary course of business, including any action to change the corporate governance of Alico or removing any corporate officers or directors from positions held as of November 27, 2018.

On December 6, 2018, the Trafelet Parties filed an amended complaint in the Florida Litigation which added the Company and Benjamin D. Fishman, a member of the Board of Directors, as defendants. On December 21, 2018, the Trafelet Parties filed a renewed motion for a preliminary injunction restoring Mr. Trafelet from administrative leave to active status in his capacity as President and CEO of the Company. On January 14, 2019, the defendants in the Florida Litigation filed an opposition to plaintiffs' renewed motion for a preliminary injunction. On January 18, 2019, the defendants in the Florida Litigation filed a motion to dismiss the plaintiffs' amended complaint.

On February 11, 2019, the parties to the Florida Litigation entered into a settlement agreement (the "Alico Settlement Agreement") wherein the parties agreed to promptly dismiss all claims in the Florida Litigation. Pursuant to the Alico Settlement Agreement, Mr. Trafelet agreed to voluntarily resign as President and Chief Executive Officer and as a member of the Board of Directors, effective upon the execution of the Alico Settlement Agreement.

As contemplated by the Alico Settlement Agreement, on February 11, 2019, the Company entered into a consulting agreement (the "Consulting Agreement") with Mr. Trafelet and 3584 Inc., an entity controlled by Mr. Trafelet (the "Consultant"). Pursuant to the Consulting Agreement, Mr. Trafelet agreed to make himself available to provide consulting services to the Company through the Consultant for up to 24 months. In exchange for the consulting services, the Consultant is receiving an annual consulting fee of $400,000. If the Company terminates the consulting period (other than in certain specified circumstances), the Company will continue to pay the consulting fees described in the immediately preceding sentence through the balance of the 24-month term. As such, the Company recorded the $800,000 as expense in the quarter ended March 31, 2019.

In addition, on February 11, 2019, as contemplated by the Alico Settlement Agreement, the Company entered into a Registration Rights Agreement (the "Registration Rights Agreement") with Mr. Trafelet, relating to the shares of the Company's common stock directly held by the Trafelet Parties as of February 11, 2019 (the "Registrable Securities"). The Registration Rights Agreement required the Company to, among other things and subject to the terms and conditions thereof, use reasonable best efforts to file with the SEC a registration statement on Form S-3 covering the resale of the Registrable Securities. On October 10, 2019, Mr. Trafelet executed a waiver whereby he waived the S-3 Registration Rights but maintained all other rights arising under the Registration Rights Agreement and all rights arising under Section 14 of the Alico Settlement Agreement.

Delaware Litigation

On November 20, 2018, members of 734 Investors filed a lawsuit against 734 Agriculture and Mr. Trafelet, who was at the time the Company's President and Chief Executive Officer and a member of the Board of Directors in the Delaware Court of Chancery (the "Delaware Court"), captioned Arlon Valencia Holdings v. Trafelet, C.A. No. 2018-0842-JTL (the "Members' Delaware Litigation"). The plaintiffs sought, among other things, a declaration that (1) 734 Agriculture was validly replaced as the managing member of 734 Investors pursuant to the Amended and Restated Limited Liability Company Operating Agreement of 734 Investors (the "LLC Agreement") and the November 19, 2018 resolution by written consent to remove 734 Agriculture as managing member of 734 Investors, and to designate Arlon Valencia Holdings, LLC as the new managing member of 734 Investors (the "734 Consent"), and (2) the Purported Consent was invalid under the LLC Agreement.

Also, on November 20, 2018, 734 Agriculture filed a lawsuit contesting the 734 Consent in the Delaware Court, captioned 734 Agriculture v. Arlon Valencia Holdings, LLC, C.A. No. 2018-0844-JTL (the "734 Delaware Litigation"). On November 27, 2018, the Delaware Court entered a stipulated order consolidating the Members' Delaware Litigation and the 734 Delaware Litigation into a single lawsuit, captioned In re 734 Investors, LLC Litigation, Consol. C.A. No. 2018-0844-JTL (the consolidated suit, the "Delaware Litigation").

On December 5, 2018, the Delaware Court entered a stipulated status quo order which provided, among other things, that 734 Agriculture was to serve as the managing member of 734 Investors during the pendency of the Delaware Litigation. The status quo order also provided that 734 Agriculture would not be permitted to take any actions outside of the ordinary course of business of 734 Investors without the consent of two-thirds of the membership interests of 734 Investors, including exercising any voting rights with respect to any shares of the Company's common stock beneficially owned by 734 Investors.

On February 11, 2019, Mr. Trafelet, 734 Agriculture, 734 Investors, and certain members of 734 Investors entered into a settlement agreement (the "734 Investors Settlement Agreement") wherein the parties agreed to promptly dismiss all claims in the Delaware Litigation. Pursuant to the 734 Investors Settlement Agreement, 734 Agriculture resigned as Managing Member of 734 Investors and Arlon Valencia Holdings, LLC was confirmed as Managing Member of 734 Investors.

From time to time, Alico may be involved in litigation relating to claims arising out of its operations in the normal course of business. There are no other current legal proceedings to which the Company is a party or of which any of its property is subject that it believes will have a material adverse effect on its financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

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

Common Stock

Our common stock is traded on the Nasdaq Global Select Market under the symbol ALCO.

Holders

On December 2, 2019 our stock transfer records indicated there were 220 holders of record of our common stock. The number of registered holders includes banks and brokers who act as nominee for "street name" or beneficial holders, each of whom may represent more than one stockholder.

Dividend Policy

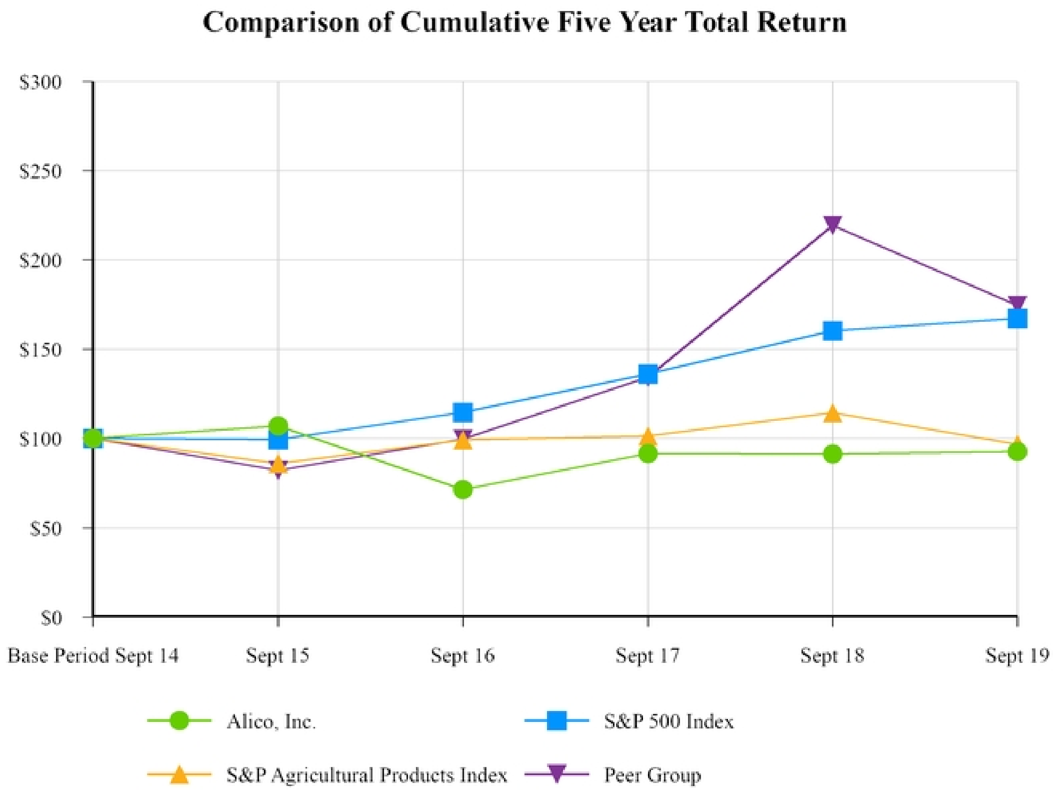
The declaration and amount of any actual cash dividend are in the sole discretion of our Board of Directors and are subject to numerous factors that ordinarily affect dividend policy, including the results of our operations and financial position, as well as general economic and business conditions.

The following table presents cash dividends per share of our common stock declared in fiscal years ended September 30, 2019, 2018 and 2017:

Declaration Date	Record Date	Payment Date	Per Common Share
November 30, 2016	December 30, 2016	January 16, 2017	$0.06
February 23, 2017	March 31, 2017	April 14, 2017	$0.06
May 23, 2017	June 30, 2017	July 15, 2017	$0.06
September 15, 2017	September 29, 2017	October 16, 2017	$0.06
November 6, 2017	December 29, 2017	January 16, 2018	$0.06
March 14, 2018	March 30, 2018	April 13, 2018	$0.06
June 11, 2018	June 29, 2018	July 13, 2018	$0.06
September 4, 2018	September 28, 2018	October 12, 2018	$0.06
December 14, 2018	December 28, 2018	January 11, 2019	$0.06
March 15, 2019	March 29, 2019	April 12, 2019	$0.06
June 14, 2019	June 28, 2019	July 12, 2019	$0.06
September 13, 2019	September 27, 2019	October 11, 2019	$0.06

Stock Performance Graph

The graph below represents our common stock performance, comparing the value of $100 invested on September 30, 2014 in our common stock, the S&P 500 Index, the S&P Agricultural Products Index and a Company-constructed peer group, which includes Forestar Group, Inc., Limoneira Company, The St. Joe Company, Tejon Ranch Co. and Texas Pacific Land Trust.



INDEXED RETURNS

Company Name / Index	Base Period Sept 14	Years Ending Sept 15	Sept 16	Sept 17	Sept 18	Sept 19
Alico, Inc.	100	107.08	71.44	91.56	91.33	92.66
S&P 500 Index	100	99.39	114.72	136.07	160.44	167.27
S&P Agricultural Products Index	100	86.00	99.15	101.54	114.41	96.77
Peer Group	100	82.07	99.66	134.39	219.29	174.48

(Includes reinvestment of dividends)

Recent Sale of Unregistered Securities

None.

Issuer Repurchases of Equity Securities

In fiscal year 2017, Alico's Board of Directors authorized the repurchase of up to $7,000,000 of the Company’s common stock in two separate authorizations (the "2017 Authorization"). In March 2017, Alico's Board of Directors authorized the repurchase of up to $5,000,000 of the Company’s common stock beginning March 9, 2017 and continued through March 9, 2019. In May 2017, Alico's Board of Directors authorized the repurchase of up to an additional $2,000,000 of the Company’s common stock beginning May 24, 2017 and continued through May 24, 2019. There can be no assurance that the Company will repurchase shares in the future in any particular amounts or at all. A reduction in, or elimination of, share repurchases could have a negative effect on the Company's share price.

In fiscal year 2016, Alico's Board of Directors authorized the repurchase of up to 50,000 shares of the Company’s outstanding common stock beginning February 18, 2016 and continued through February 17, 2017 (the "2016 Authorization"). For the fiscal year ended September 30, 2017, the Company did not purchase any shares in accordance with the 2016 Authorization.

We adopted Rule 10b5-1 share repurchase plan under the Securities Exchange Act of 1934 (the “Plan”) in connection with share repurchase authorizations. The Plan allows us to repurchase our shares of common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Because repurchases under the Plan are subject to certain pricing parameters, there is no guarantee as to the exact number of common shares that will be repurchased under the Plan or that there will be any repurchases pursuant to the Plan.

There were no purchases of common stock for the 4th quarter in fiscal year 2019 under the 2017 Authorization or otherwise. As a result of the 2017 Authorization expiring on May 24, 2019, there is no availability to repurchase shares of common stock under the 2017 Authorization.

The Company purchased 72,266 shares of common stock in the open market in fiscal year 2018 under the 2017 Authorization at a weighted average price of $30.65 per common share.

On October 3, 2018, the Company completed a tender offer of 752,234 shares at a price of $34.00 per share aggregating $25,575,956. 734 Investors, Alico's largest stockholder from 2013 until November 12, 2019, participated in the tender offer by selling a small percentage of its holdings.

Item 6. Selected Financial Data

The following tables present selected historical consolidated financial information as of and for each of the fiscal years in the five-year period ended September 30, 2019. The Consolidated Financial Statements as of and for the fiscal years ended September 30, 2019, 2018, 2017, 2016 and 2015 include combined financial statement balances with Silver Nip Citrus, as a result of our common control acquisition in February 2015.

The selected historical financial data presented below should be reviewed in conjunction with our Consolidated Financial Statements and the accompanying Notes thereto, included elsewhere in this Annual Report on Form 10-K.

(in thousands, except per share amounts)	September 30,				
	2019	2018	2017	2016	2015
Selected Statement of Operations Information:					
Operating revenues	$ 122,251	$ 81,281	$ 129,829	$ 144,196	$ 153,126
Income (loss) from operations	$ 45,214	$ 10,535	$ (6,094)	$ 21,846	$ 18,964
Net income (loss) attributable to common stockholders	$ 37,833	$ 13,050	$ (9,451)	$ 6,993	$ 13,214
Basic earnings (loss) per common share	$ 5.06	$ 1.59	$ (1.14)	$ 0.84	$ 1.64
Diluted earnings (loss) per common share	$ 5.05	$ 1.57	$ (1.14)	$ 0.84	$ 1.64
Cash dividends declared per common share	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24
Selected Balance Sheet Information:					
Cash and cash equivalents and restricted cash	$ 23,838	$ 32,260	$ 3,395	$ 6,625	$ 5,474
Property and equipment, net	$ 345,648	$ 340,403	$ 349,337	$ 379,247	$ 381,099
Total assets	$ 417,388	$ 423,422	$ 419,182	$ 455,445	$ 460,088
Current portion of long-term debt	$ 5,338	$ 5,275	$ 4,550	$ 4,493	$ 4,511
Long-term debt, net of current portion	$ 158,111	$ 169,074	$ 181,926	$ 192,726	$ 200,970
Total Alico, Inc. stockholders' equity	$ 194,303	$ 172,117	$ 160,641	$ 173,490	$ 170,704
Noncontrolling interest	$ 5,095	$ 5,478	$ 4,728	$ 4,773	$ 4,807

For the fiscal year ended September 30, 2015, net income includes the gain on sale of assets of approximately $13,590,000 related to the sale of real estate, approximately $8,366,000 of interest expense, approximately $1,051,000 loss on extinguishment of debt related to the refinancing of our debt obligations, approximately $1,145,000 gain on bargain purchase related to acquisition of citrus business and an impairment charge of approximately $541,000 on an asset held for sale.

For the fiscal year ended September 30, 2016, net income includes the gain on sale of assets of approximately $618,000 related to the sale of real estate and approximately $9,893,000 of interest expense.

For the fiscal year ended September 30, 2017, net loss includes inventory casualty loss and net realizable adjustment of approximately $14,688,000 as a result of Hurricane Irma, additional asset impairments of long-lived assets of approximately $9,346,000, and interest expense of approximately $9,141,000. The net loss was partially offset by a gain on sale of assets of approximately $2,181,000.

For the fiscal year ended September 30, 2018, net income includes the gain on sale of assets of approximately $11,041,000 related to the sale of real estate, property and equipment and assets held for sale, and insurance proceeds received in the amount of approximately $9,429,000 relating to damages from Hurricane Irma. Net income also includes a one-time non-cash deferred income tax benefit of approximately $9,847,000, which resulted from the remeasurement of the Company's net deferred tax liabilities due to the 21% corporate tax rate that was enacted December 22, 2017, and the expiration of a capital loss carryforward, which expired at September 30, 2018, of approximately $5,634,000, resulting in an additional income tax expense. Additionally, net income includes approximately $8,561,000 of interest expense and $3,349,000 of impairments relating to net realizable adjustment on inventory and long-lived assets.

For the fiscal year ended September 30, 2019, net income includes a gain on sale of assets of approximately $13,166,000 related to the sale of real estate, property and equipment and assets held for sale. Net income also includes insurance proceeds received of approximately $486,000 in additional property and casualty claims reimbursement relating to Hurricane Irma and federal relief proceeds of approximately $15,597,000 under the Florida Citrus Recovery Block Grant ("CRBG") program relating to Hurricane Irma. Additionally, net income includes approximately $7,180,000 of interest expense and $1,204,000 relating to net realizable adjustment on inventory and impairments of long-lived assets.

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

The following discussion and analysis should be read in conjunction with the accompanying Consolidated Financial Statements and related Notes thereto.

Cautionary Statement Regarding Forward-Looking Information

We provide forward-looking information in this Annual Report on Form 10-K, particularly in this Management’s Discussion and Analysis and Results of Operations, pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any statements in this Annual Report on Form 10-K that are not historical facts are forward-looking statements. Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on our current expectations, estimates and projections about our business based, in part, on assumptions made by our management and can be identified by terms such as “plans,” “expect,” “may,” "anticipate,” “intend,” “should be,” “will be” “is likely to,” “believes,” and similar expressions referring to future periods. Alico believes the expectations reflected in the forward-looking statements are reasonable but cannot guarantee future results, level of activity, performance or achievements. Actual results may differ materially from those expressed or implied in the forward-looking statements. Therefore, Alico cautions you against relying on any of these forward-looking statements. Factors which may cause future outcomes to differ materially from those foreseen in forward-looking statements include, but are not limited to: changes in laws, regulation and rules; weather conditions that affect production, transportation, storage, demand, import and export of fresh product and their by-products; increased pressure from diseases including citrus greening and citrus canker, as well as insects and other pests; disruption of water supplies or changes in water allocations; market pricing of citrus; pricing and supply of raw materials and products; market responses to industry volume pressures; pricing and supply of energy; changes in interest rates; availability of financing for land development activities and other growth and corporate opportunities; onetime events; acquisitions and divestitures; seasonality; our ability to achieve the anticipated cost savings under the Alico 2.0 Modernization program; labor disruptions; inability to pay debt obligations; inability to engage in certain transactions due to restrictive covenants in debt instruments; government restrictions on land use; changes in agricultural land values; market and pricing risks due to concentrated ownership of stock market and pricing risks due to concentrated ownership of stock; the Company's receipt of future funding from the state of Florida in connection with water retention projects; any Federal relief received in the future by the Company in connection with Hurricane Irma; any reduction in the public float resulting from the 2018 tender offer or any subsequent repurchases of common stock by the Company; recent changes in the Equity Plan awards to Employees; continuation of the Company's dividend policy; expressed desire of certain of our stockholders to liquidate their shareholdings by virtue of past market sales of common stock by sales of common stock or by way of future transactions; political changes and economic crises; competitive actions by other companies; changes in dividends; increased competition from international companies; changes in environmental regulations and their impact on farming practices; the ability to secure permits for the Water Storage Contract and Project from the South Florida Water Management District; the land ownership policies of governments; changes in government farm programs and policies and international reaction to such programs; changes in pricing calculations with our customers; fluctuations in the value of the U. S. dollar, interest rates, inflation and deflation rates; changes in and effects of crop insurance programs, global trade agreements, trade restrictions and tariffs; and soil conditions, harvest yields, prices for commodities, and crop production expenses. These assumptions are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those Risks Factors included in Part I, Item 1A and elsewhere in this Annual Report on Form 10-K.

Introduction

Alico, Inc. ("Alico"), together with its subsidiaries (collectively, the "Company", "we", "us" or "our"), is a holding company with assets and related operations in agriculture, land management and natural resources. We are a Florida agribusiness and land management company with a legacy of achievement and innovation in citrus, cattle and resource conservation. We own approximately 111,000 acres of land in eight Florida counties which includes approximately 90,000 acres of mineral rights. Our principal lines of business are now citrus groves and water storage and other operations, which include environmental services, land leasing and related support operations. Prior to the sale of our breeding herd in January 2018, the Company's business line also included cattle ranching. Our mission is to create value for our customers and stockholders by managing existing lands to their optimal current income and total returns. Alico opportunistically acquires new agricultural assets and produces high quality agricultural products while exercising responsible environmental stewardship.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help provide an understanding of results of operations, financial condition and changes in financial condition for the periods presented. This MD&A is organized as follows:

- **Business Overview.** This section provides a general description of our business, as well as other matters that we believe are important in understanding our results of operations and financial condition.
- **Consolidated Results of Operations.** This section provides an analysis of our results of operations for the three fiscal years ended September 30, 2019. Our discussion is presented on a consolidated basis and includes discussion on future trends by segment.
- **Liquidity and Capital Resources.** This section provides an analysis of our cash flows for each of the three fiscal years ended September 30, 2019 and our outstanding debt, commitments and cash resources as of September 30, 2019.
- **Critical Accounting Policies.** This section identifies those accounting policies that we consider important to our results of operations and financial condition, require significant judgment and involve significant management estimates. Our significant accounting policies, including those considered to be critical accounting policies, are summarized in Note 2, "Summary of Significant Accounting Policies," to the accompanying Consolidated Financial Statements.

Business Overview

Business Description

Alico, Inc., together with its subsidiaries (collectively, "Alico", the "Company", "we", "us" or "our") generates operating revenues primarily from the sale of its citrus products and grazing and hunting leasing. The Company operates as two business segments and all of its operating revenues are generated in the United States. During the fiscal year ended September 30, 2019, the Company generated operating revenues of approximately $122,251,000, income from operations of approximately$45,214,000, and net income attributable to common stockholders of approximately $37,833,000. Cash provided by operating activities was approximately$48,832,000 during the fiscal year ended September 30, 2019.

Fiscal Year Highlights and Other Developments

Alico 2.0 Modernization Program

On November 16, 2017, we announced the Alico 2.0 Modernization Program ("Alico 2.0"). This program was intended to transform three legacy businesses (Alico, Orange Co., and Silver Nip) into a single efficient enterprise, Alico Citrus, so we would remain one of the leaders in the U.S. citrus industry. This initiative was to explore every aspect of Alico's citrus and ranch operations, including corporate and operational cost structures, grove costs, purchasing and procurement, non-performing and under-performing assets, professional fees, and human resources efficiency.

Under this program, Alico expected to reduce its operating costs. Alico has executed on the efficiencies identified and has improved margins through better purchasing, more precise application of selected fertilizers and chemicals, outsourcing work such as harvesting, hauling, and certain caretaking tasks, and by streamlining grove management. We have also deployed a more efficient labor model that is consistent and uniform for field staffing and grove operations and is aligned with the geographical footprint of the citrus groves. This effort has helped to transition us to a high-quality, low-cost producer of citrus which we anticipate will continue for future years to come.

In combination with these efforts, the Company worked to maintain operational efficiencies and deploy its resources to solidify the Company's position as a leader in the recovering citrus industry.

Under Alico 2.0, we also decided to divest assets that generated low rates of return and shut down parts of our operations that were not profitable. Alico Citrus has generated cash of $57,800,000, under Alico 2.0 through September 30, 2019. This has been facilitated through (i) the shut down and sale of its nursery in Gainesville, Florida, (ii) the sale of certain underperforming groves, (ii) the sale of its breeding herd, (iv) the sale of certain parcels of land on its Ranch, (v) the sale of certain trailers related to our logistics division, and (vi) the sale of certain real estate assets that were not strategic to our business plan.

In January 2018, the Company sold its breeding herd and leased grazing rights on the Ranch to a third party operator. However, the Company continues to own the property and continues to conduct its long-term dispersed water program and wildlife management programs.

Alico 2.0 also included an enhanced program to plant more citrus trees. The Company planted over 400,000 trees in both fiscal year 2019 and 2018 to help position the Company for future production growth.

Tender Offer

On September 5, 2018, the Board of Directors approved and Alico announced the commencement of an issuer offer (the "Tender Offer") to purchase up to $19,999,990 in value of shares of its common stock at a purchase price of $34.00 per share. On October 3, 2018, upon the terms and subject to the conditions described in the Offer to Purchase dated September 5, 2018, including the ability to increase the aggregate value of shares purchased, Alico repurchased an aggregate of 752,234 shares at a price of $34.00 per share aggregating $25,575,956. These shares represented approximately 9.2% of the total number of shares of the Company's common stock issued and outstanding as of October 2, 2018. Included in the 752,234 shares were 163,999 shares that the Company elected to purchase pursuant to its right to purchase up to an additional 2% of its outstanding shares of common stock. 734 Investors, LLC, Alico's largest stockholder from 2013 until November 12, 2019, participated in the Tender Offer by selling a small percentage of its holdings of the Company's common stock. Members of neither the management team nor the Board of Directors sold any shares directly in the Tender Offer.

Termination Proceedings against Mr. Remy W. Trafelet

On November 19, 2018, Alico, with unanimous approval of the members of the Board of Directors, other than Remy W. Trafelet, notified Mr. Trafelet, who was at the time the Company's President and Chief Executive Officer and a member of the Board of Directors, that it intended to consider terminating his employment for "cause" pursuant to the terms of his employment agreement with the Company and option agreements entered into under the Company's Stock Incentive Plan of 2015 (collectively, the "Compensation Documents"). On November 28, 2018, the parties in the Florida Litigation (as defined below) stipulated to an order which provided, among other things, that pending the resolution of the Delaware Litigation (as defined below), the Board of Directors would not take any action out of the routine day-to-day operations conducted in the ordinary course of business, including removing any corporate officers or directors from positions held as of November 27, 2018.

As described in "Note 16. Commitments and Contingencies" to the condensed consolidated financial statements in Part II Item 8, of this Annual Report on Form 10-K, on February 11, 2019, the parties to the Florida Litigation entered into the Alico Settlement Agreement wherein the parties agreed to promptly dismiss all claims in the Florida Litigation, including those related to the termination proceedings against Mr. Trafelet, and Mr. Trafelet agreed to voluntarily resign as President and Chief Executive Officer and a member of the Company's Board of Directors, effective upon the execution of the Alico Settlement Agreement.

As contemplated by the Alico Settlement Agreement, on February 11, 2019, the Company entered into the Consulting Agreement with Mr. Trafelet and 3584, Inc. (the "Consultant"). Pursuant to the Consulting Agreement, Mr. Trafelet agreed to make himself available to provide consulting services to the Company through the Consultant for up to 24 months. In exchange for the consulting services, the Consultant is receiving an annual consulting fee of $400,000. If the Company terminates the consulting period (other than in certain specified circumstances), the Company will continue to pay the consulting fees described in the immediately preceding sentence through the balance of the 24-month term.

In addition, as contemplated by the Alico Settlement Agreement, the Company entered into the Registration Rights Agreement with Mr. Trafelet, relating to the Registrable Securities. The Registration Rights Agreement required the Company to, among other things and subject to the terms and conditions thereof, use reasonable best efforts to file with the SEC a registration statement on Form S-3 covering the resale of the Registrable Securities. On October 10, 2019, Mr. Trafelet executed a waiver whereby he waived the S-3 Registration Rights but maintained all other rights arising under the Registration Rights Agreement and all rights arising under Section 14 of the Alico Settlement Agreement.

Management and Board Changes

On April 11, 2019, the Board of Directors announced the appointment of Mr. John E. Kiernan as President and Chief Executive Officer and Mr. Richard Rallo as Chief Financial Officer, both effective July 1, 2019. Additionally, Mr. Benjamin D. Fishman, the Company's current Interim President, agreed to resign from this position effective July 1, 2019. In addition, on April 11, 2019, Mr. Henry A. Slack, the current Executive Chairman of the Board, informed the Board that he agreed to step down as Executive Chairman of the Board, effective July 1, 2019. Mr. Slack's decision to step down as Executive Chairman of the Board was not the result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices. Mr. Slack will remain a member of the Board of Directors. The Board appointed Mr. Benjamin D. Fishman, the Company's current Interim President, to the role of non-employee Executive Chairman of the Board, effective July 1, 2019.

On April 29, 2019, the Board of Directors appointed Mr. Toby K. Purse as a member of the Board of Directors, to serve until the 2020 annual meeting of the Company's shareholders or until his earlier death, resignation, or removal in accordance with the Amended and Restated Bylaws of the Company. The Board of Directors has affirmatively determined that Mr. Purse qualifies as an independent director under the rules of the Nasdaq Stock Exchange and as defined under applicable law. Mr. Purse has also been appointed to serve as a member of the audit committee of the Board of Directors.

Federal Relief Program

The Company is eligible for Hurricane Irma federal relief programs for block grants that are being administered through the State of Florida. During the fourth quarter of 2019 and for the fiscal year ended September 30, 2019, the Company received approximately $15,597,000 under the Florida Citrus Recovery Block Grant ("CRBG") program. This represents the Part 1 and a portion of the Part 2 reimbursement under a three-part program. Subsequent to fiscal year end 2019, the Company received additional proceeds of approximately $4,136,000 under the Florida CRBG program. This represents another portion of the Part 2 reimbursement under a three-part program. The timing and amount to be received under the remaining portion of Part 2 and Part 3 of the program, if any, has not been finalized.

Distribution of Shares by 734 Investors

On November 14, 2019, 734 Investors filed a Form 4 and an amendment to Schedule 13D with the SEC disclosing that on November 12, 2019, it distributed all of its shares of Company common stock previously held by it, consisting of 3,173,405 shares, on a pro rata basis, to its members. Prior to such distribution, 734 Investors was the Company's largest shareholder.

Condensed Consolidated Results of Operations

The following discussion provides an analysis of Alico's results of operations and should be read in conjunction with the accompanying Consolidated Statements of Operations for the fiscal years ended September 30, 2019, 2018 and 2017:

(in thousands)	Fiscal Year Ended September 30,		Change		Fiscal Year Ended September 30,		Change	
	2019	2018	$	%	2018	2017	$	%
Operating revenues:								
Alico Citrus	$ 119,031	$ 78,121	$ 40,910	52.4 %	$ 78,121	$ 123,441	$ (45,320)	(36.7)%
Water Resources and Other Operations	3,220	3,160	60	1.9 %	3,160	6,388	(3,228)	(50.5)%
Total operating revenues	122,251	81,281	40,970	50.4 %	81,281	129,829	(48,548)	(37.4)%
Gross profit (loss):								
Alico Citrus	59,437	26,412	33,025	125.0 %	26,412	11,494	14,918	129.8 %
Water Resources and Other Operations	923	(819)	1,742	(212.7)%	(819)	(2,564)	1,745	(68.1)%
Total gross profit	60,360	25,593	34,767	135.8 %	25,593	8,930	16,663	186.6 %
General and administrative expenses	15,146	15,058	88	0.6 %	15,058	15,024	34	NM
Income (loss) from operations	45,214	10,535	34,679	329.2 %	10,535	(6,094)	16,629	(272.9)%
Total other income (expense)	5,019	2,655	2,364	89.0 %	2,655	(7,248)	9,903	(136.6)%
Income (loss) before income taxes	50,233	13,190	37,043	280.8 %	13,190	(13,342)	26,532	(198.9)%
Income tax provision (benefit)	12,783	390	12,393	NM	390	(3,846)	4,236	(110.1)%
Net income (loss)	37,450	12,800	24,650	192.6 %	12,800	(9,496)	22,296	(234.8)%
Net loss attributable to noncontrolling interests	383	250	133	53.2 %	250	45	205	455.6 %
Net income (loss) attributable to Alico, Inc. common stockholders	$ 37,833	$ 13,050	$ 24,783	189.9 %	$ 13,050	$ (9,451)	$ 22,501	(238.1)%

NM - Not meaningful

The following table presents our operating revenues, by segment, as a percentage of total operating revenues for the fiscal years ended September 30, 2019, 2018 and 2017:

	Fiscal Year Ended September 30,		
	2019	2018	2017
Operating revenues:			
Alico Citrus	97.4 %	96.1 %	95.1 %
Water Resources and Other Operations	2.6 %	3.9 %	4.9 %
Total operating revenues	100.0 %	100.0 %	100.0 %

The following discussion provides an analysis of the Company's operating segments:

Alico Citrus

The table below presents key operating measures for the fiscal years ended September 30, 2019, 2018 and 2017:

(in thousands, except per box and per pound solids data)

	Fiscal Year Ended September 30,		Change		Fiscal Year Ended September 30,		Change	
	2019	2018	Unit	%	2018	2017	Unit	%
Operating Revenues:								
Early and Mid-Season	$ 39,574	$ 24,309	$ 15,265	62.8 %	$ 24,309	$ 45,999	$ (21,690)	(47.2)%
Valencias	73,480	48,865	24,615	50.4 %	48,865	67,146	(18,281)	(27.2)%
Fresh Fruit	3,629	2,054	1,575	76.7 %	2,054	5,735	(3,681)	(64.2)%
Purchase and Resale of Fruit	943	809	134	16.6 %	809	2,331	(1,522)	(65.3)%
Other	1,405	2,084	(679)	(32.6)%	2,084	2,230	(146)	(6.5)%
Total	$ 119,031	$ 78,121	$ 40,910	52.4 %	$ 78,121	$ 123,441	$ (45,320)	(36.7)%
Boxes Harvested:								
Early and Mid-Season	3,114	1,811	1,303	71.9 %	1,811	3,215	(1,404)	(43.7)%
Valencias	4,790	2,891	1,899	65.7 %	2,891	4,044	(1,153)	(28.5)%
Total Processed	7,904	4,702	3,202	68.1 %	4,702	7,259	(2,557)	(35.2)%
Fresh Fruit	210	125	85	68.0 %	125	328	(203)	(61.9)%
Total	8,114	4,827	3,287	68.1 %	4,827	7,587	(2,760)	(36.4)%
Pound Solids Produced:								
Early and Mid-Season	16,873	9,194	7,679	83.5 %	9,194	17,950	(8,756)	(48.8)%
Valencias	29,854	17,319	12,535	72.4 %	17,319	24,661	(7,342)	(29.8)%
Total	46,727	26,513	20,214	76.2 %	26,513	42,611	(16,098)	(37.8)%
Pound Solids per Box:								
Early and Mid-Season	5.42	5.07	0.35	6.9 %	5.07	5.58	(0.51)	(9.1)%
Valencias	6.23	5.99	0.24	4.0 %	5.99	6.10	(0.11)	(1.8)%
Price per Pound Solids:								
Early and Mid-Season	$ 2.35	$ 2.64	$ (0.29)	(11.0)%	$ 2.64	$ 2.56	$ 0.08	3.1 %
Valencias	$ 2.46	$ 2.82	$ (0.36)	(12.8)%	$ 2.82	$ 2.72	$ 0.10	3.7 %
Price per Box:								
Fresh Fruit	$ 17.28	$ 16.43	$ 0.85	5.2 %	$ 16.43	$ 17.48	$ (1.05)	(6.0)%
Operating Expenses:								
Cost of Sales	$ 52,037	$ 46,477	$ 5,560	12.0 %	$ 46,477	$ 84,909	$ (38,432)	(45.3)%
Harvesting and Hauling	22,208	12,921	9,287	71.9 %	12,921	21,520	(8,599)	(40.0)%
Purchase and Resale of Fruit	659	562	97	17.3 %	562	2,134	(1,572)	(73.7)%
Other	(15,310)	(8,251)	(7,059)	85.6 %	(8,251)	3,384	(11,635)	(343.8)%
Total	$ 59,594	$ 51,709	$ 7,885	15.2 %	$ 51,709	$ 111,947	$ (60,238)	(53.8)%
Gross Profit	$ 59,437	$ 26,412	$ 33,025		$ 26,412	$ 11,494	$ 14,918	

Our citrus groves produce the majority of our annual operating revenues and the citrus grove business is seasonal because it is tied to the growing and harvest season. Historically, the second and third quarters of Alico's fiscal year produce the majority of the annual revenues and working capital requirements are typically greater in the first and fourth quarters of the fiscal year, coinciding with the growing cycles.

The Company sells its Early and Mid-Season and Valencia oranges to processors that convert the majority of the citrus crop into orange juice. They generally buy the citrus on a pound solids basis, which is the measure of the soluble solids (sugars and acids) contained in one box of fruit. Fresh fruit is generally sold to packing houses that purchase the citrus on a per box basis. Other revenues consist of third-party grove caretaking and the purchase and reselling of fruit.

Alico's operating expenses consist primarily of cost of sales and harvesting and hauling costs. Cost of sales represents the cost of maintaining the citrus groves for the preceding calendar year and does not vary in relation to production. Harvesting and hauling costs represent the costs of bringing citrus product to processors and varies based upon the number of boxes produced. Other expenses include the period costs of third-party grove caretaking and the purchase and reselling of fruit.

The increase in revenues for the fiscal year ended September 30, 2019, compared to the fiscal year ended September 30, 2018, was primarily related to the negative impact of Hurricane Irma on the prior fiscal year harvest. As a result of Hurricane Irma, which occurred in September 2017, the Company experienced a greater amount of fruit drop and consequently harvested approximately 3,202,000 fewer boxes in fiscal year 2018, as compared to the fiscal year 2019. The Company also saw an overall increase in pound solids per box in the fiscal year 2019, which was 5.91 as compared to 5.64 for the fiscal year 2018. In addition, the increase in revenue, to a smaller extent, was due to a greater number of boxes of fresh fruit being sold for the fiscal year 2019.

The decrease in revenues for the fiscal year ended September 30, 2018, compared to the fiscal year ended September 30, 2017, was primarily due to the impact of Hurricane Irma. The Company experienced a greater amount of fruit drop from the impact of Hurricane Irma and consequently harvested approximately 2,557,000 fewer processed boxes in fiscal year 2018, as compared to the same period in fiscal year 2017. The Company also saw an overall decrease in pound solids per box which went from 5.87 in the fiscal year ended September 30, 2017 to 5.64 in the fiscal year ended September 30, 2018. The Company did experience a smaller fruit drop with respect to its Valencia fruit which is harvested later in the year as compared to the Early and Mid-Season variety and as such realized a smaller overall reduction in boxes produced. In addition, the decrease in revenue, to a smaller extent, was due to fewer boxes of fresh fruit being sold for the fiscal year ended September 30, 2018. The decrease in revenues from purchase and resale of fruit and other revenues reflects the Company’s decision to reduce third party fruit purchases and third party caretaking services.

Total processed boxes harvested in fiscal year 2019 increased by approximately 68.1%, as compared to fiscal year 2018. Pound solids per box increased by approximately 6.9% and approximately 4.0% for the Early and Mid-Season and Valencia oranges, respectively. The combination of these items resulted in approximately 20,214,000 of additional pound solids sold in fiscal year 2019, as compared to fiscal year 2018.

Total processed boxes harvested in fiscal year 2018 declined by approximately 35.2%, as compared to fiscal year 2017. Pound solids per box decreased by approximately 9.1% and approximately 1.8% for the Early and Mid-Season and Valencia oranges, respectively. The combination of these items resulted in approximately 16,098,000 less pound solids sold in fiscal year 2018, as compared to fiscal year 2017.

The USDA, in its November 8, 2019 Citrus Crop Forecast for the 2019-20 harvest season, indicated its expectation that the Florida orange crop will increase from approximately 71,600,000 boxes for the 2018-19 crop year to approximately 74,000,000 boxes for the 2019-20 crop year, an increase of approximately 3.4%. While the production is estimated to be slightly higher than in the prior year, the Company anticipates there will be a continued reduction in the market prices in the 2019-20 harvest season as a result of excess supply from domestic and international growers.

The Company originally estimated its fiscal year 2019 processed boxes would increase by approximately 31%-37% compared to processed boxes for fiscal year 2018. Based on the harvesting of fruit, the Company increased processed box production for fiscal year 2019 by approximately 68% compared to processed boxes for fiscal year 2018. The improvement is the result of both the Early & Mid-season and Valencia variety fruit experiencing less fruit drop then was anticipated upon making the estimate in production.

The increase in gross profit for fiscal year 2019, as compared to fiscal year 2018, was primarily a result of (i) increased citrus revenue and (ii) proceeds received under CRBG program relating to Hurricane Irma, which was recorded as a reduction of operating costs. The increase in operating expenses was due to the increased harvesting and hauling costs, which is the direct result of increased citrus processed box production and (ii) the Company allocating a greater amount of its accumulated costs to its cost of goods sold. Partially offsetting this increase in operating expenses was the Company received a greater amount of funds through the CRBG and insurance claim reimbursement relating to Hurricane Irma in fiscal year 2019, as compared to the same period in fiscal year 2018.

The increase in gross profit for fiscal year 2018, as compared to fiscal year 2017, was primarily driven by a decrease in operating expenses, which was partially offset by a reduction in revenues. The decrease in operating costs is due to (i) the Company allocating a smaller amount of accumulated costs to cost of goods sold, (ii) less harvesting and hauling costs incurred due to fewer boxes being harvested, and (iii) the Company receiving approximately $9,429,000 of insurance proceeds. Partially offsetting this decrease in operating expenses, along with the reduction in revenue, was impairment charges of approximately $3,349,000 relating to net realizable adjustment on inventory and long-lived assets. The decrease in revenue is primarily a result of the impact of Hurricane Irma.

Water Resources and Other Operations

The table below presents key operating measures for the fiscal years ended September 30, 2019, 2018 and 2017:

(in thousands)

	Fiscal Year Ended September 30,		Change		Fiscal Year Ended September 30,		Change	
	2019	2018	$	%	2018	2017	$	%
Revenue From:								
Land and other leasing	$ 2,787	$ 2,595	$ 192	7.4 %	$ 2,595	$ 2,294	$ 301	13.1 %
Sale of calves and culls	—	57	(57)	(100.0)%	57	3,732	(3,675)	(98.5)%
Other	433	508	(75)	(14.8)%	508	362	146	40.3 %
Total	$ 3,220	$ 3,160	$ 60	1.9 %	$ 3,160	$ 6,388	$ (3,228)	(50.5)%
Operating Expenses:								
Land and other leasing	$ 1,047	$ 1,072	$ (25)	(2.3)%	$ 1,072	$ 466	$ 606	130.0 %
Cost of calves sold	—	1,075	(1,075)	(100.0)%	1,075	3,527	(2,452)	(69.5)%
Water conservation	1,206	1,619	(413)	(25.5)%	1,619	1,794	(175)	(9.8)%
Other	44	213	(169)	(79.3)%	213	3,165	(2,952)	(93.3)%
Total	$ 2,297	$ 3,979	$ (1,682)	(42.3)%	$ 3,979	$ 8,952	$ (4,973)	(55.6)%
Gross Profit (loss)	$ 923	$ (819)	$ 1,742		$ (819)	$ (2,564)	$ 1,745	

NM - Not meaningful

Land and other leasing includes lease income from a lease for grazing rights, hunting leases, a lease to a third party of an aggregate mine and leases of oil extraction rights to third parties, and farm lease revenue.

The slight increase in revenues from Water Resources and Other Operations for the fiscal year ended September 30, 2019 is primarily due to the Company recording a full year of grazing lease revenue in fiscal year 2019, while only recording nine months of revenue as the lease for these grazing rights was executed on January 8, 2018, at the time of the sale of the cattle herd. Partially offsetting this increase was a decrease in farm lease revenue as a result of a lease not being renewed in fiscal year 2019. The Company continues to own the property and conduct its dispersed long-term water program and wildlife management programs.

The decrease in revenues from Water Resources and Other Operations for the fiscal year 2018, as compared to fiscal year 2017, was primarily due to selling of Alico's cattle herd in January 2018. All inventory costs that were accumulated at the date of sale were expensed. As part of this transaction, the Company entered into a long-term leasing arrangement with the purchaser for the grazing rights on the Ranch that provides an annual revenue stream of approximately $1,200,000. As a result of these changes, Alico renamed this division to Water Resources and Other Operations to reflect its focus on water storage and nutrient reduction. Alico believes that its dispersed water storage project is the largest and most cost-effective project of its kind in the United States, and believes, once permits from state and federal agencies have been approved, the project will store and prevent large volumes of water from entering the Caloosahatchee River, will remove substantial amounts of nitrogen from the watershed, and will help to rehydrate natural systems that eventually flow south into the Everglades.

Water storage and conservation

In December 2012, the South Florida Water Management District ("SFWMD") issued a solicitation request for projects to be considered for the Northern Everglades Payment for Environmental Services Program. In March 2013, the Company submitted its response proposing a dispersed water management project on a portion of its Ranch land to reduce harmful discharges to the Caloosahatchee Estuary.

On December 11, 2014, the SFWMD approved a contract with the Company. The contract term is eleven years and allows up to one year for implementation (design, permitting, construction and construction completion certification) and ten years of operation, whereby the Company will provide water retention services. Payment includes an amount not to exceed $4,000,000 of reimbursement for implementation. In addition, it provides for an annual fixed payment of $12,000,000 for operations and maintenance costs, as long as the project is in compliance with the contract and subject to annual District Board approval of funding. The contract specifies that the District Board has to approve the payments annually and there can be no assurance that it will approve the annual fixed payments. On September 19, 2018, the SFWMD issued a press release announcing the issuance of an Environmental Resource Permit for Alico. The SFWMD release also stated that (i) the issuance of the permit cleared the path for Alico to deliver a regional dispersed water storage project in the Caloosahatchee Watershed that has the opportunity to significantly reduce excessive Lake Okeechobee releases and storm water runoff to the Caloosahatchee Estuary, (ii) Alico has all necessary state approvals to proceed, and (iii) the project is expected to be operational within one year from the start of construction, which is contingent on Alico securing additional local and federal approvals. These approvals include a compatible use agreement from the Natural Resources Conservation Service, as well as approvals from the local water control districts. The project has made substantial progress toward receiving federal authorization from the US Army Corps of Engineers which includes consultation with US Fish & Wildlife Service and the Tribes of Florida. The approved Florida budget for the state's 2019/2020 fiscal year included funding for the Program. Operating expenses were approximately $1,206,000, $1,619,000 and $1,794,000 for each of the three fiscal years ended September 30, 2019, 2018 and 2017, respectively.

General and Administrative

General and administrative expenses for the fiscal year ended September 30, 2019 was approximately$15,146,000, compared to approximately $15,058,000 for the fiscal year ended September 30, 2018.

The slight increase in general and administrative expenses for the fiscal year ended September 30, 2019, as compared to the fiscal year ended September 30, 2018, was primarily due to an increase in professional fees, relating to a corporate litigation matter, of approximately $2,300,000 during the fiscal year ended September 30, 2019. This litigation has been resolved with a settlement being reached on February 11, 2019. The Company does not anticipate further professional fees relating to this litigation. Additionally, as part of this settlement, the Company recorded consulting and separation fees of $800,000 during the fiscal year ended September 30, 2019. The Company also recorded a one-time pension expense related to its deferred retirement benefit plan of approximately $965,000 in fiscal year 2019. Partially offsetting these increases were decreases in expenses relating to (i) a reduction in stock compensation expense of $823,000 as a result of a former senior executive forfeiting his stock options as part of the settled litigation, (ii) a reduction in rent expense of approximately $450,000 as a result of the Company not renewing its lease for office space in New York City, (iii) an acceleration of stock compensation expense in fiscal year 2018 of approximately $782,000 as a result of two senior executives forfeiting a portion of their stock options, and (iv) a reduction in payroll costs of approximately $1,261,000. The reduction in payroll costs was primarily from (i) a reduction in separation expenses of approximately $388,000; (ii) a reduction in accrual for paid-time-off of approximately $100,000; and (iii) a reduction in executive compensation expense of approximately $725,000 relating to the resignation of a former senior executive.

The slight increase in general and administrative expenses in fiscal year 2018, as compared to the same period in fiscal year 2017, primarily relates to increases in (i) bonus awards provided to senior executives and managers, (ii) an acceleration of stock compensation expense as a result of two senior executives forfeiting a portion of their stock options, (iii) costs related to the Tender Offer which commenced in September 2018 and (iv) an increase in rent, which commenced October 30, 2017, as a result of the Company selling its office building in Fort Myers, FL, and leasing back a portion of the space. These items resulted in an aggregate increase in general and administrative expenses of approximately $2,700,000. These increases were offset by decreases primarily attributable to salary and stock compensation expenses incurred with respect to employment agreements executed for new executives in the fiscal year 2017 which did not occur in the fiscal year 2018, a reduction of expenses incurred relating to separation and consulting arrangements, as well as a reduction in bad debt expense and recruiting fees.

Other (Expense) Income

Other income for the fiscal years ended September 30, 2019 and 2018 was approximately$5,019,000 and approximately $2,665,000, respectively. The increase in other income was primarily due to the Company recording a higher gain on sale of real estate, property and equipment and assets held for sale in fiscal year 2019, as compared to fiscal year 2018. In fiscal year 2019, the Company recorded a gain of approximately $13,166,000, which was generated primarily for the sale of land on its West Ranch in September 2019. For the fiscal year ended September 30, 2018, the Company recorded a gain of $11,041,000 on the sale of real estate, property and equipment and assets held for sale, which included its corporate office building in Fort Myers, Florida, its Gal Hog property and a land parcel within its East Ranch resulting in gains of approximately $1,751,000, $6,709,000 and $1,759,000, respectively. Additionally, the Company incurred less interest expense of approximately $1,400,000 in fiscal year 2019, as compared to fiscal year 2018, primarily due to the Company recording imputed interest expense during the fiscal year ended September 30, 2018 relating to its Sugarcane transaction, which was terminated in fiscal year 2019.

Other income (expense), net, for the fiscal year ended September 30, 2018 and 2017 was approximately $2,655,000 and approximately $(7,248,000), respectively. The shift from other expense, net to other income, net is primarily due to recording a higher gain on sale of real estate, property and equipment and assets held for sale. For the fiscal year ended September 30, 2018, the Company sold certain properties and equipment which included its corporate office building in Fort Myers, Florida, its Gal Hog property and a land parcel within its East Ranch resulting in gains of approximately $1,751,000, $6,709,000 and $1,759,000, respectively. During the fiscal year ended September 30, 2017, the Company sold land and facilities in Hendry County, Florida, which resulted in a gain of approximately $1,371,000. Additionally, the Company incurred less interest expense of approximately $580,000 due to the continued pay-down of its long-term debt, as well as a prepayment made on a loan of approximately $4,453,000 with the proceeds from the asset sales.

Income Taxes

For the fiscal years ended September 30, 2019, 2018 and 2017, the provision (benefit) for income taxes was approximately $12,783,000, $390,000 and $(3,846,000), respectively, and the related effective income tax rates were approximately 25.45%, 2.96% and 28.83%, respectively. The change in the tax provision for the fiscal year ended September 30, 2019 is the result of the Company generating greater net income during the current fiscal year as compared to the prior fiscal year. Additionally, a one-time non-cash deferred income tax benefit of approximately $9,847,000 was recorded in fiscal year 2018 which resulted from the remeasurement of the Company's net deferred tax liabilities due to the 21% corporate tax rate that was enacted December 22, 2017, and the expiration of its capital loss carryforward, which expired at September 30, 2018, of approximately $5,634,000 was recorded in fiscal year 2018, resulting in an additional income tax expense.

The change in the provision for income taxes for the fiscal year ended September 30, 2018, as compared to fiscal year 2017, primarily resulted from (i) the Company generating net income, (ii) a one-time non-cash deferred income tax benefit of approximately $9,847,000 resulting from the remeasurement of the Company's net deferred tax liabilities due to the 21% corporate tax rate that was enacted December 22, 2017, and (iii) the expiration of its capital loss carryforward, which expired at September 30, 2018, of approximately $5,634,000, resulting in an additional income tax expense.

Seasonality

The Company is primarily engaged in the production of fruit for sale to citrus markets, which is of a seasonal nature, and subject to the influence of natural phenomena and wide price fluctuations. Historically, the second and third quarters of Alico's fiscal year produce the majority of the Company's annual revenue. Working capital requirements are typically greater in the first and fourth quarters of the fiscal year, coinciding with harvesting cycles. Because of the seasonality of the business, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year.

Liquidity and Capital Resources

A comparative balance sheet summary is presented in the following table:

(in thousands)	September 30,		
	2019	2018	Change
Cash and cash equivalents and restricted cash	$ 23,838	$ 32,260	$ (8,422)
Total current assets	$ 61,977	$ 71,061	$ (9,084)
Total current liabilities	$ 28,951	$ 21,476	$ 7,475
Working capital	$ 33,026	$ 49,585	$ (16,559)
Total assets	$ 417,388	$ 423,422	$ (6,034)
Principal amount of term loans and lines of credit	$ 163,449	$ 177,034	$ (13,585)
Current ratio	2.14 to 1	3.31 to 1	

Alico's business has historically generated positive net cash flows from operating activities. Sources of cash primarily include cash flows from operations, sales of under-performing land and other assets, amounts available under the Company's credit facilities and access to capital markets. Access to additional borrowings under revolving lines of credit is subject to the satisfaction of customary borrowing conditions. As a public company, Alico may have access to other sources of capital. However, access to, and availability of, financing on acceptable terms in the future will be affected by many factors, including (i) financial condition, prospects and credit rating, (ii) liquidity of the overall capital markets and (iii) the state of the economy. There can be no assurance that the Company will continue to have access to the capital markets on acceptable terms, or at all.

The principal uses of cash that affect Alico's liquidity position include the following: operating expenses including employee costs, the cost of maintaining the citrus groves, harvesting and hauling of citrus products, capital expenditures, stock repurchases, dividends, and debt service costs including interest and principal payments on term loans and other credit facilities.

Management believes that a combination of cash-on-hand, cash generated from operations, asset sales and availability under the Company's lines of credit will provide sufficient liquidity to service the principal and interest payments on its indebtedness, and will satisfy working capital requirements and capital expenditures for at least the next twelve months and over the long term. Alico has a $70,000,000 working capital line of credit, of which approximately$69,540,000 is available for general use as of September 30, 2019, and a $25,000,000 revolving line of credit, all of which is available for general use as ofSeptember 30, 2019 (see Note 6. “Long-Term Debt and Lines of Credit" to the accompanying Consolidated Financial Statements). If the Company pursues significant growth and other corporate opportunities, it could have a material adverse impact on its cash balances, and may need to finance such activities by drawing down monies under its lines of credit or by obtaining additional debt or equity financing. There can be no assurance that additional financing will be available to the Company when needed or, if available, that it can be obtained on commercially reasonable terms. Any inability to obtain additional financing could impact Alico's ability to pursue different growth and other corporate opportunities.

The level of debt could have important consequences on Alico's business, including, but not limited to, increasing its vulnerability to general adverse economic and industry conditions, limiting the availability of cash flow to fund future investments, capital expenditures, working capital, business activities and other general corporate requirements, and limiting flexibility in planning for, or reacting to, changes in its business and industry.

Cash Management Impacts

Cash and cash equivalents and restricted cash decreased from approximately $32,260,000 as of September 30, 2018 to approximately $23,838,000 as of September 30, 2019. Cash and cash equivalents and restricted cash increased by approximately $28,865,000 as of September 30, 2018, as compared to September 30, 2017. The components of these changes are discussed below.

Consolidated Statements of Cash Flows

The following table details the items contributing to the changes in cash and cash equivalents and restricted cash for fiscal years ended September 30, 2019, 2018 and 2017:

(in thousands)	Fiscal Year Ended September 30,		
	2019	**2018**	**2017**
Net cash provided by operating activities	$ 48,832	$ 18,578	$ 27,481
Net cash (used in) provided by investing activities	(4,960)	22,924	(9,337)
Net cash used in financing activities	(52,294)	(12,637)	(21,374)
Net (decrease) increase in cash and cash equivalents and restricted cash	$ (8,422)	$ 28,865	$ (3,230)

<u>Net Cash Provided By Operating Activities</u>

The following table details the items contributing to Net Cash Provided By Operating Activities for the fiscal years ended September 30, 2019, 2018 and 2017:

(in thousands)	Fiscal Year Ended September 30,			Fiscal Year Ended September 30,		
	2019	**2018**	**Change**	**2018**	**2017**	**Change**
Net income (loss)	$ 37,450	$ 12,800	$ 24,650	$ 12,800	$ (9,496)	$ 22,296
Deferred gain on sale of sugarcane land	—	(967)	967	(967)	(538)	(429)
Depreciation, depletion and amortization	13,924	13,756	168	13,756	15,226	(1,470)
Loss on breeding herd sales	—	13	(13)	13	337	(324)
Deferred income tax expense (benefit)	3,267	(1,955)	5,222	(1,955)	(3,948)	1,993
Cash surrender value	11	(27)	38	(27)	(15)	(12)
Deferred retirement benefits	829	(41)	870	(41)	(102)	61
Magnolia Fund undistributed loss (earnings)	—	(8)	8	(8)	202	(210)
Gain on sale of real estate, property and equipment and assets held for sale	(13,166)	(10,281)	(2,885)	(10,281)	(1,373)	(8,908)
Inventory net realizable value adjustment	808	1,115	(307)	1,115	1,199	(84)
Inventory casualty loss	—	—	—	—	13,489	(13,489)
Loss on disposal of property and equipment	—	207	(207)	207	—	207
Change in fair value of derivatives	989	—	989	—	—	—
Impairment of long-lived assets	396	2,234	(1,838)	2,234	9,346	(7,112)
Non-cash interest expense on deferred gain on sugarcane land	—	1,361	(1,361)	1,361	1,413	(52)
Insurance proceeds received for damage to property and equipment	(486)	(477)	(9)	(477)	—	(477)
Bad debt expense	—	24	(24)	24	312	(288)
Stock-based compensation expense	824	2,613	(1,789)	2,613	1,653	960
Change in working capital	3,986	(1,789)	5,775	(1,789)	(224)	(1,565)
Net cash provided by operating activities	$ 48,832	$ 18,578	$ 30,254	$ 18,578	$ 27,481	$ (8,903)

The increase in net cash provided by operating activities for the fiscal year ended September 30, 2019, as compared to the same period in fiscal year 2018, was primarily due to (i) an increase in net income which was primarily driven by increased citrus sales and the receipt of federal disaster relief funds relating to Hurricane Irma, and (ii) an increase in working capital, which is due to a decrease in accounts receivable and an increase in income taxes payable.

The decrease in net cash provided by operating activities for the fiscal year ended September 30, 2018, as compared to the same period in the fiscal year 2017, was primarily due to the effect of the Company recognizing a greater gain on the sale of real estate, property and equipment and assets held for sale as a result of the Company's decision to divest itself from several non-core and underperforming assets during the fiscal year 2018. Additionally, the Company experienced a decrease in working capital as compared to the previous fiscal year. This is primarily the result of the Company having a smaller increase in accounts receivable due to lower revenues earned, and experiencing a smaller decrease in inventory levels due the Company taking an impairment on its inventory levels at September 30, 2017, which directly impacted the change for the fiscal year ended September 30, 2018. This decrease was partially offset by an increase in net income.

Due to the seasonal nature of Alico's business, working capital requirements are typically greater in the first and fourth quarters of its fiscal year. Cash flows from operating activities typically improve in the second and third fiscal quarters, as sales of its harvested citrus are made.

Net Cash (Used In) Provided By Investing Activities

The following table details the items contributing to Net Cash (Used In) Provided By Investing Activities for the fiscal years ended September 30, 2019, 2018 and 2017:

(in thousands)	**Fiscal Year Ended September 30,**			**Fiscal Year Ended September 30,**		
	2019	**2018**	**Change**	**2018**	**2017**	**Change**
Purchases of property and equipment	(20,000)	(16,352)	(3,648)	(16,352)	(13,353)	(2,999)
Return on investment in Magnolia Fund	—	25	(25)	25	324	(299)
Net proceeds from sale of property and equipment and assets held for sale	14,602	37,969	(23,367)	37,969	760	37,209
Net proceeds from sale of real estate	—	1,811	(1,811)	1,811	2,184	(373)
Insurance proceeds received for damage to property and equipment	486	477	9	477	—	477
Change in deposits on purchase of citrus trees	(108)	(431)	323	(431)	748	(1,179)
Advances on notes receivables, net	60	(575)	635	(575)	—	(575)
Net cash (used in) provided by investing activities	$ (4,960)	$ 22,924	$ (27,884)	$ 22,924	$ (9,337)	$ 32,261

The change from net cash provided by investing activities for the fiscal year ended September 30, 2018 to net cash used in investing activities for the fiscal year ended September 30, 2019 was primarily due to a decrease in proceeds received on the sale of certain assets sold during fiscal year 2019, as compared to fiscal year 2018. This is due to the Company divesting of several more assets in fiscal year 2018, as compared to fiscal year 2019 (see Note 4. "Assets Held for Sale" and Note 5. "Property & Equipment, Net" to the accompanying Consolidated Financial Statements). In addition, the shift, to a smaller extent, was due to an increase in capital expenditures which was driven by the purchase of certain land blocks within its existing grove location.

The increase in net cash provided by (used in) investing activities for the fiscal year ended September 30, 2018, as compared to the fiscal year ended September 30, 2017, was primarily due to proceeds received from the sale of certain assets during the fiscal year 2018. This increase was partially offset by greater capital expenditures in the fiscal year 2018, as compared to the same period in the prior fiscal year, as a result of the Company's decision to plant more trees.

Net Cash Used In Financing Activities

The following table details the items contributing to Net Cash Used In Financing Activities for the fiscal years ended September 30, 2019, 2018 and 2017:

(in thousands)	Fiscal Year Ended September 30,			Fiscal Year Ended September 30,		
	2019	2018	Change	2018	2017	Change
Repayments on revolving lines of credit	$ (89,231)	$ (25,600)	$ (63,631)	$ (25,600)	$ (70,770)	$ 45,170
Borrowings on revolving lines of credit	86,546	28,285	58,261	28,285	65,770	(37,485)
Principal payments on term loans	(10,900)	(12,127)	1,227	(12,127)	(10,743)	(1,384)
Treasury stock purchases	(25,576)	(2,215)	(23,361)	(2,215)	(3,064)	849
Payment on termination of sugarcane agreement	(11,300)	—	(11,300)	—	—	—
Dividends paid	(1,833)	(1,972)	139	(1,972)	(1,987)	15
Capital contribution received from noncontrolling interest	—	1,000	(1,000)	1,000	—	1,000
Capital lease obligation payments	—	(8)	8	(8)	(580)	572
Net cash used in financing activities	$ (52,294)	$ (12,637)	$ (39,657)	$ (12,637)	$ (21,374)	$ 8,737

The increase in net cash used in financing activities for the fiscal year ended September 30, 2019, as compared to the fiscal year ended September 30, 2018, was primarily due to the Company purchasing 752,234 common shares through a tender offer, for an aggregate amount of approximately $25,576,000, terminating its 2014 Post-Closing Agreement relating to sugarcane transaction pursuant to which the Company paid approximately $11,300,000, and paying down, net of borrowings, of its revolving line of credit by approximately $2,265,000.

The decrease in net cash used in financing activities for the fiscal year ended September 30, 2018, as compared to the fiscal year ended September 30, 2017, was primarily due to decreased repayments on the revolving line of credit, which was partially offset by less borrowings being made on the revolving lines of credit. Additionally, greater principal payments were made on the term loans of approximately $4,453,000 from a portion of the proceeds from the sale of assets, which was offset by the Company electing not to make its scheduled principal payment on certain other term loans for the first and second quarter of fiscal year 2018 of approximately $3,100,000, as it utilized its prepayment to satisfy its payment requirement.

Alico had no amount outstanding on its revolving lines of credit as of September 30, 2019.

The WCLC line of credit agreement provides for Rabo Agrifinance, Inc. to issue up to$2,000,000 in letters of credit on the Company's behalf. As of September 30, 2019, there was approximately $460,000 in outstanding letters of credit, which correspondingly slightly reduced Alico's availability under the line of credit.

Off Balance Sheet Arrangements

None

Contractual Obligations

Alico has various contractual obligations which are fixed and determinable. The following table presents the Company's significant contractual obligations and commercial commitments on an undiscounted basis as of September 30, 2019 and the future periods in which such obligations are expected to be settled in cash.

(in thousands)

	Payments Due by Period				
	Total	<1 Year	1-3 Years	3-5 Years	5+ Years
Long-Term Debt	$ 163,449	$ 5,338	$ 25,745	$ 21,510	$ 110,856
Interest on Long-Term Debt	48,117	6,764	12,120	10,188	19,045
Retirement Benefits	5,876	5,876	—	—	—
Consulting/Non-Compete Agreement	546	400	146	—	—
Operating Leases	550	191	344	15	—
Tree Purchase Commitments	1,603	1,603	—	—	—
Total	$ 220,141	$ 20,172	$ 38,355	$ 31,713	$ 129,901

Purchase Commitments

The Company enters into contracts for the purchase of citrus trees during the normal course of its business. As ofSeptember 30, 2019, the Company had approximately $1,603,000 relating to outstanding commitments for these purchases, which will be paid upon delivery.

Impact of Inflation and Changing Prices

Our financial statements included in this Annual Report on Form 10-K have been prepared in accordance with U.S. GAAP, which requires us to measure financial position and operating results primarily in terms of historic dollars. Changes in the relative value of money due to inflation or recession generally are not considered. The primary effect of inflation on our operations is reflected in increased operating costs. In our management's opinion, changes in interest rates affect the financial condition to a far greater degree than changes in the inflation rate. While interest rates are greatly influenced by changes in the inflation rate, they do not necessarily change at the same rate or in the same magnitude as the inflation rate. Interest rates are highly sensitive to many factors that are beyond our control, including changes in the expected rate of inflation, the influence of general and local economic conditions and the monetary and fiscal policies of the United States government, its agencies and various other governmental regulatory authorities.

Critical Accounting Policies

Alico's Consolidated Financial Statements are prepared in accordance with U.S. GAAP, which requires management to make estimates, judgments and assumptions that affect the amounts reported in those financial statements and accompanying notes. Management considers an accounting policy to be critical if it is important to the Company's financial condition and results of operations and if it requires significant judgment and estimates on the part of management in its application. Alico considers policies relating to the following matters to be critical accounting policies:

Revenue Recognition

The Company recognizes revenue at the amount it expects to be entitled to be paid, determined when control of the products or services is transferred to its customers, which occurs upon delivery of and acceptance of the fruit by the customer and the Company has a right to payment. The Company recognized revenues from cattle sales at the time the cattle were delivered. Management reviews the reasonableness of the revenue accruals quarterly based on buyers' and processors' advances to growers, cash and futures markets and experience in the industry. Adjustments are made throughout the fiscal year to these estimates as more current relevant industry information becomes available. Differences between the estimates and the final realization of revenues can be significant and can be either positive or negative. During the periods presented in this Annual Report on Form 10-K, no material adjustments were made to the reported revenues from our crops.

Alico Fruit Company ("AFC") operations primarily consist of providing supply chain management services to Alico, as well as to other citrus growers in the state of Florida. AFC also purchases and resells citrus fruit; in these transactions, AFC (i) acts as a principal; (ii) takes title to the products; and (iii) has the risks and rewards of ownership, including the risk of loss for collection, delivery or returns. Therefore, AFC recognizes revenues based on the gross amounts due from customers for its marketing activities. Supply chain management service revenues are recognized when the services are performed.

Inventories

The costs of growing crops, including but not limited to labor, fertilization, fuel, crop nutrition and irrigation, are capitalized into inventory throughout the respective crop year. Such costs are expensed as cost of sales when the crops are harvested and are recorded as operating expenses in the Consolidated Statements of Operations. Inventories are stated at the lower of cost or net realizable value. The cost for unharvested citrus crops is based on accumulated production costs incurred during the period from January 1 through the balance sheet date.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Major improvements are capitalized while maintenance and repairs are expensed in the period the cost is incurred. Costs related to the development of citrus groves, through planting of trees, are capitalized. Such costs include land clearing, excavation and construction of ditches, dikes, roads and reservoirs among other costs. After the planting, caretaking costs or pre-productive maintenance costs are capitalized for four years. After four years, a grove is considered to have reached maturity and the accumulated costs are depreciated over 25 years, except for land clearing and excavation, which are considered costs of land and not depreciated.

The breeding herd consisted of purchased animals and animals raised on the Company's ranches. Purchased animals were stated at the cost of acquisition. The cost of animals raised on the Ranch was based on the accumulated cost of developing such animals for productive use. The breeding herd was sold in January 2018.

Income Taxes

The Company uses the asset and liability method of accounting for deferred income taxes. The provision for income taxes includes income taxes currently payable and those deferred as a result of temporary differences between the financial statements and the income tax basis of assets and liabilities. Deferred income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in income tax rates on deferred income tax assets and liabilities is recognized in income or loss in the period that includes the enactment date. A valuation allowance is provided to reduce deferred tax assets to the amount of future tax benefit when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Projected future taxable income and ongoing tax planning strategies are considered and evaluated when assessing the need for a valuation allowance. Any increase or decrease in a valuation allowance could have a material adverse or beneficial impact on the Company's income tax provision and net income or loss in the period the determination is made. For the fiscal years ended September 30, 2019, 2018 and 2017, the Company recorded valuation allowances of $0, $5,634,000 and $0, respectively, relating to the unutilized capital loss carryforwards which expired. The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which a change in judgment occurs. The Company records interest related to unrecognized tax benefits in income tax expense.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. The Company records impairment losses on long-lived assets used in operations, other than goodwill, when events and circumstances indicate that the asset or asset group might be impaired and the estimated cash flows (undiscounted and without interest charges) to be generated by those assets or asset group over the remaining lives of the assets are less than the carrying amounts of those assets. In calculating impairments and the estimated cash flows, the Company assigns its asset groups by determining the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of the other Company assets. The net carrying values of assets or asset groups not recoverable are reduced to their fair values. Our cash flow estimates are based on historical results adjusted to reflect our best estimates of future market conditions and operating conditions. As of September 30, 2019 and 2018, long-lived assets were comprised of property and equipment.

Fair Value Measurements

The carrying amounts in the balance sheets for operating accounts receivable, accounts payable and accrued liabilities approximate fair value because of the immediate or short term maturity of these items. The carrying amounts reported for our long-term debt approximates fair value as our borrowings with commercial lenders are at interest rates that vary with market conditions and fixed rates that approximate market rates for comparable loans.

Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability (i.e., exit price) in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are categorized into one of three different levels depending on the assumptions (i.e., inputs) used in the valuation. Assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The fair value hierarchy is defined as follows:

Level 1- Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2- Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Level 3- Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

Impact of Accounting Pronouncements

See Item 8. "Financial Statements and Supplemental Data" - Note 1. "Description of Business and Basis of Presentation" for additional information about the impact of accounting pronouncements.

Subsequent Events

On November 14, 2019, 734 Investors filed a Form 4 and an amendment to Schedule 13D with the SEC disclosing that on November 12, 2019, it distributed all of its shares of Company common stock previously held by it, consisting of 3,173,405 shares, on a pro rata basis, to its members. Prior to such distribution, 734 Investors was the Company's largest shareholder.

On December 5, 2019, the Board of Directors of the Company declared a first quarter of fiscal year 2020 cash dividend of $0.09 per share on its outstanding common stock to be paid to shareholders of record as of December 27, 2019, with payment expected on January 10, 2020.

Compensatory Arrangements of Certain Officers.

On December 2, 2019, the Company entered into a new employment agreement (the “Rallo Employment Agreement”) with Richard Rallo. Mr. Rallo serves as Chief Financial Officer of the Company. The Rallo Employment Agreement provides for an annual base salary of $275,000. Mr. Rallo is eligible for an annual incentive compensation award with an annual target opportunity in an amount equal to 40% of his annual base salary.

The Rallo Employment Agreement also provides that, if Mr. Rallo’s employment is terminated by the Company without “cause” or Mr. Rallo resigns with “good reason” (as each such term is defined in the Rallo Employment Agreement), then, subject to his execution, delivery, and non-revocation of a general release of claims in favor of the Company, Mr. Rallo will be entitled to (i) cash severance in an amount equal to 12 months of the annual base salary, (ii) the Accrued Obligations (as defined in the Rallo Employment Agreement) in a cash lump sum within 30 days after the date of termination, (iii) any rights or payments that are vested benefits or that Mr. Rallo is otherwise entitled to receive at or subsequent to the date of termination under any employee benefit plan or any other contract or agreement with the Company, and (iv) any Annual Bonus (as defined in the Rallo Employment Agreement) that has been earned but not paid as of the date of termination.

The Rallo Employment Agreement includes various restrictive covenants in favor of the Company, including a confidentiality covenant, a non-disparagement covenant, and 12-month post-termination noncompetition and customer and employee non-solicitation covenants.

In addition to his position as Chief Financial Officer, Mr. Rallo retains his position as the Company’s Principal Accounting Officer.

The foregoing description of the Rallo Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Rallo Employment agreement, which is attached hereto as Exhibit 10.37 to this Annual Report on Form 10-K and is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market Risk - Market risk represents the potential loss resulting from adverse changes in the value of financial instruments, either derivative or non-derivative, caused by fluctuations in interest rates, foreign exchange rates, commodity prices, and equity security prices. The Company handles market risks in accordance with its established policies; however, Alico does not enter into derivatives or other financial instruments for trading or speculative purposes. The Company does consider, on occasion, the need to enter into financial instruments to manage and reduce the impact of changes in interest rates; however, the Company entered into no such instruments during the three-year period ended September 30, 2019. The Company held various financial instruments as of September 30, 2019 and 2018, consisting of financial assets and liabilities reported in the Company's Consolidated Balance Sheets and off-balance sheet exposures resulting from letters of credit issued for the benefit of Alico.

Interest Rate Risk - The Company is subject to interest rate risk from the utilization of financial instruments such as term loan debt and other borrowings. The Company's primary long-term obligations are fixed rate debts subject to fair value risk due to interest rate fluctuations. The Company believes that the carrying value of our long-term debt approximates fair value given the stability of market interest rates.

The Company is also subject to interest rate risk on its variable rate debt. A one-percentage-point increase in prevailing interest rates would have increased interest expense on our variable rate debt obligations by approximately $3,475,000 for the fiscal year ended September 30, 2019.

Foreign-Exchange Rate Risk - The Company currently has no exposure to foreign-exchange rate risk because all of its financial transactions are denominated in U.S. dollars.

Commodity Price Risk - The Company has no financial instruments subject to commodity price risk.

Equity Security Price Risk - None of the Company's financial instruments have potential exposure to equity security price risk.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

All schedules are omitted for the reason that they are not applicable or the required information is included in the financial statements or notes.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Alico, Inc.

Opinions on the Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Alico, Inc. and subsidiaries (the Company) as of September 30, 2019 and 2018, and the related consolidated statements of operations, changes in equity and cash flows for each of the three years in the period ended September 30, 2019, and the related notes (collectively, the financial statements). We also have audited the Company's internal control over financial reporting as of September 30, 2019, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2019 and 2018, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 2019, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2019, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP
We have served as the Company's auditor since 2007.
Orlando, Florida
December 5, 2019

ALICO, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	September 30, 2019	September 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,630	$ 25,260
Accounts receivable, net	713	2,544
Inventories	40,143	41,033
Assets held for sale	1,442	1,391
Prepaid expenses and other current assets	1,049	833
Total current assets	61,977	71,061
Restricted cash	5,208	7,000
Property and equipment, net	345,648	340,403
Goodwill	2,246	2,246
Other non-current assets	2,309	2,712
Total assets	$ 417,388	$ 423,422
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,163	$ 3,764
Accrued liabilities	7,769	8,881
Long-term debt, current portion	5,338	5,275
Deferred retirement obligations, current portion	5,226	345
Income taxes payable	5,536	2,320
Other current liabilities	919	891
Total current liabilities	28,951	21,476
Long-term debt:		
Principal amount, net of current portion	158,111	169,074
Less: deferred financing costs, net	(1,369)	(1,563)
Long-term debt less current portion and deferred financing costs, net	156,742	167,511
Lines of credit	—	2,685
Deferred income tax liabilities, net	32,125	25,153
Deferred gain on sale	—	24,928
Deferred retirement obligations	—	4,052
Other liabilities	172	22
Total liabilities	217,990	245,827
Commitments and Contingencies (Note 16)		
Stockholders' equity:		
Preferred stock, no par value, 1,000,000 shares authorized; none issued	—	—
Common stock, $1.00 par value, 15,000,000 shares authorized; 8,416,145 shares issued and 7,476,513 and 8,199,957 shares outstanding at September 30, 2019 and September 30, 2018, respectively	8,416	8,416
Additional paid in capital	19,781	20,126
Treasury stock, at cost, 939,632 and 216,188 shares held at September 30, 2019 and September 30, 2018, respectively	(31,943)	(7,536)
Retained earnings	198,049	151,111
Total Alico stockholders' equity	194,303	172,117
Noncontrolling interest	5,095	5,478
Total stockholders' equity	199,398	177,595
Total liabilities and stockholders' equity	$ 417,388	$ 423,422

See accompanying notes to the consolidated financial statements.

ALICO, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Fiscal Year Ended September 30,		
	2019	**2018**	**2017**
Operating revenues:			
Alico Citrus	$ 119,031	$ 78,121	$ 123,441
Water Resources and Other Operations	3,220	3,160	6,388
Total operating revenues	122,251	81,281	129,829
Operating expenses:			
Alico Citrus	59,594	51,709	111,947
Water Resources and Other Operations	2,297	3,979	8,952
Total operating expenses	61,891	55,688	120,899
Gross profit	60,360	25,593	8,930
General and administrative expenses	15,146	15,058	15,024
Income (loss) from operations	45,214	10,535	(6,094)
Other income (expense):			
Investment and interest income (loss), net	49	39	(148)
Interest expense	(7,180)	(8,561)	(9,141)
Gain on sale of real estate, property and equipment and assets held for sale	13,166	11,041	2,181
Change in fair value of derivatives	(989)	—	—
Other (loss) income, net	(27)	136	(140)
Total other income (expense)	5,019	2,655	(7,248)
Income (loss) before income taxes	50,233	13,190	(13,342)
Income tax provision (benefit)	12,783	390	(3,846)
Net income (loss)	37,450	12,800	(9,496)
Net loss attributable to noncontrolling interests	383	250	45
Net income (loss) attributable to Alico, Inc. common stockholders	$ 37,833	$ 13,050	$ (9,451)
Per share information attributable to Alico, Inc. common stockholders:			
Earnings (loss) per common share:			
Basic	$ 5.06	$ 1.59	$ (1.14)
Diluted	$ 5.05	$ 1.57	$ (1.14)
Weighted-average number of common shares outstanding:			
Basic	7,472	8,232	8,300
Diluted	7,493	8,301	8,300
Cash dividends declared per common share	$ 0.24	$ 0.24	$ 0.24

See accompanying notes to the consolidated financial statements

ALICO, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands)

	Common stock		Additional Paid-In	Treasury	Retained	Total Alico, Inc.	Non-controlling	Total
	Shares	Amount	Capital	Stock	Earnings	Equity	Interest	Equity
Balance at September 30, 2016	8,416	$ 8,416	$ 18,155	$ (4,585)	$ 151,504	$ 173,490	$ 4,773	$ 178,263
Net loss	—	—	—	—	(9,451)	(9,451)	(45)	(9,496)
Dividends	—	—	—	—	(1,987)	(1,987)	—	(1,987)
Treasury stock purchases	—	—	—	(3,064)	—	(3,064)	—	(3,064)
Stock-based compensation:								
Directors	—	—	(374)	1,147	—	773	—	773
Executives	—	—	880	—	—	880	—	880
Other	—	—	33	—	(33)	—	—	—
Balance at September 30, 2017	8,416	8,416	18,694	(6,502)	140,033	160,641	4,728	165,369
Net income (loss)	—	—	—	—	13,050	13,050	(250)	12,800
Dividends	—	—	—	—	(1,972)	(1,972)	—	(1,972)
Treasury stock purchases	—	—	—	(2,215)	—	(2,215)	—	(2,215)
Capital contribution received from noncontrolling interest funding	—	—	—	—	—	—	1,000	1,000
Stock-based compensation:								
Directors	—	—	(322)	1,181	—	859	—	859
Executives	—	—	1,754	—	—	1,754	—	1,754
Balance at September 30, 2018	8,416	8,416	20,126	(7,536)	151,111	172,117	5,478	177,595
Net income (loss)	—	—	—	—	37,833	37,833	(383)	37,450
Dividends	—	—	—	—	(1,792)	(1,792)	—	(1,792)
Treasury stock purchases	—	—	—	(25,576)	—	(25,576)	—	(25,576)
ASC 610-20 adoption	—	—	—	—	10,897	10,897	—	10,897
Stock-based compensation:								
Directors	—	—	(300)	1,169	—	869	—	869
Executives	—	—	778	—	—	778	—	778
Executive forfeiture	—	—	(823)	—	—	(823)	—	(823)
Balance at September 30, 2019	8,416	$ 8,416	$ 19,781	$ (31,943)	$ 198,049	$ 194,303	$ 5,095	$ 199,398

See accompanying notes to the consolidated financial statements

ALICO, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Year Ended September 30,		
	2019	2018	2017
Net cash provided by operating activities:			
Net income (loss)	$ 37,450	$ 12,800	$ (9,496)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Deferred gain on sale of sugarcane land	—	(967)	(538)
Depreciation, depletion and amortization	13,924	13,756	15,226
Loss on breeding herd sales	—	13	337
Deferred income tax expense (benefit)	3,267	(1,955)	(3,948)
Cash surrender value	11	(27)	(15)
Deferred retirement benefits	829	(41)	(102)
Magnolia Fund undistributed loss (earnings)	—	(8)	202
Gain on sale of real estate, property and equipment and assets held for sale	(13,166)	(10,281)	(1,373)
Inventory casualty loss	—	—	13,489
Inventory net realizable value adjustment	808	1,115	1,199
Loss on disposal of property and equipment	—	207	—
Change in fair value of derivatives	989	—	—
Impairment of long-lived assets	396	2,234	9,346
Non-cash interest expense on deferred gain on sugarcane land	—	1,361	1,413
Insurance proceeds received for damage to property and equipment	(486)	(477)	—
Bad debt expense	—	24	312
Stock-based compensation expense	824	2,613	1,653
Changes in operating assets and liabilities:			
Accounts receivable	1,531	1,718	142
Inventories	82	(6,554)	3,724
Prepaid expenses	(211)	177	(604)
Income tax receivable	15	(15)	1,013
Other assets	288	23	(415)
Accounts payable and accrued liabilities	(1,113)	2,987	(2,895)
Income tax payable	3,216	2,320	—
Other liabilities	178	(2,445)	(1,189)
Net cash provided by operating activities	48,832	18,578	27,481
Cash flows from investing activities:			
Purchases of property and equipment	(20,000)	(16,352)	(13,353)
Return on investment in Magnolia Fund	—	25	324
Net proceeds from sale of property and equipment and assets held for sale	14,602	37,969	760
Net proceeds from sale of real estate	—	1,811	2,184
Insurance proceeds received for damage to property and equipment	486	477	—
Change in deposits on purchase of citrus trees	(108)	(431)	748
Advances on notes receivables, net	60	(575)	—

Net cash (used in) provided by investing activities	(4,960)	22,924	(9,337)
Cash flows from financing activities:			
Repayments on revolving lines of credit	(89,231)	(25,600)	(70,770)
Borrowings on revolving lines of credit	86,546	28,285	65,770
Principal payments on term loans	(10,900)	(12,127)	(10,743)
Treasury stock purchases	(25,576)	(2,215)	(3,064)
Payment on termination of sugarcane agreement	(11,300)	—	—
Dividends paid	(1,833)	(1,972)	(1,987)
Capital contribution received from noncontrolling interest	—	1,000	—
Capital lease obligation payments	—	(8)	(580)
Net cash used in financing activities	(52,294)	(12,637)	(21,374)
Net (decrease) increase in cash and cash equivalents and restricted cash	(8,422)	28,865	(3,230)
Cash and cash equivalents and restricted cash at beginning of the period	32,260	3,395	6,625
Cash and cash equivalents and restricted cash at end of the period	$ 23,838	$ 32,260	$ 3,395
Supplemental disclosure of cash flow information:			
Cash paid for interest; net of amount capitalized	$ 6,940	$ 6,721	$ 7,240
Cash paid (refunded) for income taxes	$ 6,285	$ 25	$ (911)
Supplemental disclosure of non-cash investing and financing activities:			
Dividend declared but unpaid	$ 449	$ 492	$ 494

See accompanying notes to the consolidated financial statements.

Note 1. Description of Business and Basis of Presentation

Description of Business

Alico, Inc., together with its subsidiaries (collectively, “Alico”, the “Company", "we", "us" or "our”), is a Florida agribusiness and land management company owning approximately 111,000 acres of land throughout Florida, including approximately 90,000 acres of mineral rights. The Company manages its land based upon its primary usage, and reviews its performance based upon two primary classifications: (i) Alico Citrus and (ii) Water Resources and Other Operations. Financial results are presented based upon its two business segments (Alico Citrus and Water Resources and Other Operations).

Basis of Presentation

The Company has prepared the accompanying financial statements on a consolidated basis. These accompanying Consolidated Financial Statements, which are referred to herein as the “Financial Statements”, have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America (“U.S. GAAP”) and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”). All significant intercompany transactions and account balances between the consolidated businesses have been eliminated.

Segments

Operating segments are defined in the criteria established under the Financial Accounting Standards Board - Accounting Standards Codification (“FASB ASC”) Topic 280 as components of public entities that engage in business activities from which they may earn revenues and incur expenses for which separate financial information is available and which is evaluated regularly by the Company’s chief operating decision maker (“CODM”) in deciding how to assess performance and allocate resources. The Company’s CODM assesses performance and allocates resources based on two operating segments: (i) Alico Citrus and (ii) Water Resources and Other Operations.

Principles of Consolidation

The Financial Statements include the accounts of Alico and the accounts of all the subsidiaries in which a controlling interest is held by the Company. Under U.S. GAAP, consolidation is generally required for investments of more than 50% of the outstanding voting stock of an investee, except when control is not held by the majority owner. The Company’s subsidiaries include: Alico Land Development, Inc., Alico-Agri, Ltd., Alico Plant World, LLC, Alico Fruit Company, LLC, Alico Citrus Nursery, LLC, Alico Chemical Sales, LLC, 734 Citrus Holdings, LLC and subsidiaries, Alico Fresh Fruit, LLC, Alico Skink Mitigation, LLC and Citree Holdings 1, LLC (“Citree”). The Company considers the criteria established under FASB ASC Topic 810, “Consolidations” in its consolidation process. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as of the date of the accompanying Financial Statements, the disclosure of contingent assets and liabilities in the Financial Statements and the accompanying Notes, and the reported amounts of revenues and expenses and cash flows during the periods presented. Actual results could differ from those estimates. The Company evaluates estimates on an ongoing basis. The estimates are based on current and expected economic conditions, historical experience, the experience and judgment of the Company’s management and various other specific assumptions that the Company believes to be reasonable.

Noncontrolling Interest in Consolidated Subsidiary

The Financial Statements include all assets and liabilities of the less-than-100%-owned subsidiary the Company controls, Citree. Accordingly, the Company has recorded a noncontrolling interest in the equity of such entity. Citree had net losses of approximately $781,783, $511,854 and $91,432 for the fiscal years ended September 30, 2019, 2018 and 2017, respectively, of which $398,709, $261,046 and $46,630 was attributable to the Company for the fiscal years ended September 30, 2019, 2018, and 2017, respectively.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *"Leases (Topic 842)."* This guidance will require entities that enter into leases as a lessee to recognize right-of-use assets and lease liabilities for those leases classified as operating leases under previous U.S. GAAP. The accounting applied by a lessor is largely unchanged from that applied under previous U.S. GAAP. The Company anticipates recording a Right of Use Asset ("ROU") and related liability of approximately $511,000 upon the adoption of the new standard on October 1, 2019. Additionally, the Company will record an impairment to the ROU for approximately$87,000. Topic 842 becomes effective for Alico beginning October 1, 2019.

In January 2017, the FASB issued ASU 2017-04, *"Intangibles-Goodwill and Other"* (Topic 350), which simplifies the accounting for goodwill impairment. The updated guidance eliminates Step 2 of the impairment test, which requires entities to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value, determined in Step 1. This guidance will become effective for us in the fiscal years beginning after December 15, 2019, including interim periods within those reporting periods. We will adopt this guidance using a prospective approach. Earlier adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not expect the adoption of ASU 2017-04 will have a material impact on its consolidated financial statements and will adopt the standard effective October 1, 2020.

In August 2018, the FASB issued ASU 2018-13, *"Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurements"* (*"*ASU 2018-13*"*), which aims to improve the overall usefulness of disclosures to financial statement users and reduce unnecessary costs to companies when preparing fair value measurement disclosures. ASU 2018-13 is effective for annual and interim periods in the fiscal years beginning after December 15, 2019. Early adoption is permitted. Retrospective adoption is required, except for certain disclosures, which will be required to be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. The Company does not expect the adoption of ASU 2018-13 will have a material impact on its consolidated financial statements and will adopt the standard effective October 1, 2020.

In November 2018, the FASB issued ASU 2018-19, *"Codification Improvements to Topic 326, Financial Instruments-Credit Losses."* ASU 2018-19 clarifies that receivables arising from operating leases are not within the scope of Subtopic 326-20. Instead, impairment of receivables arising from operating leases should be accounted for in accordance with Leases (Topic 842). The standard is effective for us on October 1, 2020, with early adoption permitted. The Company does not expect the adoption of ASU 2018-19 to have a material impact on the unaudited consolidated financial statements of the Company. Information regarding the adoption of ASU 2016-02 is described above.

The Company has reviewed other recently issued accounting standards which have not yet been adopted in order to determine their potential effect, if any, on the results of operations or financial condition. Based on the review of these other recently issued standards, the Company does not currently believe that any of those accounting pronouncements will have a significant effect on its current or future financial position, results of operations, cash flows or disclosures.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *"Revenue from Contracts with Customers"*, and subsequently issued several supplemental and/or clarifying ASU's (collectively, "ASC 606"), which prescribes a comprehensive new revenue recognition standard that supersedes previously existing revenue recognition guidance. The new model provides a five-step analysis in determining when and how revenue is recognized. The core principle of the new guidance is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also requires new, expanded disclosures regarding revenue recognition. The standard allows initial application to be performed retrospectively to each period presented or as a modified retrospective adjustment as of the date of adoption. ASC 606, also provides for certain practical expedients, including the option to expense as incurred the incremental costs of obtaining a contract, if the contract period is for one year or less, and policy elections regarding shipping and handling that provides the option to account for shipping and handling costs as contract fulfillment costs. The Company adopted ASC 606 effective October 1, 2018, the first day of our 2019 fiscal year, using the modified retrospective method. The implementation of ASC 606 did not require an adjustment to the opening balance of retained earnings as of October 1, 2018 (see Note 2. "Revenue Recognition").

In February 2017, the FASB issued ASU 2017-05, *"Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets"* (ASC 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets. This standard clarifies the scope and application of ASC 610-20 on the sale, transfer, and derecognition of nonfinancial assets and in substance nonfinancial assets to non-customers, including partial sales. It also provides guidance on how gains and losses on transfers of nonfinancial assets and in substance nonfinancial assets to non-customers are recognized. The standard also clarifies the derecognition of businesses is under the scope of ASC 810. The standard was required to be adopted concurrently with ASC 606, however an entity did not have to apply the same transition method as ASC 606. The Company adopted ASC 610-20 (“ASC 610-20”) effective October 1, 2018, the first day of our 2019 fiscal year, using the modified retrospective method. The implementation of ASC 610-20 resulted in an adjustment to increase the opening balance of retained earnings by $10,897,000, net of taxes, as of October 1, 2018 (see Note 8. “Deferred Gain on Sale”). As a result of the ASU, guidance specific to real estate sales in ASC 360-20 will be eliminated. As such, sales and partial sales of real estate assets will now be subject to the same derecognition model as all other nonfinancial assets.

The ASU will also impact the accounting for partial sales of nonfinancial assets (including in substance real estate). When an entity transfers its controlling interest in a nonfinancial asset, but retains a noncontrolling ownership interest, the entity will measure the retained interest at fair value. This will result in full gain/loss recognition upon the sale of a controlling interest in a nonfinancial asset. Current guidance generally prohibits gain recognition on the retained interest.

The ASU was effective for fiscal years beginning after December 15, 2017, and interim periods within those years and thus was effective for the Company for our fiscal year beginning October 1, 2018. The ASU will be applied prospectively to any transaction occurring from the date of adoption. The Company adopted ASU 360-20 effective October 1, 2018. The new guidance did not have a material impact on our consolidated financial statements as it relates to the deferred gain on the sale of the Company’s sugarcane lands (see Note 8. “Deferred Gain on Sale”).

In May 2017, the FASB issued ASU 2017-09, *“Compensation-Stock Compensation”* (Topic 718) which clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. ASU 2017-09 will reduce diversity in practice and result in fewer changes to the terms of an award being accounted for as modifications. Under ASU 2017-09, an entity will not apply modification accounting to a share-based payment award if the award's fair value, vesting conditions and classification as an equity or liability instrument are the same immediately before and after the change. ASU 2017-09 will be applied prospectively to awards modified on or after the adoption date. The guidance was effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017 and thus was effective for the Company for our fiscal year beginning October 1, 2018. The Company adopted ASU 2017-09 effective October 1, 2018. The new guidance did not have a material impact on our consolidated financial statements

In May 2017, the FASB issued ASU 2016-18, *“Statement of Cash Flows (Topic 230): Restricted Cash”* which clarifies the diversity in the classification and presentation of changes in restricted cash on the statement of cash flows under Topic 230, Statement of Cash Flows. Under ASU 2016-18, an entity will be required within the statement of cash flows to explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The Company adopted ASU 2016-18 effective September 30, 2018 and has properly presented restricted cash within the statement of cash flows. The guidance is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017 and thus is effective for the Company for our fiscal year beginning October 1, 2018. Early adoption is permitted and the Company, as such, has adopted this guidance as of October 1, 2017.

In August 2016, the FASB issued ASU 2016-15, *“Statement of Cash Flows (Topic 230).”* This ASU will provide guidance on the presentation and classification of specific cash flow items to improve consistency within the statement of cash flows. This ASU is effective for the Company for our fiscal year beginning October 1, 2019 with early adoption permitted. The Company adopted ASU 2016-15 effective September 30, 2019 and the impact under this ASU is that the Company reported certain proceeds from insurance claims relating to property and equipment in the statement of cash flows as investing activities in the Consolidated Statement of Cash Flows.

Reclassifications

Certain prior year amounts have been reclassified in the accompanying Financial Statements for consistent presentation to the current period. These reclassifications had no impact on net income, equity, cash flows or working capital as previously reported.

Seasonality

The Company is primarily engaged in the production of fruit for sale to citrus markets, which is of a seasonal nature, and subject to the influence of natural phenomena and wide price fluctuations. Historically, the second and third quarters of Alico's fiscal year produce the majority of the Company's annual revenue. Working capital requirements are typically greater in the first and fourth quarters of the fiscal year, coinciding with harvesting cycles. Because of the seasonality of the business, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year.

Note 2. Summary of Significant Accounting Policies

Revenue Recognition

Revenues are derived from the sale of processed fruit, fresh fruit, other citrus revenue, leasing revenue and other water and resource revenues. The majority of the revenue is generated from the sale of citrus fruit to processing facilities and fresh fruit sales. The Company recognizes revenue at the amount it expects to be entitled to be paid, determined when control of the products or services is transferred to its customers, which occurs upon delivery of and acceptance of the fruit by the customer and the Company has a right to payment.

The Company has identified one performance obligation as the delivery of fruit to the processing facility (or harvesting of the citrus in the case of fresh fruit) of the customer for each separate variety of fruit identified in the contract. The Company initially recognizes revenue in an amount which is estimated based on contractual and market prices, if such market price falls within the range (known as “floor” and “ceiling” prices) identified in the specific contracts. Additionally, the Company also has a contractual agreement whereby revenue is determined based on applying a cost-plus structure methodology. As such, since these contracts contain elements of variable consideration, the Company recognizes this variable consideration by using the expected value method. On a quarterly basis, management reviews the reasonableness of the revenues accrued based on buyers’ and processors’ advances to growers, cash and futures markets and experience in the industry. Adjustments are made throughout the year to these estimates as more current relevant industry information becomes available. Differences between the estimates and the final realization of revenues at the close of the harvesting season can result in either an increase or decrease to reported revenues. During the periods presented, no material adjustments were made to the reported citrus revenues.

Receivables under contracts, whereby pricing is based on contractual and market prices, are primarily paid at the floor amount and are collected within seven days after the harvest week. Any adjustments to pricing as a result of changes in market prices are collected or paid thirty to sixty days after final market pricing is published. Receivables under contracts, whereby pricing is based off a cost-plus structure methodology, are paid at the final prior year rate. Any adjustments to pricing as a result of the cost-plus calculation are collected or paid upon finalization of the calculation and agreement by both parties. As of September 30, 2019, and 2018, the Company had total receivables relating to sales of citrus of $160,000 and $1,912,000, respectively, recorded in Accounts Receivable, net, in the Condensed Consolidated Balance Sheets.

Disaggregated Revenue

Revenues disaggregated by significant products and services for the fiscal years endedSeptember 30, 2019, 2018 and 2017 are as follows:

(in thousands)	Fiscal Year Ended September 30,		
	2019	2018	2017
Alico Citrus			
Early and Mid-Season	$ 39,574	$ 24,309	$ 45,999
Valencias	73,480	48,865	67,146
Fresh Fruit	3,629	2,054	5,735
Other	2,348	2,893	4,561
Total	$ 119,031	$ 78,121	$ 123,441
Water Resources and Other Operations			
Land and other leasing	$ 2,787	$ 2,595	$ 2,294
Sale of calves and culls	—	57	3,732
Other	433	508	362
Total	$ 3,220	$ 3,160	$ 6,388
Total Revenues	$ 122,251	$ 81,281	$ 129,829

During the time that Alico was engaged in the business of raising and selling cattle, Alico recognized revenues from cattle sales at the time the cattle were delivered.

Alico Fruit Company, LLC ("AFC") operations primarily consist of providing supply chain management services to Alico, as well as to other citrus growers and processors in the state of Florida. AFC also purchases and resells citrus fruit; in these transactions, AFC (i) acts as a principal; (ii) takes title to the products; and (iii) has the risks and rewards of ownership, including the risk of loss for collection, delivery or returns. Therefore, AFC recognizes revenues based on the gross amounts due from customers for its marketing activities. Supply chain management services revenues are recognized when the services are performed.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short term and immediate nature of these financial instruments. The carrying amounts of our debt approximates fair value as the debt is with commercial lenders at interest rates that vary with market conditions or have fixed rates that approximate market rates for obligations with similar terms and maturities (see Note 9. "Fair Value Measurements").

Cash and Cash Equivalents

The Company considers cash in banks and highly liquid instruments with an original maturity of three months or less to be cash and cash equivalents. At various times throughout the fiscal year, and as of September 30, 2019, some accounts held at financial institutions were in excess of the federally insured limit of $250,000. The Company has not experienced any losses on these accounts and believes credit risk to be minimal.

Restricted Cash

Restricted cash is comprised of cash received from the sale of certain assets in which the use of funds is restricted. For certain sales transactions, the Company sells property which serves as collateral for specific debt obligations. As a result, the sale proceeds can only be used to purchase like-kind citrus groves acceptable to the debt holder or to pay down existing debt obligations. During fiscal year ended September 30, 2019, the Company utilized restricted cash of $1,800,000 towards the purchase of citrus groves. Such purchases are included as part of the collateral under certain debt obligations. If the remaining restricted cash is not used as of September 30, 2020, it will be used to pay down principal on Company debt. Based on the contractual uses of restricted cash, these amounts have been classified as non-current.

Accounts receivable

Accounts receivable from customers are generated from revenues based on the sale of citrus, leasing and other transactions. The Company grants credit in the course of its operations to third party customers. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. The Company provides an allowance for doubtful accounts for amounts which are not probable of collection. The estimate, evaluated quarterly by the Company, is based on historical collection experience, current macroeconomic climate and market conditions and a review of the current status of each customer's account. Changes in the financial viability of significant customers and worsening of economic conditions may require changes to its estimate of the recoverability of the receivables. Such changes in estimates are recorded in the period in which these changes become known. The bad debt expense is included in general and administrative expenses in the Consolidated Statements of Operations.

The following table presents accounts receivable, net as of September 30, 2019 and 2018:

(in thousands)	**September 30,**	
	2019	**2018**
Accounts receivable	$ 746	$ 2,577
Allowance for doubtful accounts	(33)	(33)
Accounts receivable, net	$ 713	$ 2,544

Concentrations

Accounts receivable from the Company's major customer as of September 30, 2019 and 2018 and revenue from such customers for the fiscal years ended September 30, 2019, 2018 and 2017, are as follows:

(in thousands)	Accounts Receivable		Revenue			% of Total Revenue		
	2019	**2018**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Tropicana	$ —	$ 1,797	$ 108,318	$ 70,396	$ 111,197	88.6%	86.6%	85.6%

The citrus industry is subject to various factors over which growers have limited or no control, including weather conditions, disease, pestilence, water supply and market price fluctuations. Market prices are highly sensitive to aggregate domestic and foreign crop sizes, as well as factors including, but not limited to, weather and competition from foreign countries.

Real Estate

In recognizing revenues from land sales, the Company applies specific revenue recognition criteria, in accordance with U.S. GAAP, to determine when land sales revenues can be recorded. For example, in order to fully recognize a gain resulting from a real estate transaction, the sale must be consummated with a sufficient down payment of at least 20% to 25% of the sales price depending upon the type and timeframe for development of the property sold and any receivable from the sale cannot be subject to future subordination. In addition, the seller cannot retain any material continuing involvement in the property sold. When these criteria are not met, the Company recognizes a gain proportionate to collections utilizing either the installment method or deposit method as appropriate.

Inventories

The costs of growing crops, including but not limited to labor, fertilization, fuel, crop nutrition, irrigation and depreciation, are capitalized into inventory throughout the respective crop year. Such costs are expensed as cost of sales when the crops are harvested and are recorded as operating expenses in the Consolidated Statements of Operations. Inventories are stated at the lower of cost or net realizable value. The cost for unharvested citrus crops is based on accumulated production costs incurred during the period from January 1 through the balance sheet date.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation, depletion and amortization. Major improvements are capitalized while expenditures for maintenance and repairs are expensed when incurred. Costs related to the development of citrus groves through planting of trees are capitalized. Such costs include land clearing, excavation and construction of ditches, dikes, roads, and reservoirs, among other costs. After the planting, caretaking costs or pre-productive maintenance costs are capitalized for 4 years. After 4 years, a planting is considered to have reached maturity and the accumulated costs are depreciated over25 years, except for land clearing and excavation, which are considered costs of land and not depreciated.

Real estate costs incurred for the acquisition, development and construction of real estate projects are capitalized.

Depreciation is provided on a straight-line basis over the estimated useful lives of the depreciable assets, with the exception of leasehold improvements and assets acquired through capital leases, which are depreciated over their estimated useful lives if the lease transfers ownership or contains a bargain purchase option, otherwise the term of the lease.

The estimated useful lives for property and equipment are primarily as follows:

Citrus trees	25 years
Equipment and other facilities	3-20 years
Buildings and improvements	25-39 years

Changes in circumstances, such as technological advances or changes to our business model or capital strategy could result in the actual useful lives differing from the original estimates. In those cases where the Company determines that the useful life of property and equipment should be shortened, Alico depreciates the asset over its revised estimated remaining useful life, thereby increasing depreciation expense (see Note 5. "Property and Equipment, Net").

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. The Company records impairment losses on long-lived assets used in operations, or asset group, when events and circumstances indicate that the assets might be impaired and the estimated cash flows (undiscounted and without interest charges) to be generated by those assets or asset group over the remaining lives of the assets or asset group are less than the carrying amounts of those assets. In calculating impairments and the estimated cash flows, the Company assigns its asset groups by determining the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of the other Company assets. The net carrying values of assets or asset group not recoverable are reduced to their fair values. Alico's cash flow estimates are based on historical results adjusted to reflect best estimates of future market conditions and operating conditions. For fiscal years ended September 30, 2019, 2018 and 2017, the Company recorded impairments to its long-lived assets (see Note 5. “Property and Equipment, Net”). As of September 30, 2019, 2018 and 2017, long-lived assets were comprised of property and equipment.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price of acquired businesses over the fair value of the assets acquired less liabilities assumed in connection with such acquisition. In accordance with the provisions of ASC 350, Intangibles-Goodwill and Other, goodwill and intangible assets with indefinite useful lives acquired in an acquisition are not amortized, but instead are tested for impairment at least annually, on the same date, or more frequently should an event occur or circumstances indicate that the carrying amount may be impaired. Such events or circumstances may be a significant change in business climate, economic and industry trends, legal factors, negative operating performance indicators, significant competition, changes in strategy or disposition of a reporting unit or a portion thereof.

In the evaluation of goodwill for impairment, Alico has the option to perform a qualitative assessment to determine whether further impairment testing is necessary or to perform a quantitative assessment by comparing the fair value of a reporting unit to its carrying amount, including goodwill. Under the qualitative assessment, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. If, under the quantitative assessment, the fair value of a reporting unit is less than it's carrying amount, then the amount of the impairment loss, if any, must be measured under step two of the impairment analysis. In step two of the analysis, Alico would record an impairment loss equal to the excess of the carrying value of the reporting unit’s goodwill over its implied fair value, should such a circumstance arise. As of September 30, 2019 and 2018, no impairment was required.

Other Non-Current Assets

Other non-current assets primarily include investments owned in agricultural cooperatives, cash surrender value on life insurance, and deposits on the purchase of citrus trees. Investments in stock related to agricultural cooperatives are carried at cost.

Income Taxes

The Company uses the asset and liability method of accounting for deferred income taxes. The provision for income taxes includes income taxes currently payable and those deferred as a result of temporary differences between the financial statements and the income tax basis of assets and liabilities. Deferred income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in income tax rates on deferred income tax assets and liabilities is recognized in income or loss in the period that includes the enactment date. A valuation allowance is provided to reduce deferred tax assets to the amount of future tax benefit when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Projected future taxable income and ongoing tax planning strategies are considered and evaluated when assessing the need for a valuation allowance. Any increase or decrease in a valuation allowance could have a material adverse or beneficial impact on the Company’s income tax provision and net income or loss in the period the determination is made. For the fiscal years ended September 30, 2019, 2018 and 2017, the Company recorded valuation allowances of $0, $5,634,000 and $581,000, respectively, relating to the unutilized capital loss carryforwards which expired. The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which a change in judgment occurs. The Company records interest related to unrecognized tax benefits in income tax expense.

Earnings per Share

Basic earnings per share for our common stock is calculated by dividing net income attributable to Alico common stockholders by the weighted average number of shares of common stock outstanding for the period. Diluted earnings per common share is similarly calculated, except that the calculation includes the dilutive effect of the assumed issuance of shares of common stock issuable under equity-based compensation plans in accordance with the treasury stock method, or any other type of securities convertible into common stock, except where the inclusion of such common shares would have an anti-dilutive effect.

The following table presents a reconciliation of basic to diluted weighted average common shares outstanding for fiscal years ended September 30, 2019, 2018 and 2017:

(in thousands)	Fiscal Year Ended September 30,		
	2019	2018	2017
Weighted Average Common Shares Outstanding - Basic	7,472	8,232	8,300
Effect of dilutive securities - stock options and unrestricted stock	21	69	—
Weighted Average Common Shares Outstanding - Diluted	7,493	8,301	8,300

For the fiscal years ended September 30, 2019, 2018 and 2017, the Company issued10,000, 300,000 and 750,000, respectively, stock options to certain executives of the Company. Non-vested restricted shares of common stock entitle the holder to receive non-forfeitable dividends upon issuance and are included in the calculation of diluted earnings per common share. For the fiscal year ended September 30, 2017, the Company had stock options that were excluded from the diluted earnings per share because they were anti-dilutive.

Stock-Based Compensation

Stock-based compensation is measured based on the fair value of the equity award at the grant date and is typically expensed on a straight-line basis over the vesting period. Upon the vesting of restricted stock, the Company issues common stock from common shares held in treasury.

Total stock-based compensation expense for the three years ended September 30, 2019 in general and administrative expense was as follows:

(in thousands)	Fiscal Year Ended September 30,		
	2019	2018	2017
Stock compensation expense:			
Executives	$ 778	$ 1,754	$ 880
Executive forfeitures	(823)	—	—
Board of Directors	869	859	773
Total stock compensation expense	$ 824	$ 2,613	$ 1,653

Note 3. Inventories

Inventories consist of the following at September 30, 2019 and 2018:

(in thousands)	September 30,	
	2019	2018
Unharvested fruit crop on the trees	$ 39,276	$ 39,888
Other	867	1,145
Total inventories	$ 40,143	$ 41,033

The Company records its inventory at the lower of cost or net realizable value. For the fiscal years ended September 30, 2019 and 2018, the Company recorded adjustments to reduce inventory to net realizable value of approximately $808,000 and $1,115,000 respectively. These adjustments to inventory are included in operating expenses in the Consolidated Statements of Operations.

In September 2017, the State of Florida's citrus business, including the Company's unharvested citrus crop, was significantly impacted by Hurricane Irma. The impact of Hurricane Irma resulted in the premature drop of unharvested fruit and damage to citrus trees, which will impact fruit production until such time as the citrus trees recover, potentially through the 2018/2019 harvest season. The Company undertook a process to estimate the amount of inventory casualty loss as of the date of Hurricane Irma. Such process included a number of factors including: (1) touring all of the citrus groves by operational personnel to assess the estimated fruit drop by grove and the impact of damage to the citrus trees; (2) consideration of independent estimates of the reduced citrus production for the State of Florida; and (3) an estimate of fruit the Company expects to produce for the 2017/2018 harvest season after Hurricane Irma. As a result, the Company recorded a casualty loss to reduce the carrying value of unharvested fruit crop on trees inventory by approximately $13,489,000.

During the fiscal year ended September 30, 2019, the Company received insurance proceeds relating to Hurricane Irma of approximately $486,000 in additional property and casualty claims reimbursement. There are no further property and casualty or crop insurance claims pending relating to Hurricane Irma. During the fiscal year ended September 30, 2018, the Company received insurance proceeds relating to Hurricane Irma of approximately $477,000 for property and casualty damage claims and approximately $8,952,000 for crop claims. These insurance proceeds are included as a reduction to operating expenses in the Consolidated Statements of Operations.

The Company is eligible for Hurricane Irma federal relief programs for block grants that are being administered through the State of Florida. During the fourth quarter of fiscal year 2019 and for the fiscal year ended September 30, 2019, the Company received approximately $15,597,000 under the Florida Citrus Recovery Block Grant ("CRBG") program. This represents the Part 1 and a portion of the Part 2 reimbursement under the three-part program. The timing and amount to be received under the remaining portion of the Part 2 and the Part 3 of the program has not been finalized. These federal relief proceeds are included as a reduction to operating expenses in the Consolidated Statements of Operations.

On November 7, 2019 and November 18, 2019, the Company received additional proceeds of approximately $163,800 and approximately $3,973,000, respectively, under the Florida CRBG program. This represents another portion of the Part 2 reimbursement under the three-part program.

Note 4. Assets Held for Sale

In accordance with its strategy to dispose of non-core and under-performing assets, the following assets have been classified as assets held for sale as of September 30, 2019 and September 30, 2018:

(in thousands)	Carrying Value	
	Fiscal Year Ended September 30,	
	2019	2018
East Ranch	$ 1,442	$ 759
Trailers	—	456
Frostproof Parcels	—	176
Total Assets Held For Sale	$ 1,442	$ 1,391

During the fiscal year ended September 30, 2019, the Company sold certain trailers for approximately $47,000, and reclassified the remaining Assets Held for Sale to property and equipment, as management has determined not to offer for sale the remaining trailers.

On October 30, 2018, the Company sold certain parcels at Frostproof for approximately $206,000 and realized a gain of approximately $12,000.

On May 2, 2018, the Company sold its Gal Hog property for approximately $7,300,000 and recognized a gain of approximately $6,709,000.

On February 12, 2018, the Company sold its property at Chancey Bay for approximately $4,200,000 and realized a loss of approximately $51,000. As part of the transaction, the Company agreed to pay the purchaser rent of $200,000 in exchange for Alico retaining the rights of harvesting and selling of the fruit in the 2017/2018 harvest season.

On February 9, 2018, the Company sold its nursery located in Gainesville for approximately $6,500,000 and realized a gain of approximately $111,000.

On January 25, 2018, the Company sold its breeding herd to a third party for approximately $7,800,000 and realized a gain of approximately $1,759,000. As part of this transaction, the purchaser is also leasing grazing and other rights on the Ranch from the Company at a rate of $100,000 per month. Upon the sale of a parcel within the East Ranch, the lease rate was adjusted to $98,750 per month.

On January 19, 2018, the Company sold certain trailers to a third party for $500,000. The Company received $125,000 and the remaining portion is to be paid in accordance with a promissory note, which bears interest at 5%, over three years.

On October 30, 2017, the Company sold its corporate office building in Fort Myers, Florida for $5,300,000 and realized a gain of approximately $1,751,000. The sales agreement provides that the Company lease back a portion of the office space for five years. Such lease is classified as an operating lease.

The Company recorded an impairment loss of approximately $152,000 and $150,000 for the fiscal years ended September 30, 2019 and 2018, respectively. These impairments are included in operating expenses on the Consolidated Statements of Operations.

The Company has used a portion of the proceeds to pay down debt (see Note 6. "Long-Term Debt and Lines of Credit") and repurchase common shares and plans to use the remaining cash proceeds from the sale of these assets to pay down debt and to fund future working capital requirements and other corporate purposes.

Note 5. Property and Equipment, Net

Property and equipment, net consists of the following at September 30, 2019 and September 30, 2018:

(in thousands)	September 30,	
	2019	2018
Citrus trees	$ 281,149	$ 264,714
Equipment and other facilities	54,622	53,544
Buildings and improvements	8,224	8,052
Total depreciable properties	343,995	326,310
Less: accumulated depreciation and depletion	(104,169)	(91,858)
Net depreciable properties	239,826	234,452
Land and land improvements	105,822	105,951
Property and equipment, net	$ 345,648	$ 340,403

During the fiscal year ended September 30, 2019, the Company purchased 203 acres of citrus blocks for approximately $1,950,000. These purchases were made from grove owners from within the Company's existing grove locations. In April 2019, the lender, PGIM Real Estate Finance, LLC ("Prudential"), agreed to accept those purchases completed through April 2019 as substitute collateral and release $1,800,000 from restricted cash, which was completed in the fourth quarter of fiscal year 2019. Subsequent to April 2019, there were two additional purchases of Citrus blocks for approximately $100,000 that are not included as part of the substitution collateral.

On September 27, 2019, the Company sold approximately 5,500 acres from its West Ranch for approximately $14,775,000 and realized a gain on sale of approximately $13,033,000. Upon the sale of these acres, the lease rate pertaining to the grazing and other rights was adjusted from $98,750 to $80,000 per month, as this space was previously being leased to a third party.

On September 29, 2018, the Company sold its property at Island Pond for $7,900,000. As Island Pond was collateralized under one of the Company's loan documents, $7,000,000 of the proceeds was restricted in use.

On September 28, 2018, The Company sold a parcel within the East Ranch for approximately $1,920,000 and realized a gain of approximately $1,759,000.

On March 30, 2018, the Company sold property located on its Winterhaven location for approximately $225,000 and recognized a loss of approximately $50,000.

On March 15, 2018, the Company sold certain parcels comprised of citrus trees and land located on its Ranch One grove for approximately $586,000 and recognized a loss of approximately $87,000.

On February 2, 2017, the Company sold 49 acres of land and facilities in Hendry County, Florida, to its former tenant for $2,200,000, resulting in a gain of approximately $1,371,000.

During fiscal year ended September 30, 2019, the Company recorded impairments approximately $244,000 relating to the loss of citrus trees. During the fiscal year ended September 30, 2018, the Company recorded impairments aggregating to approximately $2,084,000, which consisted of $1,032,000 relating to Island Pond and $1,052,000 relating to certain citrus trees damaged by Hurricane Irma and from other natural attrition.

Note 6. Long-Term Debt and Lines of Credit

The following table summarizes long-term debt and related deferred financing costs, net of accumulated amortization atSeptember 30, 2019 and September 30, 2018:

	September 30, 2019		September 30, 2018	
(in thousands)	**Principal**	**Deferred Financing Costs, Net**	**Principal**	**Deferred Financing Costs, Net**
Long-term debt, net of current portion:				
Met Fixed-Rate Term Loans	$ 89,688	$ 724	$ 95,938	$ 836
Met Variable-Rate Term Loans	43,844	334	46,719	385
Met Citree Term Loan	4,750	40	4,925	44
Pru Loans A & B	16,257	224	17,417	241
Pru Loan E	4,455	9	4,675	17
Pru Loan F	4,455	38	4,675	40
	163,449	1,369	174,349	1,563
Less current portion	5,338	—	5,275	—
Long-term debt	$ 158,111	$ 1,369	$ 169,074	$ 1,563

The following table summarizes lines of credit and related deferred financing costs, net of accumulated amortization atSeptember 30, 2019 and September 30, 2018:

	September 30, 2019		September 30, 2018	
(in thousands)	**Principal**	**Deferred Financing Costs, Net**	**Principal**	**Deferred Financing Costs, Net**
Lines of Credit:				
RLOC	$ —	$ 8	$ —	$ 58
WCLC	—	—	2,685	78
Lines of Credit	$ —	$ 8	$ 2,685	$ 136

Future maturities of long-term debt as ofSeptember 30, 2019 are as follows:

(in thousands)

Due within one year	$ 5,338
Due between one and two years	14,990
Due between two and three years	10,755
Due between three and four years	10,755
Due between four and five years	10,755
Due beyond five years	110,856
Total future maturities	$ 163,449

Interest costs expensed and capitalized were as follows:

(in thousands)	Fiscal Year Ended September 30,		
	2019	2018	2017
Interest expense	$ 7,180	$ 8,561	$ 9,141
Interest capitalized	1,019	933	294
Total	$ 8,199	$ 9,494	$ 9,435

Debt

The Company's credit facilities consist of $125,000,000 in fixed interest rate term loans ("Met Fixed-Rate Term Loans"), $57,500,000 in variable interest rate term loans ("Met Variable-Rate Term Loans"), a $25,000,000 revolving line of credit ("RLOC") with Metropolitan Life Insurance Company and New England Life Insurance Company (collectively "Met"), and a $70,000,000 working capital line of credit ("WCLC") with Rabo Agrifinance, Inc. ("Rabo").

The term loans and RLOC are secured by real property. The security for the term loans and RLOC consists of approximately 38,200 gross acres of citrus groves and 5,800 gross acres of Ranch land. The WCLC is collateralized by the Company's current assets and certain other personal property owned by the Company.

The term loans, collectively, are subject to quarterly principal payments of $2,281,250, and mature November 1, 2029. The Met Fixed-Rate Term Loans bear interest at 4.15% per annum, and the Met Variable-Rate Term Loans bear interest at a rate equal to 90 day LIBOR plus 165 basis points (the "LIBOR spread"). The LIBOR spread is subject to adjustment by Met beginning May 1, 2017 and is subject to further adjustment every two years thereafter until maturity. No adjustment was made at May 1, 2019. Interest on the term loans is payable quarterly. The interest rates on the Met Variable-Rate Term Loans were 3.91% per annum and 3.99% per annum as of September 30, 2019 and September 30, 2018, respectively.

The Company may prepay up to $8,750,000 of the Met Fixed-Rate Term Loan principal annually without penalty, and any such prepayments may be applied to reduce subsequent mandatory principal payments. The maximum annual prepayment was made for calendar year 2015. During the first and second quarter of fiscal year 2018, the Company elected not to make its principal payment and utilized a portion of its 2015 prepayment to satisfy its principal payment requirements for such quarters. At September 30, 2019, the Company had $5,625,000 remaining available from its 2015 prepayment to reduce future mandatory principal payments should the Company elect to do so. The Met Variable-Rate Term Loans may be prepaid without penalty.

The RLOC bears interest at a floating rate equal to 90 day LIBOR plus 165 basis points, payable quarterly. The LIBOR spread was adjusted by the lender on May 1, 2017 and is subject to further adjustment every two years thereafter. No adjustment was made at May 1, 2019. In October 2019, the RLOC agreement was modified to extend the current maturity of November 1, 2019 to November 1, 2029. The RLOC is subject to an annual commitment fee of 25 basis points on the unused portion of the line of credit. The RLOC is available for funding general corporate needs. The variable interest rate was 3.91% and 3.99% per annum as of September 30, 2019 and September 30, 2018, respectively. Availability under the RLOC was $25,000,000 as of September 30, 2019.

The WCLC is a revolving credit facility and is available for funding working capital and general corporate requirements. The interest rate on the WCLC is based on the one month LIBOR, plus a spread, which is adjusted quarterly, based on the Company's debt service coverage ratio for the preceding quarter and can vary from 175 to 250 basis points. The rate is currently at LIBOR plus 175 basis points. The variable interest rate was 3.85% and 3.85% per annum as of September 30, 2019 and September 30, 2018, respectively. The WCLC agreement was amended on September 20, 2018, and the primary terms of the amendment were an extension of the maturity to November 1, 2021. There were no changes to the commitment amount or interest rate. Availability under the WCLC was approximately $69,540,000 and $57,015,000 as of September 30, 2019 and September 30, 2018, respectively.

The WCLC is subject to a quarterly commitment fee on the daily unused availability under the line computed as the commitment amount less the aggregate of the outstanding loans and outstanding letters of credit. The commitment fee is adjusted quarterly based on Alico's debt service coverage ratio for the preceding quarter and can vary from a minimum of 20 basis points to a maximum of 30 basis points. Commitment fees to date have been charged at 20 basis points.

There were no amounts outstanding on the WCLC at September 30, 2019. The WCLC agreement provides for Rabo to issue up to $2,000,000, reduced from $20,000,000 during fiscal year 2019, in letters of credit on the Company's behalf. As of September 30, 2019, there was approximately $460,000 in outstanding letters of credit, which correspondingly reduced the Company's availability under the line of credit.

In 2014, the Company capitalized approximately $2,834,000 of debt financing costs related to the refinancing. These costs, together with approximately $339,000 of costs related to the retired debt, are being amortized to interest expense over the applicable terms of the loans. Additionally, approximately $133,000 and $123,000 of financing costs were incurred for the fiscal year ended September 30, 2019 and 2018, respectively, in connection with letters of credit. The costs incurred during fiscal year 2019 are included in other noncurrent assets and will be moved to deferred financing and amortized to interest expense over the applicable terms of the obligations upon completion of the modified agreements, which was in October 2019. All previous costs are included in deferred financing and being amortized to interest expense over the applicable terms of the obligations. The unamortized balance of deferred financing costs related to the financing above was approximately $1,066,000 and approximately $1,357,000 at September 30, 2019 and September 30, 2018, respectively.

These credit facilities noted above are subject to various covenants including the following financial covenants: (i) minimum debt service coverage ratio of 1.10 to 1.00, (ii) tangible net worth of at least $160,000,000 increased annually by 10% of consolidated net income for the preceding years, or approximately $163,522,000 for the year ended September 30, 2019, (iii) minimum current ratio of 1.50 to 1.00, (iv) debt to total assets ratio not greater than .625 to 1.00, and, solely in the case of the WCLC, (v) a limit on capital expenditures of $30,000,000 per fiscal year. As of September 30, 2019, the Company was in compliance with all of the financial covenants.

Credit facilities also include a Met Life term loan collateralized by 1,200 gross acres of citrus grove owned by Citree ("Met Citree Loan"). This is a $5,000,000 credit facility that bears interest at a fixed rate of 5.28% per annum. Principal and interest payments are made on a quarterly basis. At September 30, 2019 and 2018, there was an outstanding balance of $4,750,000 and $4,925,000, respectively. The loan matures in February 2029. The unamortized balance of deferred financing costs related to this loan was approximately $40,000 and $44,000 at September 30, 2019 and 2018, respectively.

Transition from LIBOR

The Company is currently evaluating the impact of the transition from LIBOR as an interest rate benchmark to other potential alternative reference rates. Currently, the Company has debt instruments in place that reference LIBOR-based rates. The transition from LIBOR is estimated to take place in 2021 and management will continue to actively assess the related opportunities and risks involved in this transition.

Silver Nip Citrus Debt

There are two fixed-rate term loans, with an original combined balance of $27,550,000, bearing interest at 5.35% per annum ("Pru Loans A & B"). Principal of $290,000 is payable quarterly, together with accrued interest. On February 15, 2015, 734 Citrus Holdings, LLC d/b/a Silver Nip Citrus ("Silver Nip Citrus") made a prepayment of $750,000. In addition, the Company made prepayments of approximately $4,453,000 in the second fiscal quarter of 2018 with proceeds from the sale of certain properties, which were collateralized under these loans. The Company may prepay up to $5,000,000 of principal without penalty. As such, the Company exceeded the allowed $5,000,000 prepayment by approximately $203,000 and was required to make a premium payment of approximately $22,000. The loans are collateralized by approximately 5,700 of citrus groves in Collier, Hardee, Highlands and Polk Counties, Florida and mature on June 1, 2029 and June 1, 2033, respectively.

Silver Nip Citrus entered into two additional fixed-rate term loans with Prudential to finance the acquisition of a 1,500 acre citrus grove on September 4, 2014. Each loan was in the original amount of $5,500,000. Principal of $55,000 per loan is payable quarterly, together with accrued interest. One loan bears interest at 3.85% per annum ("Pru Loan E"), while the other bears interest at 3.45% per annum ("Pru Loan F"). The interest rate on Pru Loan E is subject to adjustment on September 1, 2019 and every year thereafter until maturity. No adjustment was made at September 1, 2019. Both loans are collateralized by approximately 1,500 gross acres of citrus groves in Charlotte County, Florida. Pru Note E matures September 1, 2021, and Pru Note F matures September 1, 2039.

In November 2019, the Company prepaid one of its fixed-rate term loans with Prudential in full in the amount of $4,455,000. As a result of this prepayment, the Company's required annual principal payments will be reduced by $220,000 per annum.

The Silver Nip Citrus credit agreements are subject to a financial covenant whereby the consolidated current ratio requirement is 1.00 to 1.00. Silver Nip Citrus was in compliance with the current ratio covenant as of September 30, 2019.

The unamortized balance of deferred financing costs related to the Silver Nip Citrus debt was approximately $271,000 and $298,000 at September 30, 2019 and 2018, respectively.

Note 7. Accrued Liabilities

Accrued liabilities consist of the following at September 30, 2019 and September 30, 2018:

(in thousands)	September 30,	
	2019	2018
Ad valorem taxes	$ 2,117	$ 2,196
Accrued interest	1,110	1,191
Accrued employee wages and benefits	2,525	3,115
Inventory received but not invoiced	—	726
Accrued dividends	448	492
Accrued contractual obligation associated with sale of real estate	402	—
Consulting and separation charges	400	—
Accrued insurance	544	223
Accrued tender offer consulting charges	—	274
Other accrued liabilities	223	664
Total accrued liabilities	$ 7,769	$ 8,881

Note 8. Deferred Gain on Sale

Deferred gain on sale consists of the following at September 30, 2019 and September 30, 2018:

(in thousands)	September 30,	
	2019	2018
Deferred gain on sale	$ —	$ 26,167
Annual guarantee payment, net	—	(1,239)
Total deferred gain on sale	$ —	$ 24,928

On November 21, 2014, the Company completed the sale of approximately 36,000 acres of land used for sugarcane production and land leasing in Hendry County, Florida to Global Ag Properties, LLC (“Global”) for approximately $97,900,000 in cash.

The sales price was subject to post-closing adjustments over a ten year period. The Company realized a gain of approximately $42,753,000 on the sale. Initially, $29,140,000 of the gain was deferred due to the Company’s continuing involvement in the property pursuant to a post-closing agreement and the potential price adjustments. The deferral represented the Company’s estimate of the maximum exposure to loss as a result of the continuing involvement. A net gain of approximately $13,613,000 was recognized at the time of the sale.

On October 1, 2018, the Company adopted ASC 610-20 and reevaluated the original post closing agreement under the guidance of ASC 610-20. As such, the Company recorded a derivative asset and derivative liabilities, which resulted in an increase to retained earnings of $10,897,000, net of taxes. This adjustment consisted of recording a derivative asset in the amount of $3,553,000 relating to potential payments due Alico from Global Ag Properties USA, LLC (“Global Ag”) and a derivative liability of $13,864,000 relating to potential payments due Global Ag from Alico. In the first quarter ended December 31, 2018, the Company recorded a loss of $956,000, which reflects the change in fair value of the derivative asset and derivative liabilities. In the three months ended March 31, 2019, the Company recorded an additional loss of $33,000.

On December 7, 2018, the Company and Global Ag entered into a Termination of Post Closing Agreement (the “2018 Post Closing Agreement”), pursuant to which the parties thereto agreed to certain terms and conditions under which a Post Closing Agreement, dated as of November 21, 2014 (the “2014 Post Closing Agreement”), may be terminated prior to the expiration of its stated term and with the payment of certain termination payments. The 2014 Post Closing Agreement was entered into in connection with the November 21, 2014 closing (the “Land Disposition”) of the sale by Alico to Global Ag of certain land used for sugarcane production and land leasing in Hendry County, Florida (the “Land”).

The 2014 Post Closing Agreement contained obligations, including possible payments by Alico and by Global Ag to each other over a ten year period following the closing of the Land Disposition, with the payments each year being based on the difference, if any, between certain computed amounts. Since the time of the closing of the Land Disposition and up through March 11, 2019, the computations have resulted in payments being made each year by Alico to Global Ag., which have aggregated approximately $6,518,000.

The 2018 Post Closing Agreement provided for (i) the termination of the 2014 Post Closing Agreement following the satisfaction of certain terms and conditions set forth in the termination agreement and (ii) the deposit by wire transfer into escrow of an aggregate of $11,300,000 following notification by Global Ag to Alico of the closing date of a sale of the Land by Global Ag to a third party. The conditions to the termination of the 2014 Post Closing Agreement and the payment of funds to Global Ag included (a) Global Ag's assignment to the third party buyer, and such third party buyer's assumption, of certain specified water management obligations, irrigation and drainage easement obligations, access easements obligations and obligations under a certain option to purchase certain railroad property owned by Alico, (b) delivery to the escrow agent of all instruments and consideration required to consummate the closing by Global Ag of the sale of the Land to the third party buyer, and (c) delivery to the escrow agent of copies of a water management project cooperation agreement running in favor of Alico and signed by Global Ag and the third party buyer.

On March 11, 2019, the 2018 Post Closing Agreement was completed. As such, all the conditions of the termination of the 2014 Post Closing Agreement, mentioned above, were met with the sale of the sugarcane land to a third party. As a result, the Company does not have any future liabilities or commitments to Global Ag in connection with the 2014 Post Closing Agreement.

Note 9. Fair Value Measurements

The Company complies with the provisions of FASB ASC 820 "Fair Value Measurements" for its financial and non-financial assets and liabilities. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis.

ASC 820 clarifies that fair value is an exit price representing the amount that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- Level 1- Observable inputs such as quoted prices in active markets;
- Level 2- Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3- Unobservable inputs in which there is little or no market data, such as internally developed valuation models which require the reporting entity to develop its own assumptions.

As of September 30, 2019, the Company did not have any assets held for sale that had been measured at fair value on a non-recurring basis.

The following table represents certain assets held for sale as of September 30, 2018, which have been measured at fair value on a non-recurring basis (see Note 4. "Assets Held for Sale"):

	Fair Value Hierarchy	Carrying Value	Adjustment to Fair Value	Fair Value
Trailers	Level 3	$ 606	$ 150	$ 456

The Company uses third-party service providers to assist in the evaluation of investments. For investment valuations, current market interest rates, quality estimates by rating agencies and valuation estimates by active market participants were used to determine values. Deferred retirement benefits were valued based on actuarial data, contracted payment schedules and an estimated discount rate of 4.08% and 4.08% as of September 30, 2019 and 2018, respectively.

Note 10. Common Stock and Options

Effective January 27, 2015, the Company's Board of Directors adopted the 2015 Stock Incentive Plan (the "2015 Plan") which provides for up to1,250,000 common shares available for issuance to provide a long-term incentive plan for officers, employees, directors and/or consultants to directly link incentives to stockholder value. The 2015 Plan was approved by the Company's stockholders in February 2015. The Company's 2015 Plan provides for grants to executives in various forms including restricted shares of the Company's common stock and stock options. Awards are discretionary and are determined by the Compensation Committee of the Board of Directors. Awards vest based upon service conditions. Non-vested restricted shares generally vest over requisite service periods of one to six years from the date of grant.

Restricted Stock

In November 2017, a senior executive was awarded 5,000 restricted shares of the Company's common stock ("Restricted Stock") under the 2015 Plan at a weighted average fair value of $31.95 per common share, vesting over 2.5 years.

The following table represents a summary of the status of the Company's nonvested shares:

Nonvested Shares	Shares	Weighted-Average Grant Date Fair Value
Nonvested Shares at September 30, 2016	10,267	$ 49.49
Granted during fiscal year 2017	—	—
Vested during fiscal year 2017	(4,933)	49.58
Forfeited during fiscal year 2017	—	—
Nonvested Shares at September 30, 2017	5,334	49.39
Granted during fiscal year 2018	5,000	31.95
Vested during fiscal year 2018	(3,001)	39.70
Forfeited during fiscal year 2018	—	—
Nonvested Shares at September 30, 2018	7,333	41.46
Granted during fiscal year 2019	—	—
Vested during fiscal year 2019	(1,667)	31.95
Forfeited during fiscal year 2019	—	—
Nonvested Shares at September 30, 2019	5,666	$ 44.26

Stock compensation expense related to the Restricted Stock totaled approximately $104,000, $137,000 and $264,000 for the fiscal years ended September 30, 2019, 2018 and 2017, respectively. There was approximately $69,000 and $172,000 of total unrecognized stock compensation costs related to unvested stock compensation for the Restricted Stock grants at September 30, 2019 and September 30, 2018, respectively. The total unrecognized compensation cost is expected to be recognized over a weighted-average period of 0.75 years.

During the fiscal year ended September 30, 2019, 1,667 shares vested aggregating a value of approximately $53,000.

Stock Option Grant

Stock option grants of 10,000 options to Mr. John Kiernan (the "2019 Option Grants") were granted on October 25, 2018. The option exercise price for these options was set at $33.34, the closing price on October 25, 2018. The 2019 Option Grants will vest as follows: (i)3,333 of the options will vest if the price of the Company's common stock during a consecutive 20-trading day period exceeds $40.00; (ii) 3,333 of the options will vest if the price of the Company's common stock during a consecutive20-trading day period exceeds $45.00; (iii) 3,334 of the options will vest if the price of the Company's common stock during a consecutive20-trading day period exceeds $50.00. If the applicable stock price hurdles have not been achieved by (A) the date that is 18 months following the Executive's termination of employment, if the Executive's employment is terminated due to death or disability, (B) the date that is 12 months following the Executive's termination of employment, if the Executive's employment is terminated by the Company without cause, by the Executive with good reason, or due to the Executive's retirement, or (C) the date of the termination of the Executive's employment for any other reason, then any unvested options will be forfeited. In addition, if the applicable stock price hurdles have not been achieved by December 31, 2021 then any unvested options will be forfeited. The 2019 Option Grants will also become vested to the extent that the applicable stock price hurdles are satisfied in connection with a change in control of the Company. As of September 30, 2019, the Company's stock was trading at $34.02 per share, and during the fiscal year ended September 30, 2019, the stock did not trade above $40.00 per share; accordingly, none of the stock options are vested at September 30, 2019.

Stock option grants of 210,000 options to Mr. Remy Trafelet and 90,000 options to Mr. John Kiernan (collectively, the "2018 Option Grants") were granted on September 7, 2018. The option exercise price for these options was set at $33.60, the closing price on September 7, 2018. The 2018 Option Grants will vest as follows: (i) 25% of the options will vest if the price of the Company's common stock during a consecutive 20-trading day period exceeds $35.00; (ii) 25% of the options will vest if the price of the Company's common stock during a consecutive 20-trading day period exceeds $40.00; (iii) 25% of the options will vest if the price of the Company's common stock during a consecutive 20-trading day period exceeds $45.00; and (iv) 25% of the options will vest if the price of the Company's common stock during a consecutive 20-trading day period exceeds $50.00. If the applicable stock price hurdles have not been achieved by (A) the date that is 18 months following the Executive's termination of employment, if the Executive's employment is terminated due to death or disability, (B) the date that is 12 months following the Executive's termination of employment, if the Executive's employment is terminated by the Company without cause, by the Executive with good reason, or due to the Executive's retirement, or (C) the date of the termination of the Executive's employment for any other reason, then any unvested options will be forfeited. In addition, if the applicable stock price hurdles have not been achieved by December 31, 2021 then any unvested options will be forfeited. The 2018 Option Grants will also become vested to the extent that the applicable stock price hurdles are satisfied in connection with a change in control of the Company. As of September 30, 2019, the Company's stock was trading at $34.02 per share, and during the fiscal ended September 30, 2019, the stock did not trade above $35.00 per share; accordingly, none of the stock options are vested at September 30, 2019. As set forth below, more than a majority of the 2018 Option Grants issued to Mr. Trafelet were forfeited and the vesting conditions of the remainder were modified, all pursuant to the Settlement Agreement, as defined below.

A stock option grant of 300,000 options in the case of Mr. Trafelet and 225,000 options in the case of each of Mr. Henry Slack and Mr. George Brokaw (collectively, the "2016 Option Grants") were granted on December 31, 2016. The option price was set at $27.15, the closing price on December 31, 2016. The 2016 Option Grants will vest as follows: (i) 25% of the options will vest if the price of the Company's common stock during a consecutive 20-trading day period exceeds $60.00; (ii) 25% of the options will vest if such price exceeds $75.00; (iii) 25% of the options will vest if such price exceeds $90.00; and (iv) 25% of the options will vest if such price exceeds $105.00. If the applicable stock price hurdles have not been achieved by (A) the second anniversary of the Executive's termination of employment, if the Executive's employment is terminated due to death or disability, (B) the date that is 18 months following the Executive's termination of employment, if the Executive's employment is terminated by the Company without cause, by the Executive with good reason, or due to the Executive's retirement, or (C) the date of the termination of the Executive's employment for any other reason, then any unvested options will be forfeited. In addition, if the applicable stock price hurdles have not been achieved by the fifth anniversary of the grant date (or the fourth anniversary of the grant date, in the case of the tranche described in clause (i) above), then any unvested options will be forfeited. The 2016 Option Grants will also become vested to the extent that the applicable stock price hurdles are satisfied in connection with a change in control of the Company. As of September 30, 2019, the Company's stock was trading at $34.02 per share, and during the fiscal year ended September 30, 2019, the stock did not trade above $60.00 per share; accordingly, none of the stock options are vested at September 30, 2019. As set forth below, all of the 2016 Option Grants issued to Mr. Trafelet were forfeited pursuant to the Settlement Agreement, as defined below.

Additionally, 187,500 shares of the 2016 Option Grants made to each of Messrs. Slack and Brokaw were forfeited on September 5, 2018 and no replacement options were granted. As such, the remaining unrecognized expense associated with these options of approximately $783,000 was accelerated and recorded for the fiscal year ended September 30, 2018.

Pursuant to a Settlement Agreement (described in Note 15. "Related Party Transactions"), which was unanimously approved by the Board of Directors, Mr. Trafelet agreed to voluntarily resign from his roles as President and Chief Executive Officer and a director of the Company. Under the Settlement Agreement, Mr. Trafelet forfeited (i) all of the 2016 Option Grants granted to him and (ii) all of the 2018 Option Grants granted to him in September 2018, other than 26,250 stock options that will vest if the minimum price of Alico's common stock over 20 consecutive trading days exceeds $35.00 per share and 26,250 stock options that will vest if the minimum price of Alico's common stock over 20 consecutive trading days exceeds $40.00 per share ("2019 Modified Option Grant"), in each case, by the first anniversary of the date of the Settlement Agreement (collectively, the "Retained Options"). Any Retained Options that vest in accordance with their terms will expire on the date that is six months following the date on which the Retained Option vests, and any Retained Options that do not vest by the first anniversary of the Settlement Agreement will be forfeited as of such first anniversary. As a result of the forfeited stock options, the Company reversed $823,000 of previously recorded stock compensation expense during the year ended September 30, 2019, which is recorded as a reduction of General and Administrative expense.

Forfeitures of all stock options were recognized as incurred.

The following table represents a summary of the Company's stock option activity:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Balance - September 30, 2017	750,000	$ 27.15	2.58	—
Granted during fiscal year 2018	300,000	33.60	3.25	—
Forfeitures/expired in fiscal year 2018	(375,000)	27.15	1.86	—
Exercised during fiscal year 2018	—	—	—	—
Balance - September 30, 2018	675,000	30.02	2.22	—
Granted during fiscal year 2019	10,000	33.34	2.25	—
Forfeitures/expired in fiscal year 2019	(457,500)	29.37	1.78	—
Exercised during fiscal year 2019	—	—	—	—
Balance - September 30, 2019	227,500	$ 31.46	1.22	—

Stock compensation expense related to the options totaled approximately$674,000, $1,617,000 and $616,000 for the fiscal years endedSeptember 30, 2019, 2018 and 2017, respectively.

At September 30, 2019 and September 30, 2018, there was approximately $502,000 and $2,174,000, respectively, of total unrecognized stock compensation costs related to unvested share-based compensation for the option grants. The total unrecognized compensation cost is expected to be recognized over a weighted-average period of 1.29 years.

The fair value of the 2019, 2018 and 2016 Option Grants was estimated on the date of grant using a Monte Carlo valuation model that uses the assumptions noted in the following table. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding; the range given below results from different timeframes for the various market conditions being met.

2019 Modified Option Grant

Expected Volatility	25.0%
Expected Term (in years)	1.50
Risk Free Rate	2.52%

The weighted-average grant-date fair value of the 2019 Modified Option Grant was$1.40.

2019 Option Grants

Expected Volatility	30.0%
Expected Term (in years)	4.09
Risk Free Rate	2.95%

The weighted-average grant-date fair value of the 2019 Option Grants was$7.10.

2018 Option Grants

Expected Volatility	30.0%
Expected Term (in years)	3.32
Risk Free Rate	2.80%

The weighted-average grant-date fair value of the 2018 Option Grants was$7.40.

2016 Option Grants

Expected Volatility	32.2 %
Expected Term (in years)	2.6 - 4.0
Risk Free Rate	2.45 %

The weighted-average grant-date fair value of the 2016 Option Grants was$3.53. There were no additional stock options granted or exercised for the fiscal year ended September 30, 2019.

As of September 30, 2019, there remained 1,005,000 common shares available for issuance under the 2015 Plan.

Note 11. Treasury Stock

In fiscal year 2017, the Board of Directors authorized the repurchase of up to$7,000,000 of the Company's common stock in two separate authorizations (collectively, the "2017 Authorization"). In March 2017, the Board of Directors authorized the repurchase of up to $5,000,000 of the Company's common stock beginning March 9, 2017 and continuing through March 9, 2019. In May 2017, the Board of Directors authorized the repurchase of up to an additional $2,000,000 of the Company's common stock beginning May 24, 2017 and continuing through May 24, 2019. The stock repurchases made under this repurchase were made through open market transactions at times and in such amounts as the Company's broker determined subject to the provisions of SEC Rule 10b-18.

During fiscal year 2018, the Company purchased 72,266 shares at a cost of$2,214,756 under the 2017 Authorization. As of June 29, 2018, the Company suspended its stock repurchase activity. For the fiscal year ended September 30, 2019, the Company did not purchase any shares under the 2017 Authorization. As the 2017 Authorization expired in May 2019, the Company has no funds available under this plan to repurchase stock.

On October 3, 2018, the Company completed a tender offer of752,234 shares at a price of$34.00 per share aggregating $25,575,956. 734 Investors, Alico's largest stockholder from 2013 until November 12, 2019, participated in the tender offer by selling a small percentage of its holdings.

In September 2013, the Board of Directors authorized the repurchase of up to105,000 shares of the Company's common stock beginning in November 2013 and continuing through April 2018. In fiscal year 2016, the Board of Directors authorized the repurchase of up to 50,000 shares of the Company's outstanding common stock beginning February 18, 2016 and continuing through February 17, 2017 (the "2016 Authorization"). In fiscal year 2015, the Board of Directors authorized the repurchase of up to 170,000 shares of the Company's common stock beginning March 25, 2015 and continuing through December 31, 2016.

The following table illustrates the Company's treasury stock purchases for the fiscal years ended September 30, 2019, 2018 and 2017:

(in thousands, except share amounts)	**Total Number of Shares Purchased**	**Average Price Paid Per Share**	**Total Shares Purchased as Part of Publicly Announced Plan or Program**	**Total Dollar Value of Shares Purchased**
Fiscal Year Ended September 30,:				
2019	752,234	$ 34.00	1,474,640	$ 25,576
2018	72,266	$ 30.65	722,406	$ 2,215
2017	104,145	$ 29.42	650,140	$ 3,064

The following table outlines the Company's treasury stock transactions during the past three fiscal years:

(in thousands, except share amounts)	Shares	Cost
Balance at September 30, 2016	100,610	$ 4,585
Purchased	104,145	3,064
Issued to Employees and Directors	(27,440)	(1,147)
Balance at September 30, 2017	177,315	6,502
Purchased	72,266	2,215
Issued to Employees and Directors	(33,393)	(1,181)
Balance at September 30, 2018	216,188	7,536
Purchased	752,234	25,576
Issued to Employees and Directors	(28,790)	(1,169)
Balance at September 30, 2019	939,632	$ 31,943

Note 12. Income Taxes

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the "Act") was signed into law. The Act contains significant changes to corporate taxes, including a permanent reduction of the U.S. corporate tax rate from 35% to 21% effective January 1, 2018. The Company's statutory rate for the fiscal year ended September 30, 2018 was 24.5%, based on a fiscal year blended rate calculation. The 21% U.S. corporate tax rate is fully applicable to the fiscal year ended September 30, 2019 and each year thereafter.

The Act required a one-time remeasurement of certain tax related assets and liabilities. During the first quarter ended December 31, 2017, the Company made certain estimates related to the impact of the Act including the remeasurement of deferred taxes at the new expected tax rate and a revised effective tax rate for the year ended September 30, 2018. For the fiscal year ended September 30, 2018, the Company has recorded a tax benefit of approximately $9,847,000 to account for these deferred tax impacts.

In October 2019, the Internal Revenue Service concluded their audit of the September 30, 2015 tax year with no changes. The Federal and state filings remain subject to examination by tax authorities for tax periods ending after September 30, 2015.

The income tax provision (benefit) for the years ended September 30, 2019, 2018 and 2017 consists of the following:

(in thousands)	Fiscal Year Ended September 30,		
	2019	2018	2017
Current:			
Federal income tax	$ 7,314	$ 1,961	$ 102
State income tax	2,202	384	—
Total current	9,516	2,345	102
Deferred:			
Federal income tax	2,995	(3,917)	(3,286)
State income tax	272	1,962	(662)
Total deferred	3,267	(1,955)	(3,948)
Income tax provision (benefit)	$ 12,783	$ 390	$ (3,846)

Income tax provision (benefit) attributable to income (loss) before income taxes differed from the amount computed by applying the statutory federal income tax rate of 21%, 24.53% and 35% to income (loss) before income taxes for the fiscal years ended September 30, 2019, September 30, 2018 and September 30, 2017, respectively, as a result of the following:

(in thousands)	Fiscal Year Ended September 30,		
	2019	2018	2017
Income tax (benefit) at the statutory federal rate	$ 10,587	$ 3,198	$ (4,670)
Increase (decrease) resulting from:			
State income taxes, net of federal benefit	1,947	857	(402)
Permanent and other reconciling items, net	166	221	548
Expiration of capital loss carryforward	—	5,634	581
Reduction in deferred tax liability resulting from the Act	—	(9,847)	—
Stock option cancellation	—	347	—
Other	83	(20)	97
Income taxes provision (benefit)	$ 12,783	$ 390	$ (3,846)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of September 30, 2019, and 2018 are presented below:

(in thousands)	September 30,	
	2019	2018
Deferred tax assets:		
Deferred retirement benefits	$ 1,325	$ 1,114
Investment in Citree	—	89
Deferred gain recognition	—	6,318
Goodwill	18,244	20,095
Inventories	930	711
Stock compensation	237	261
Accrued bonus	—	612
Tax credits	—	28
Intangibles	565	620
Other	168	190
Total deferred tax assets	21,469	30,038
Deferred tax liabilities:		
Revenue recognized from citrus and sugarcane	—	162
Property and equipment	52,551	54,925
Investment in Citree	909	—
Prepaid insurance	134	104
Total deferred tax liabilities	53,594	55,191
Net deferred income tax liabilities	$ (32,125)	$ (25,153)

Note 13. Segment Information

Segments

Operating segments are defined in the criteria established under the Financial Accounting Standards Board - Accounting Standards Codification ("FASB ASC") Topic 280 as components of public entities that engage in business activities from which they may earn revenues and incur expenses for which separate financial information is available and which is evaluated regularly by the Company's chief operating decision maker ("CODM") in deciding how to assess performance and allocate resources. The Company's CODM assesses performance and allocates resources based on two operating segments: Alico Citrus and Water Resources and Other Operations.

Total revenues represent sales to unaffiliated customers, as reported in the Consolidated Statements of Operations. Goods and services produced by these segments are sold to wholesalers and processors in the United States who prepare the products for consumption. The Company evaluates the segments' performance based on direct margins (gross profit) from operations before general and administrative expenses, interest expense, other income (expense) and income taxes, not including nonrecurring gains and losses.

Information by operating segment is as follows:

(in thousands)	Fiscal Year Ended September 30,		
	2019	2018	2017
Revenues:			
Alico Citrus	$ 119,031	$ 78,121	$ 123,441
Water Resources and Other Operations	3,220	3,160	6,388
Total revenues	122,251	81,281	129,829
Operating expenses:			
Alico Citrus	59,594	51,709	111,947
Water Resources and Other Operations	2,297	3,979	8,952
Total operating expenses	61,891	55,688	120,899
Gross profit (loss):			
Alico Citrus	59,437	26,412	11,494
Water Resources and Other Operations	923	(819)	(2,564)
Total gross profit	60,360	25,593	8,930
Capital expenditures:			
Alico Citrus	20,000	15,968	11,738
Water Resources and Other Operations	—	304	646
Other Capital Expenditures	—	80	969
Total capital expenditures	20,000	16,352	13,353
Depreciation, depletion and amortization:			
Alico Citrus	12,935	12,546	14,054
Water Resources and Other Operations	173	219	652
Other Depreciation, Depletion and Amortization	816	991	520
Total depreciation, depletion and amortization	$ 13,924	$ 13,756	$ 15,226

(in thousands)	September 30,	
	2019	2018
Assets:		
Alico Citrus	$ 401,212	$ 405,752
Water Resources and Other Operations	15,332	15,904
Other Corporate Assets	844	1,766
Total Assets	$ 417,388	$ 423,422

Note 14. Employee Benefits Plans

Management Security Plan

The management security plan ("MSP") is a nonqualified, noncontributory defined supplemental deferred retirement benefit plan for a select group of management personnel. The MSP provides a fixed supplemental retirement benefit for 180 months. The MSP was frozen as of September 30, 2017. As a result, no new participants are being added to the MSP and no further benefits are accumulating. The MSP benefit expense and the projected management security plan benefit obligation are determined using assumptions as of the end of the year. The weighted-average discount rate used to compute the obligation was 4.08% and 4.08% in fiscal years 2019 and 2018, respectively.

Actuarial gains or losses are recognized when incurred; therefore, the end of year benefit obligation is the same as the accrued benefit costs recognized in the Consolidated Balance Sheets.

The amount of MSP benefit expense charged to costs and expenses was as follows:

(in thousands)	Fiscal Year Ended September 30,		
	2019	2018	2017
Service cost	$ —	$ —	$ 200
Interest cost	171	293	140
MSP termination adjustments	985	—	—
Recognized actuarial gain (loss) adjustment	13	16	(78)
Total	$ 1,169	$ 309	$ 262

The following provides a roll-forward of the MSP benefit obligation:

(in thousands)	September 30,	
	2019	2018
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$ 4,397	$ 4,438
Interest cost	171	293
Benefits paid	(340)	(350)
MSP termination adjustments	985	—
Recognized actuarial gain adjustment	13	16
Benefit obligation at end of year	$ 5,226	$ 4,397
Funded status at end of year	$ (5,226)	$ (4,397)

Effective September 30, 2018, the Company terminated the MSP. Under the MSP termination, payout for benefits covered under the applicable Internal Revenue Code regulations cannot commence until at least twelve months following plan termination decision, but must be fully paid out within twenty-four (24) months following plan termination. The Company has determined to pay out a lump sum under the Equivalent Annuity approach, whereby the payout under this approach would mitigate participants tax burden. In essence, the Company would be covering the amount needed to purchase an annuity providing the same after-tax benefit as if the plan was not terminated. As a result, the Company recorded an additional liability of approximately $720,000.

The Company has established a "Rabbi Trust" to provide for the funding of accrued benefits under the MSP. According to the terms of the Rabbi Trust, funding is voluntary until a change of control of the Company as defined in the Management Security Plan Trust Agreement occurs. Upon a change of control, funding is triggered. As of September 30, 2019, the Rabbi Trust had no assets, and no change of control had occurred.

Profit Sharing and 401(k) Plans

The Company maintains a 401(k) employee savings plan for eligible employees, which provides up to a 4% matching contribution payable on employee payroll deferrals. The Company's matching funds vest to the employee immediately, pursuant to a safe harbor election effective in October 2012. The Company's contribution to the plan was approximately $380,000, $342,000 and $445,000 for the fiscal years ended September 30, 2019, 2018 and 2017, respectively.

The Profit Sharing Plan ("Plan") is fully funded by contributions from the Company. Contributions to the Plan are discretionary and determined annually by the Company's Board of Directors. Contributions to employee accounts are based on the participant's compensation. The Company's paid contribution to the Profit Sharing Plan was $0, $0 and $378,000 for the fiscal years ended September 30, 2019, 2018 and 2017, respectively.

Note 15. Related Party Transactions

Clayton G. Wilson

The Company entered into a Separation and Consulting Agreement with Clayton G. Wilson (the "Separation and Consulting Agreement"), pursuant to which Mr. Wilson stepped down as Chief Executive Officer of the Company effective as of December 31, 2016. Under the Separation and Consulting Agreement, Mr. Wilson also acknowledged and agreed that he would continue to be bound by the restrictive covenants set forth in his Employment Agreement with the Company. The Separation and Consulting Agreement provided that, subject to his execution, delivery, and non-revocation of a general release of claims in favor of the Company, Mr. Wilson would be entitled to vesting of any unvested portion of the restricted stock award granted to him under his Employment Agreement. In addition, the Separation and Consulting Agreement provided that Mr. Wilson serve as a consultant to the Company during 2017 and would receive an aggregate consulting fee of $750,000 for such services (payable $200,000 in an initial lump sum, $275,000 in a lump sum on July 1, 2017, and $275,000 in six equal monthly installments commencing July 31, 2017 and ending December 31, 2017). As of December 31, 2017, the Company satisfied its obligation to Mr. Wilson in full. The Company expensed approximately $0, $187,500 and $562,500 under the Separation and Consulting Agreement for the fiscal years ended September 30, 2019, 2018 and 2017, respectively. Mr. Wilson resigned as a member of the Company's Board of Directors effective February 27, 2017.

Henry R. Slack and George R. Brokaw

On December 31, 2016, the Company entered into new employment agreements (collectively, the "Employment Agreements") with Henry R. Slack, and George R. Brokaw. Mr. Slack previously served as the Executive Chairman of the Company, and Mr. Brokaw currently serves as the Executive Vice Chairman of the Company, and each of them continues to serve on the Company's Board of Directors. The Employment Agreements provided for an annual base salary of $250,000 in the case of Mr. Slack and provides for an annual base salary of $250,000 in the case of Mr. Brokaw.

Beginning June 26, 2017, both Messrs. Slack and Brokaw agreed to waive payment of their salaries.

Effective July 1, 2019, Mr. Slack resigned his employment with the Company as Executive Chairman. Mr. Slack continues to serve on the Board of the Company.

Remy W. Trafelet

As described above, on February 11, 2019 and as contemplated by the Alico Settlement Agreement, Mr. Trafelet submitted to the Board his resignation as President and Chief Executive Officer of the Company and a member of the Board, effective upon the execution of the Alico Settlement Agreement. Also, on February 11, 2019, as contemplated by the Settlement Agreement, the Company entered into a consulting agreement (the "Consulting Agreement") with Mr. Trafelet and 3584 Inc., an entity controlled by Mr. Trafelet (the "Consultant"). Pursuant to the Consulting Agreement, Mr. Trafelet will make himself available to provide consulting services to the Company through the Consultant for up to 24 months. In exchange for the consulting services, the Consultant will receive an annual consulting fee of $400,000. As of September 30, 2019, the Company has paid approximately $254,000 towards these consulting fees. If the Company terminates the consulting period (other than in certain specified circumstances), the Company will continue to pay the consulting fees described in the immediately preceding sentence through the balance of the24-month term.

Ken Smith

On March 20, 2015, Ken Smith tendered his resignation as Chief Operating Officer, and as an employee of the Company. Mr. Smith's resignation included a waiver of any rights to any payments under his Change-in-Control Agreement with the Company. On March 20, 2015, the Company and Mr. Smith also entered into a Consulting and Non-Competition Agreement under which (i) Mr. Smith will provide consulting services to the Company during the three-year period after the resignation date, (ii) Mr. Smith agreed to be bound by certain non-competition covenants relating to the Company's citrus operations and non-solicitation and non-interference covenants for a period of two years after the resignation date, and (iii) the Company paid Mr. Smith $925,000 for such services and covenants. The Company expensed approximately $0, $0 and $100,000 under the Consulting and Non-Competition Agreement for fiscal years ended September 30, 2019, 2018 and 2017, respectively.

Shared Services Agreement

The Company had a shared services agreement with Trafelet Brokaw Capital Management, L.P. ("TBCM"), whereby the Company reimbursed TBCM for use of office space and various administrative and support services. The agreement expired December 31, 2018 and was not extended or renewed. The annual cost of the office and services was approximately $618,000. The Company expensed approximately $155,000, $592,000 and $564,000 for the fiscal years ended September 30, 2019, 2018 and 2017, respectively. As of September 30, 2019 and 2018, the Company had outstanding amounts due of approximately $0 and $163,000, respectively.

Capital Contribution

On April 16, 2018, all operating partners of Citree received a funding notice relating to an additional Cash Capital Contribution ("Contribution") requirement of approximately $2,041,000 as a result of Hurricane Irma, which reduced the amount of crop available for sale in the 2017-2018 harvest season and the Company's adoption of a more extensive caretaking plan focused on limiting the impact of citrus greening. The Company's portion of the Contribution was approximately $1,041,000 and was funded on April 27, 2018. The remaining portion of the Contribution of $1,000,000 was funded by the noncontrolling parties.

Distribution of Shares by Alico's Largest Shareholder

On November 12, 2019, 734 Investors, the Company's largest shareholder, distributed the 3,173,405 shares of Company common stock held by it, on a pro rata basis, to its members. We understand this share distribution was made in anticipation of the dissolution of 734 Investors later this year. Transfers of these shares are not registered on any current Alico registration statement, but the shares are potentially transferable pursuant to Rule 144, subject to certain customary restrictions.

Note 16. Commitments and Contingencies

Operating Leases

The Company has obligations under various non-cancelable long-term operating leases primarily for office space and equipment. In addition, the Company has various obligations under other equipment leases of less than one year.

Total rent expense was approximately $450,000, $1,062,000 and $725,000 for the years ended September 30, 2019, 2018 and 2017, respectively.

The future minimum annual rental payments under non-cancelable operating leases are as follows:

(in thousands)

2020	$	191
2021		169
2022		175
2023		15
Total	$	550

<u>*Purchase Commitments*</u>

The Company enters into contracts for the purchase of citrus trees during the normal course of its business. As of September 30, 2019, the Company had approximately $1,603,000 relating to outstanding commitments for these purchases that will be paid upon delivery of the remaining citrus trees.

Letters of Credit

The Company had outstanding standby letters of credit in the total amount of approximately $460,000 and $10,300,000 at September 30, 2019 and September 30, 2018, respectively, to secure its various contractual obligations. Upon the completion of the 2018 Post Closing Agreement (and corresponding termination of the 2014 Post Closing Agreement), the Company terminated its $9,800,000 standby letter of credit associated with the Global Ag Land Disposition transaction (see Note 8. "Deferred Gain on Sale").

Legal Proceedings

Florida Litigation

On November 16, 2018, 734 Agriculture, RCF 2014 Legacy LLC, Delta Offshore Master II, LTD. and Mr. Remy W. Trafelet (the "Trafelet Parties"), who was at the time the Company's President and Chief Executive Officer and a member of the Board of Directors, filed a lawsuit against Messrs. George R. Brokaw, Henry R. Slack, W. Andrew Krusen and Greg Eisner, members of the Board of Directors, in the Circuit Court (the "Circuit Court") for Hillsborough County, Florida (the "Florida Litigation"). The Trafelet Parties sought, among other things, a declaration that (1) a purported stockholder action by written consent, delivered to the Company in the name of 734 Investors and the plaintiffs in the Florida Litigation on November 11, 2018 (the "Purported Consent") was valid and binding, (2) the resolutions passed at a meeting of the Board of Directors on November 12, 2018, to, among other things, constitute an ad hoc committee of the Board of Directors to consider, evaluate and make any and all determinations, and to take any and all actions, on behalf of the Board of Directors, in connection with the Purported Consent were null and void and (3) the four defendants in the Florida Litigation were properly removed from the Board of Directors by the Purported Consent. On November 27, 2018, the Circuit Court denied without prejudice plaintiffs' motion for a temporary restraining order and an affirmative injunction restoring Mr. Trafelet from administrative leave to active status in his capacity as President and CEO of the Company.

On November 28, 2018, the parties in the Florida Litigation stipulated to an order which provided, pending the resolution of the Delaware Litigation (as defined below), that (1) the record date for the Purported Consent was stayed indefinitely, and (2) Mr. Trafelet and the Company's Board of Directors should not take any action out of routine day-to-day operations conducted in the ordinary course of business, including any action to change the corporate governance of Alico or removing any corporate officers or directors from positions held as of November 27, 2018.

On December 6, 2018, the Trafelet Parties filed an amended complaint in the Florida Litigation which added the Company and Benjamin D. Fishman, a member of the Board of Directors, as defendants. On December 21, 2018, the Trafelet Parties filed a renewed motion for a preliminary injunction restoring Mr. Trafelet from administrative leave to active status in his capacity as President and CEO of the Company. On January 14, 2019, the defendants in the Florida Litigation filed an opposition to plaintiffs' renewed motion for a preliminary injunction. On January 18, 2019, the defendants in the Florida Litigation filed a motion to dismiss the plaintiffs' amended complaint.

On February 11, 2019, the parties to the Florida Litigation entered into a settlement agreement (the "Alico Settlement Agreement") wherein the parties agreed to promptly dismiss all claims in the Florida Litigation. Pursuant to the Alico Settlement Agreement, Mr. Trafelet agreed to voluntarily resign as President and Chief Executive Officer and as a member of the Board of Directors, effective upon the execution of the Alico Settlement Agreement.

As contemplated by the Alico Settlement Agreement, on February 11, 2019, the Company entered into a consulting agreement (the "Consulting Agreement") with Mr. Trafelet and 3584 Inc., an entity controlled by Mr. Trafelet (the "Consultant"). Pursuant to the Consulting Agreement, Mr. Trafelet agreed to make himself available to provide consulting services to the Company through the Consultant for up to 24 months. In exchange for the consulting services, the Consultant is receiving an annual consulting fee of $400,000. If the Company terminates the consulting period (other than in certain specified circumstances), the Company will continue to pay the consulting fees described in the immediately preceding sentence through the balance of the 24-month term. As such, the Company recorded the $800,000 as an expense for the fiscal year ended September 30, 2019.

In addition, on February 11, 2019, as contemplated by the Alico Settlement Agreement, the Company entered into a Registration Rights Agreement (the "Registration Rights Agreement") with Mr. Trafelet, relating to the shares of the Company's common stock directly held by the Trafelet Parties as of February 11, 2019 (the "Registrable Securities"). The Registration Rights Agreement required the Company to, among other things and subject to the terms and conditions thereof, use reasonable best efforts to file with the SEC a registration statement on Form S-3 covering the resale of the Registrable Securities. On October 10, 2019, Mr. Trafelet executed a waiver whereby he waived the S-3 Registration Rights but maintained all other rights arising under the Registration Rights Agreement and all rights arising under Section 14 of the Alico Settlement Agreement.

Delaware Litigation

On November 20, 2018, members of 734 Investors filed a lawsuit against 734 Agriculture and Mr. Trafelet, who was at the time the Company's President and Chief Executive Officer and a member of the Board of Directors in the Delaware Court of Chancery (the "Delaware Court"), captioned Arlon Valencia Holdings v. Trafelet, C.A. No. 2018-0842-JTL (the "Members' Delaware Litigation"). The plaintiffs sought, among other things, a declaration that (1) 734 Agriculture was validly replaced as the managing member of 734 Investors pursuant to the Amended and Restated Limited Liability Company Operating Agreement of 734 Investors (the "LLC Agreement") and November 19, 2018 resolution by written consent to remove 734 Agriculture as managing member of 734 Investors, and to designate Arlon Valencia Holdings, LLC as the new managing member of 734 Investors (the "734 Consent"), and (2) the Purported Consent was invalid under the LLC Agreement.

Also, on November 20, 2018, 734 Agriculture filed a lawsuit contesting the 734 Consent in the Delaware Court, captioned 734 Agriculture v. Arlon Valencia Holdings, LLC, C.A. No. 2018-0844-JTL (the "734 Delaware Litigation"). On November 27, 2018, the Delaware Court entered a stipulated order consolidating the Members' Delaware Litigation and the 734 Delaware Litigation into a single lawsuit, captioned In re 734 Investors, LLC Litigation, Consol. C.A. No. 2018-0844-JTL (the consolidated suit, the "Delaware Litigation").

On December 5, 2018, the Delaware Court entered a stipulated status quo order which provided, among other things, that 734 Agriculture was to serve as the managing member of 734 Investors during the pendency of the Delaware Litigation. The status quo order also provided that 734 Agriculture would not be permitted to take any actions outside of the ordinary course of business of 734 Investors without the consent of two-thirds of the membership interests of 734 Investors, including exercising any voting rights with respect to any shares of the Company's common stock beneficially owned by 734 Investors.

On February 11, 2019, Mr. Trafelet, 734 Agriculture, 734 Investors, and certain members of 734 Investors entered into a settlement agreement (the "734 Investors Settlement Agreement") wherein the parties agreed to promptly dismiss all claims in the Delaware Litigation. Pursuant to the 734 Investors Settlement Agreement, 734 Agriculture resigned as Managing Member of 734 Investors and Arlon Valencia Holdings, LLC was confirmed as Managing Member of 734 Investors.

From time to time, Alico may be involved in litigation relating to claims arising out of its operations in the normal course of business. There are no other current legal proceedings to which the Company is a party or of which any of its property is subject that it believes will have a material adverse effect on its financial position, results of operations or cash flows.

Note 17. Subsequent Event

On December 5, 2019, the Board of Directors of the Company declared a first quarter of fiscal year 2020 cash dividend of $0.09 per share on its outstanding common stock to be paid to shareholders of record as of December 27, 2019, with payment expected on January 10, 2020.

Note 18. Selected Quarterly Financial Data (unaudited)

Summarized quarterly financial data for the fiscal years ended September 30, 2019, and 2018 are computed independently each quarter, therefore, the sum of the quarter amounts may not equal the total amount for the respective year due to rounding as follows:

(in thousands, except per share amounts)	Fiscal Quarter Ended							
	December 31,		March 31,		June 30,		September 30,	
	2018	2017	2019	2018	2019	2018	2019	2018
Total operating revenues	$ 14,779	$ 17,533	$ 48,521	$ 35,600	$ 57,565	$ 26,517	$ 1,386	$ 1,631
Total operating expenses	11,597	16,951	32,207	27,767	31,561	14,603	(13,474)	(3,633)
Gross profit	3,182	582	16,314	7,833	26,004	11,914	14,860	5,264
General and administrative expenses	3,450	3,886	4,654	3,073	2,682	2,955	4,360	5,144
Other (expense) income, net	(2,864)	(375)	(1,972)	(2,140)	(1,623)	5,074	11,478	96
Income (loss) before income taxes	(3,132)	(3,679)	9,688	2,620	21,699	14,033	21,978	216
Income tax (benefit) expense	(629)	(12,417)	2,228	8,150	5,483	4,941	5,701	(284)
Net (loss) income	(2,503)	8,738	7,460	(5,530)	16,216	9,092	16,277	500
Net loss attributable to noncontrolling interests	36	8	87	16	28	8	232	218
Net income (loss) attributable to Alico Inc. common stockholders	$ (2,467)	$ 8,746	$ 7,547	$ (5,514)	$ 16,244	$ 9,100	$ 16,509	$ 718
Earnings per share:								
Basic	$ (0.33)	$ 1.06	$ 1.01	$ (0.67)	$ 2.17	$ 1.11	$ 2.21	$ 0.09
Diluted	$ (0.33)	$ 1.05	$ 1.01	$ (0.67)	$ 2.17	$ 1.09	$ 2.21	$ 0.09

Total operating expenses for the fiscal quarter ended June 30, 2018 include insurance proceeds relating to Hurricane Irma of$477,000 for property and casualty damage claims and $3,726,000 for crop claims. Total operating expenses for the fiscal quarter ended September 30, 2018 included insurance proceeds relating to the Hurricane Irma of $5,226,000 for crop damage claims. Total operating expenses for the fiscal quarter ended September 30, 2019 includes insurance proceeds received of approximately $486,000 in additional property and casualty claims reimbursement relating to Hurricane Irma and block grants of approximately $15,597,000 under the Florida Citrus Recovery Block Grant ("CRBG") program relating to Hurricane Irma. General and administrative expenses for the fiscal quarter ended September 30, 2019 include pension expense of $935,000 relating to termination of employee benefit plan (see Note 14. "Employee Benefit Plans" for further detail). Other income for the fiscal quarter ended September 30, 2019 includes a gain on sale of assets of approximately $13,166,000 (see Note 3. "Inventories", Note 4. "Assets Held For Sale" and Note 5. "Property and Equipment, Net" for further information).

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

None.

Item 9A. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures.*

Our Principal Executive Officer and Chief Financial Officer have evaluated the effectiveness of the our disclosure controls and procedures as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") as of the end of the period covered by this report. Based on this evaluation, our Principal Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

(b) *Changes in Internal Control over Financial Reporting.*

During the fourth fiscal quarter ended September 30, 2019, there were no changes in our internal controls over financial reporting that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

(c) *Management Report on Internal Control Over Financial Reporting*

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2019. In making this assessment, management used the criteria described in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on our assessment and those criteria, management concluded that our internal control over financial reporting was effective as of September 30, 2019. Management reviewed the results of their assessment with our Audit Committee. The effectiveness of our internal control over financial reporting as of September 30, 2019 has been audited by RSM US LLP, an independent registered public accounting firm, as stated in their attestation report which is included herein.

Item 9B. Other Information

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e)

On December 2, 2019, the Company entered into a new employment agreement (the "Rallo Employment Agreement") with Richard Rallo. Mr. Rallo serves as Chief Financial Officer of the Company. The Rallo Employment Agreement provides for an annual base salary of $275,000. Mr. Rallo is eligible for an annual incentive compensation award with an annual target opportunity in an amount equal to 40% of his annual base salary.

The Rallo Employment Agreement also provides that, if Mr. Rallo's employment is terminated by the Company without "cause" or Mr. Rallo resigns with "good reason" (as each such term is defined in the Rallo Employment Agreement), then, subject to his execution, delivery, and non-revocation of a general release of claims in favor of the Company, Mr. Rallo will be entitled to (i) cash severance in an amount equal to 12 months of the annual base salary, (ii) the Accrued Obligations (as defined in the Rallo Employment Agreement) in a cash lump sum within 30 days after the date of termination, (iii) any rights or payments that are vested benefits or that Mr. Rallo is otherwise entitled to receive at or subsequent to the date of termination under any employee benefit plan or any other contract or agreement with the Company, and (iv) any Annual Bonus (as defined in the Rallo Employment Agreement) that has been earned but not paid as of the date of termination.

The Rallo Employment Agreement includes various restrictive covenants in favor of the Company, including a confidentiality covenant, a non-disparagement covenant, and 12-month post-termination noncompetition and customer and employee non-solicitation covenants.

In addition to his position as Chief Financial Officer, Mr. Rallo retains his position as the Company's Principal Accounting Officer.

The foregoing description of the Rallo Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Rallo Employment agreement, which is attached hereto as Exhibit 10.37 to this Annual Report on Form 10-K and is incorporated herein by reference.

PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K because we will file a definitive Proxy Statement for the 2020 Annual Meeting of Stockholders pursuant to Regulation 14A of the Securities Exchange Act of 1934, (the “Proxy Statement”), not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, and the applicable information included in the Proxy Statement is incorporated herein by reference.

Item 10. Directors, Executive Officers and Corporate Governance

Information concerning our directors and nominees and other information as required by this item are hereby incorporated by reference from our Proxy Statement to be filed with the SEC pursuant to Regulation 14A.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that is intended to serve as a code of ethics for purposes of Item 406 of Regulation S-K. Our Code of Business Conduct and Ethics is posed on our website *http://www.alicoinc.com* (at the Investor homepage under "Corporate Governance") and we intend to disclose on our website any amendments to, or waiver from, such code.

Item 11. Executive Compensation

The information required by Item 11 regarding executive compensation is included under the headings “Compensation Discussion and Analysis,” “Compensation Committee Report” and “Compensation Committee Interlocks and Insider Participation” in our Proxy Statement to be filed with the SEC pursuant to Regulation 14A.

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

Information concerning the ownership of certain beneficial owners and management and related stockholder matters is hereby incorporated by reference to our Proxy Statement to be filed with the SEC pursuant to Regulation 14A.

Equity Compensation Arrangements

Effective January 27, 2015, the Board of Directors adopted the 2015 Stock Incentive Plan (the “2015 Plan”) which provides for up to 1,250,000 shares of the Company’s common stock to be available for issuance to provide a long-term incentive plan for officers, employees, directors and/or consultants to directly link incentives to stockholders' value. The 2015 Plan was approved by stockholders in February 2015.

The following table illustrates the common shares remaining available for future issuance under the 2015 Plan as of September 30, 2019:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity plans
Plan Category:			
Equity compensation plans approved by security holders	227,500	$ 31.46	1,005,000
Equity compensation plans not approved by security holders	—	N/A	—
Total	227,500	$ 31.46	1,005,000

In November 2017, the Company awarded 5,000 restricted shares to one senior executive under the 2015 Plan.

In September 2018, the Company awarded 300,000 stock options to two senior executives under the 2015 Plan. Additionally, in September 2018, two other senior executives forfeited an aggregate of 375,000 stock options, which were originally issued under the 2015 Plan and no replacement options were granted.

In October 2018, the Company awarded 10,000 stock options to one senior executive under the 2015 Plan.

In February 2019, pursuant to a settlement agreement, a senior executive of the Company forfeited an aggregate of 457,500 stock options, which were originally issued under the 2015 Plan and no replacement options were granted.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information concerning relationships and related transactions is hereby incorporated by reference to our Proxy Statement to be filed with the SEC pursuant to Regulation 14A.

Item 14. Principal Accountants Fees and Services

Information concerning principal accounting fees and services is hereby incorporated by reference to our Proxy Statement to be filed with the SEC pursuant to Regulation 14A.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report

(1) Financial Statements:

Our Consolidated Financial Statements are included in Part II, Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules:

Financial statement schedules are omitted as the required information is either inapplicable or the information is presented in our Consolidated Financial Statements or notes thereto.

(3) Exhibits

The exhibits listed in the Exhibit Index in (b) below are filed or incorporated by reference as part of this Annual Report on Form 10-K.

(b) Exhibit Index

Item 16. Form 10-K Summary

Not applicable.

Exhibit Number		Exhibit Index
2.1	***	Asset Purchase Agreement, dated as of December 1, 2014, by and among Alico, Inc., Orange-Co, LP, and, solely with respect to certain sections thereof, Orange-Co, LLC and Tamiami Citrus, LLC. (incorporated by reference to Exhibit 2.1 of Alico's filing on Form 8-K dated December 5, 2014)
2.2	***	Agreement and Plan of Merger, dated as of December 2, 2014, by and among Alico, Inc., 734 Sub, LLC, 734 Citrus Holdings, LLC, and, solely with respect to certain sections thereof, 734 Agriculture, LLC, Rio Verde Ventures, LLC and Clayton G. Wilson (incorporated by reference to Exhibit 2.2 of Alico's filing on Form 8-K dated December 5, 2014)
3.1		Restated Certificate of Incorporation, dated February 17, 1972 (incorporated by reference to Exhibit 3.1 of Alico's filing on Form 10-K dated December 11, 2017)
3.2		Certificate of Amendment to Certificate of Incorporation, dated January 14, 1974 (incorporated by reference to Alico's Registration Statement on Form S-8, dated December 21, 2005, Registration No. 333-130575)
3.3		Amendment to Articles of Incorporation, dated January 14, 1987 (incorporated by reference to Alico's Registration Statement on Form S-8, dated December 21, 2005, Registration No. 333-130575)
3.4		Amendment to Articles of Incorporation, dated December 27, 1988 (incorporated by reference to Alico's Registration Statement on Form S-8, dated December 21, 2005, Registration No. 333-130575)
3.5		By-Laws of Alico, Inc., amended and restated (incorporated by reference to Exhibit 3.5 of the Company's quarterly report on Form 10-Q, filed with the SEC on August 6, 2019)
10.1		Credit Agreement dated as of December 1, 2014, by and between Alico, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, L.L.C., Alico Land Development, Inc., and Alico Citrus Nursery, L.L.C., as Borrowers and Rabo Agrifinance, Inc., as Lender (incorporated by reference to Exhibit 10.2 of Alico's filing on Form 8-K dated December 5, 2014)

10.2		Purchase and Sale Agreement dated August 7, 2014 (incorporated by reference to Exhibit 10.10 of Alico's filing on Form 10-K dated December 12, 2014)
10.3	*	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.5 of the Company's quarterly report on Form 10-Q filed with the SEC on May 6, 2013)
10.4	*	Management Security Plan(s) Trust Agreement (incorporated by reference to Exhibit 10.6 of the Company's quarterly report on Form 10-Q filed with the SEC on May 6, 2013)
10.5		Agricultural Lease Agreement dated May 19, 2014 between Alico, Inc. and United States Sugar Corporation. (incorporated by reference to Exhibit 10.1 of the Company's quarterly report on Form 10-Q filed with the SEC on August 11, 2014)
10.6	***	First Amended and Restated Credit Agreement, dated as of December 1, 2014, by and among Alico, Inc., Alico Land Development, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, LLC, Metropolitan Life Insurance Company, and New England Life Insurance Company (incorporated by reference to Exhibit 10.1 of Alico's filing on Form 8-K dated December 5, 2014)
10.7	***	Credit Agreement dated as of December 1, 2014, by and between Alico, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, LLC, Alico Land Development, Inc., and Alico Citrus Nursery, LLC, as Borrowers and Rabo Agrifinance, Inc., as Lender (incorporated by reference to Exhibit 10.2 of Alico's filing on Form 8-K dated December 5, 2014)
10.8		Shared Services Agreement by and between Alico, Inc. and Trafelet Brokaw Capital Management, L.P. dated July 23, 2018 (incorporated by reference to Exhibit 10.1 of Alico's filing on Form 10-Q dated August 6, 2018)
10.9		Loan Agreement, dated December 31, 2012, by and among 734 Citrus Holdings, LLC, 734 LMC Groves, LLC, 734 Co-Op Groves, LLC, 734 BLP Groves, LLC, 734 Harvest LLC and Prudential Mortgage Capital Company, LLC (the "Prudential Loan Agreement") (incorporated by reference to Exhibit 10.16 of Alico's filing on Form 10-K dated December 10, 2015)
10.10		Promissory Note A, dated December 31, 2012, by and among 734 Citrus Holdings, LLC, 734 LMC Groves, LLC, 734 Co-Op Groves, LLC, 734 BLP Groves, LLC, 734 Harvest LLC and Prudential Mortgage Capital Company, LLC (incorporated by reference to Exhibit 10.17 of Alico's filing on Form 10-K dated December 10, 2015)
10.11		Promissory Note B, dated December 31, 2012, by and among 734 Citrus Holdings, LLC, 734 LMC Groves, LLC, 734 Co-Op Groves, LLC, 734 BLP Groves, LLC, 734 Harvest LLC and Prudential Mortgage Capital Company, LLC (incorporated by reference to Exhibit 10.18 of Alico's filing on Form 10-K dated December 10, 2015)
10.12		Promissory Note C, dated December 31, 2012, by and among 734 Citrus Holdings, LLC, 734 LMC Groves, LLC, 734 Co-Op Groves, LLC, 734 BLP Groves, LLC, 734 Harvest LLC and Prudential Mortgage Capital Company, LLC (incorporated by reference to Exhibit 10.19 of Alico's filing on Form 10-K dated December 10, 2015)
10.13		First Amendment to Loan Agreement, dated March 26, 2013 (Prudential Loan Agreement) (incorporated by reference to Exhibit 10.20 of Alico's filing on Form 10-K dated December 10, 2015)
10.14		Promissory Note D, dated March 26, 2013, by and among 734 Citrus Holdings, LLC, 734 LMC Groves, LLC, 734 Co-Op Groves, LLC, 734 BLP Groves, LLC, 734 Harvest LLC and Prudential Mortgage Capital Company, LLC (incorporated by reference to Exhibit 10.21 of Alico's filing on Form 10-K dated December 10, 2015)
10.15		Loan Agreement, dated September 4, 2014, by and among 734 Citrus Holdings, LLC, 734 LMC Groves, LLC, 734 Co-Op Groves, LLC, 734 BLP Groves, LLC, 734 Harvest LLC and Prudential Mortgage Capital Company, LLC ("Loan E and F") (incorporated by reference to Exhibit 10.22 of Alico's filing on Form 10-K dated December 10, 2015)
10.16		Promissory Note E, dated September 4, 2014, by and among 734 Citrus Holdings, LLC, 734 LMC Groves, LLC, 734 Co-Op Groves, LLC, 734 BLP Groves, LLC, 734 Harvest LLC and Prudential Mortgage Capital Company, LLC (incorporated by reference to Exhibit 10.23 of Alico's filing on Form 10-K dated December 10, 2015)
10.17		Promissory Note F, dated September 4, 2014, by and among 734 Citrus Holdings, LLC, 734 LMC Groves, LLC, 734 Co-Op Groves, LLC, 734 BLP Groves, LLC, 734 Harvest LLC and Prudential Mortgage Capital Company, LLC (incorporated by reference to Exhibit 10.24 of Alico's filing on Form 10-K dated December 10, 2015)
10.18		First Amendment to Loan Agreement, dated April 23, 2015 (Loan E and F) (incorporated by reference to Exhibit 10.25 of Alico's filing on Form 10-K dated December 10, 2015)
10.19		Second Amendment to the Loan Agreement, dated September 4, 2014 (Prudential Loan Agreement) (incorporated by reference to Exhibit 10.26 of Alico's filing on Form 10-K dated December 10, 2015)

10.20	Third Amendment to the Loan Agreement, dated April 23, 2015 (Prudential Loan Agreement) (incorporated by reference to Exhibit 10.27 of Alico's filing on Form 10-K dated December 10, 2015)
10.21	Cancellation and Termination of Note D, dated April 23, 2015, by and among 734 Citrus Holdings, LLC, 734 LMC Groves, LLC, 734 Co-Op Groves, LLC, 734 BLP Groves, LLC, 734 Harvest LLC and Prudential Mortgage Capital Company, LLC (incorporated by reference to Exhibit 10.28 of Alico's filing on Form 10-K dated December 10, 2015)
10.22	First Amendment to Credit Agreement and Consent with Rabo Agrifinance, Inc. dated February 26, 2015 (incorporated by reference to Exhibit 10.29 of Alico's filing on Form 10-K dated December 10, 2015)
10.23	Second Amendment to Credit Agreement with Rabo Agrifinance, Inc. dated July 16, 2015 (incorporated by reference to Exhibit 10.30 of Alico's filing on Form 10-K dated December 10, 2015)
10.24	Amendment to First Amended and Restated Credit Agreement with Metropolitan Life Insurance Company and New England Life Insurance Company, dated February 1, 2015 (incorporated by reference to Exhibit 10.31 of Alico's filing on Form 10-K dated December 10, 2015)
10.25	Second Amendment to First Amended and Restated Credit Agreement with Metropolitan Life Insurance Company and New England Life Insurance Company dated August 12, 2015 (incorporated by reference to Exhibit 10.32 of Alico's filing on Form 10-K dated December 10, 2015)
10.26***	Third Amendment to First Amended and Restated Credit Agreement with Metropolitan Life Insurance Company and New England Life Insurance Company dated November 4, 2019
10.27	Fourth Amendment to First Amended and Restated Credit Agreement with Metropolitan Life Insurance Company and New England Life Insurance Company dated October 2, 2019
10.28	Renewal Promissory Note by Alico, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, LLC, Alico Land Development Inc., and Alico Citrus Nursery, LLC in favor of Rabo Agrifinance, LLC (f/k/a Rabo Agrifinance, Inc.) dated September 30, 2016 (incorporated by reference to Exhibit 10.34 of Alico's filing on Form 10-K dated December 6, 2016)
10.29	Second Renewal Promissory Note by Alico, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, LLC, Alico Land Development Inc., and Alico Citrus Nursery, LLC in favor of Rabo Agrifinance, LLC (f/k/a Rabo Agrifinance, Inc.) dated September 6, 2017 (incorporated by reference to Exhibit 10.39 of Alico's filing on Form 10-K dated December 11, 2017)
10.30	Third Renewal Promissory Note by Alico, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, LLC, Alico Land Development Inc., and Alico Citrus Nursery, LLC in favor of Rabo Agrifinance, LLC (f/k/a Rabo Agrifinance, Inc.) dated September 26, 2018 (incorporated by reference to Exhibit 10.40 of Alico's filing on Form 10-K dated December 6, 2018)
10.31*	Employment Agreement dated June 1, 2015 between Alico, Inc. and John Kiernan (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed with the SEC on June 1, 2015)
10.32*	Separation and Consulting Agreement dated December 31, 2016 between Alico, Inc. and Clayton G. Wilson (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed with the SEC on January 4, 2017)
10.33*	Employment Agreement dated December 31, 2016 between Alico, Inc. and Remy W. Trafelet (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed with the SEC on January 4, 2017)
10.34*	Employment Agreement dated December 31, 2016 between Alico, Inc. and Henry R. Slack (incorporated by reference to Exhibit 10.3 of the Company's Form 8-K filed with the SEC on January 4, 2017)
10.35*	Employment Agreement dated March 27, 2013 between Alico, Inc. and George R. Brokaw (incorporated by reference to Exhibit 10.4 of the Company's Form 8-K filed with the SEC on January 4, 2017)
10.36*	Offer of Employment Letter dated June 16, 2017 between Richard Rallo and Alico, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed with the SEC on August 7, 2017)
10.37*	Employment Agreement dated December 2, 2019 between Alico, Inc. and Richard Rallo
10.38	Supplement No. 1 dated as of September 30, 2016, to the Security Agreement dated as of December 1, 2014 by and among Alico, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, LLC, Alico Land Development Inc., Alico Citrus Nursery, LLC and Rabo Agrifinance, LLC (f/k/a Rabo Agrifinance, Inc.) (incorporated by reference to Exhibit 10.35 of Alico's filing on Form 10-K dated December 6, 2016)

10.39		Third Amendment to Credit Agreement by and among Alico, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, LLC, Alico Land Development Inc., Alico Citrus Nursery, LLC and Rabo Agrifinance, LLC (f/k/a Rabo Agrifinance, Inc.) dated September 30, 2016 (incorporated by reference to Exhibit 10.33 of Alico's filing on Form 10-K dated December 6, 2016)
10.40		Fourth Amendment to Credit Agreement by and among Alico, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, LLC, Alico Land Development Inc., Alico Citrus Nursery, LLC and Rabo Agrifinance, LLC (f/k/a Rabo Agrifinance, Inc.) dated September 6, 2017 (incorporated by reference to Exhibit 10.38 of Alico's filing on Form 10-K dated December 11, 2017)
10.41		Fifth Amendment to Credit Agreement by and among Alico, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, LLC, Alico Land Development Inc., Alico Citrus Nursery, LLC and Rabo Agrifinance, LLC (f/k/a Rabo Agrifinance, Inc.) dated October 30, 2017 (incorporated by reference to Exhibit 10.37 of Alico's filing on Form 10-K dated December 6, 2018)
10.42		Sixth Amendment to Credit Agreement by and among Alico, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, LLC, Alico Land Development Inc., Alico Citrus Nursery, LLC and Rabo Agrifinance, LLC (f/k/a Rabo Agrifinance, Inc.) dated July 18, 2018 (incorporated by reference to Exhibit 10.38 of Alico's filing on Form 10-K dated December 6, 2018)
10.43		Seventh Amendment to Credit Agreement by and among Alico, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, LLC, Alico Land Development Inc., Alico Citrus Nursery, LLC and Rabo Agrifinance, LLC (f/k/a Rabo Agrifinance, Inc.) dated September 26, 2018 (incorporated by reference to Exhibit 10.39 of Alico's filing on Form 10-K dated December 6, 2018)
10.44		Eighth Amendment to Credit Agreement by and among Alico, Inc., Alico-Agri, Ltd., Alico Plant World, L.L.C., Alico Fruit Company, LLC, Alico Land Development Inc., Alico Citrus Nursery, LLC and Rabo Agrifinance, LLC (f/k/a Rabo Agrifinance, Inc.) dated August 29, 2019
10.45		Settlement Agreement and Release, dated as of February 11, 2019, by and among Alico, Inc., George R. Brokaw, R. Greg Eisner, Benjamin D. Fishman, W. Andrew Krusen, Henry R. Slack, Remy W. Trafelet , 734 Agriculture, LLC, RCF 2014 Legacy LLC and Delta Offshore Master II, LTD (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on February 11, 2019.)
10.46		Registration Rights Agreement, dated as of February 11, 2019, by and between Alico, Inc. and Remy W. Trafelet (incorporated by reference from Exhibit C to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on February 11, 2019).
10.47		Consulting Agreement, dated as of February 11, 2019, by and among Alico, Inc., 3584 Inc., and Remy W. Trafelet (incorporated by reference from Exhibit B to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on February 11, 2019).
10.48	*	Alico, Inc. Stock Incentive Plan of 2015 (incorporated by reference from Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on January 28, 2015).
21.0		Subsidiaries of the Registrant
23.0		Consent of Independent Registered Public Accounting Firm
31.1		Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Rule 13a-14(a) certification
31.2		Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Rule 13a-14(a) certification
32.1		Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350
32.2		Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101		
101.INS	**	XBRL Instance Document
101.SCH	**	XBRL Taxonomy Extension Schema Document
101.CAL	**	XBRL Taxonomy Calculation Linkbase Document
101.DEF	**	XBRL Taxonomy Definition Linkbase Document
101.LAB		XBRL Taxonomy Label Linkbase Document
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document

* Denotes a management contract or compensatory plan, contract or arrangement.

**	In accordance with Rule 406T of Regulation S-T, these XBRL (eXtensible Business Reporting Language) documents are furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability under these sections.
***	Certain schedules and exhibits have been omitted from this filing pursuant to Item 601(b) (2) of Regulation S-K. The Company will furnish supplemental copies of any such schedules or exhibits to the SEC upon request.

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

ALICO, INC. (Registrant)

December 5, 2019	By:	/s/ John E. Kiernan **John E. Kiernan** **President and Chief Executive Officer (Principal Executive Officer)**

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

December 5, 2019	President and Chief Executive Officer (Principal Executive Officer)	/s/ John E. Kiernan **John E. Kiernan**
December 5, 2019	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	/s/ Richard Rallo **Richard Rallo**
December 5, 2019	Director: Executive Chairman	/s/ Benjamin D. Fishman **Benjamin D. Fishman**
December 5, 2019	Director	/s/ George R. Brokaw **George R. Brokaw**
December 5, 2019	Director	/s/ R. Greg Eisner **R. Greg Eisner**
December 5, 2019	Director	/s/ Henry R. Slack **Henry R. Slack**
December 5, 2019	Director	/s/ W. Andrew Krusen **W. Andrew Krusen**
December 5, 2019	Director	/s/ Toby K. Purse **Toby K. Purse**

THIRD AMENDMENT TO
FIRST AMENDED AND RESTATED CREDIT AGREEMENT

THIS THIRD AMENDMENT TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT (this " Amendment") is made as of the 4th day of November, 2016, by and among ALICO, INC., a Florida corporation (" Alico"), ALICO LAND DEVELOPMENT, INC., a Florida corporation ("ALDI"), ALICO-AGRI, LTD., a Florida limited partnership ("Alico-Agri"), ALICO PLANT WORLD, L.L.C., a Florida limited liability company ("Plant World") and ALICO FRUIT COMPANY, LLC, a Florida limited liability company (" Alico Fruit"; and collectively with Alico, ALDI, Alico-Agri, and Plant World, " Borrower") and in favor of METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation ("Servicer" or "MetLife"), as lender ("Lender") and as servicer, pursuant to that Amended and Restated Co-Lending Agreement dated as of August 12, 2015 (the "Restated Co-Lending Agreement").

W I T N E S S E T H:

WHEREAS, the parties hereto are parties to the Amended and Restated Credit Agreement dated December 1, 2014, as amended by that certain Amendment to First Amended and Restated Credit Agreement dated effective February 1, 2015, and as further amended by that certain Second Amendment to First Amended and Restated Credit Agreement dated effective August 12, 2015 (collectively, the " Restated Credit Agreement"); and

WHEREAS, Rabo AgriFinance LLC (formerly known as Rabo Agrifinance, Inc.) ("Rabo"), MetLife, and New England Life Insurance Company, a Massachusetts corporation ("NEL"), as co-lenders, (individually and collectively, "Co-Lenders") are parties to the Restated Co-Lending Agreement; and

WHEREAS, the parties hereto wish to make certain modifications in the terms of the Restated Credit Agreement, as described herein; and

WHEREAS, Rabo desires to sell and assign all of its interest and participation in the Loans made under the Restated Credit Agreement and the Restated Co-Lending Agreement to MetLife such that MetLife will be the successor in interest to Rabo's interest under the Restated Credit Agreement, Restated Co-Lending Agreement and related loan documents.

NOW, THEREFORE, in consideration of the foregoing and the mutual and reciprocal promises and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, the Co-Lenders and Borrower agree as follows:

1. Definitions. All capitalized terms not defined herein shall have the meaning attributed to such term in the Restated Credit Agreement.

2. Removal and Release of Rabo as Co-Lender. The Restated Credit Agreement is hereby amended to remove Rabo as a Co-Lender (as defined in Section 9 of the Restated Credit

Agreement). The parties agree that Rabo is hereby released from and shall no longer be subject to any of the rights, obligations, and privileges of a Co-Lender under the Restated Credit Agreement, and from and after the effective date of this Amendment, shall not be included in the term "Co-Lender[s]" for any purpose. The parties further agree that (i) Rabo has complied with the requirements set forth in the Restated Co-Lending Agreement with respect to the transfer and assignment of the Assigned Notes (as defined below), (ii) Rabo is hereby released from and shall no longer be subject to any of the rights, obligations, and privileges of a Co-Lender under the Restated Co-Lending Agreement, and from and after the effective date of this Amendment, shall not be included in the term "Co-Lender[s]" for any purpose, and (iii) MetLife hereby assumes the rights, obligations, and privileges of Rabo under the Restated Co-Lending Agreement and shall be bound by the provisions of such agreement as Rabo's successor in interest.

3. Assignment of Certain Notes. In consideration of the payment by MetLife to Rabo of the purchase price set forth on Annex I hereto, Rabo hereby transfers, assigns, grants, and conveys, without any representation, warranty or recourse, to MetLife all of Rabo's right, title and interest in and to the Libor Term Loan "B" Note and the RLOC Loan Note (the "Assigned Notes"), which are secured by, among other things, the Collateral Documents listed in Section 1.4 of the Restated Credit Agreement together with that certain Mortgage Spreader Agreement dated as of July 29, 2015, recorded in the Public Records of DeSoto County, Florida (collectively, the "Collateral Documents"). The parties agree that MetLife, as an assignee of the Assigned Notes, is a secured party under the Collateral Documents and Rabo is no longer a secured party under the Collateral Documents. All obligations of Borrower under the Assigned Notes and the Restated Credit Agreement with respect to the Assigned Notes run to and for the benefit of MetLife. Such obligations are fully enforceable by MetLife as if the Assigned Notes had been originally issued in its favor.

4. Full Force and Effect. Except as expressly modified by this Amendment, the Restated Credit Agreement remains in full force and effect in accordance with its terms.

5. Counterparts. This Amendment may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the date and year first above written.

SERVICER/LENDER:

METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation

By: __
Name: Greg G. Gallaway
Title: Director

BORROWER:

ALICO, INC.,
a Florida corporation

By: __
Name: ____________________________
Title: ____________________________

CO-LENDER:

NEW ENGLAND LIFE INSURANCE COMPANY, a Massachusetts corporation

By: Metropolitan Life Insurance Company,
a New York corporation,
its Investment manager

By: __
Name: Greg G. Gallaway
Title: Director

ALICO LAND DEVELOPMENT, INC.,
a Florida corporation

By: __
Name: ____________________________
Title: ____________________________

ALICO FRUIT COMPANY, LLC, a Florida limited liability company

By: Alico, Inc., a Florida corporation, its Managing Member

By: __
Name: ____________________________
Title: ____________________________

ALICO-AGRI, LTD., a Florida limited partnership

By: Alico, Inc., a Florida corporation, its General Partner

By: __
Name: ____________________________
Title: ____________________________

ALICO PLANT WORLD, L.L.C., a Florida limited liability company

By: Alico, Inc., a Florida corporation, its Manager

By: __
Name: ____________________________
Title: ____________________________

ACKNOWLEDGEMENT AND CONSENT

This undersigned hereby acknowledges and consents to the terms and conditions of this Amendment

RABO:

RABO AGRIFINANCE LLC, a Delaware limited liability company

By: ______________________________

Name: ____________________________

Title: ____________________________

Title: ____________________________

Annex I

Exhibit 10.27

FOURTH AMENDMENT TO
FIRST AMENDED AND RESTATED CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT ("Fourth Amendment") is made as of October ___, 2019, by and among ALICO, INC., a Florida corporation ("Alico"), ALICO LAND DEVELOPMENT, INC., a Florida corporation ("ALDI"), and ALICO FRUIT COMPANY, LLC, a Florida limited liability company (" Alico Fruit," and collectively with Alico and ALDI, "Borrower") and in favor of METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation ("Servicer" or "MetLife"), as lender ("Lender") and as servicer, pursuant to that certain Co- Lending Agreement dated December 1, 2014, between MetLife and New England Life Insurance company, a Massachusetts corporation ("NEL"), as co-lender (and together with MetLife, "Co-Lenders").

WHEREAS, the Parties, together with Alico-Agri, Ltd, a Florida limited partnership ("Alico-Agri") and Alico Plant World, L.L.C., a Florida limited liability company ("Plant World"), as additional Borrowers, previously entered into that certain First Amended and Restated Credit Agreement dated as of December 1, 2014, as amended by that certain Amendment to First Amended and Restated Credit Agreement dated as of February 1, 2015, by Second Amendment to First Amended and Restated Credit Agreement dated August 12, 2015, and by Third Amendment to First Amended and Restated Credit Agreement dated November 4, 2016 (collectively, the "Loan Agreement"); and

WHEREAS, Co-Lenders have previously released Alico-Agri and Plant World as borrowers under the Loan Agreement pursuant to a Release Agreement dated December 21, 2016;

WHEREAS, MetLife and Borrower have agreed to renew the RLOC Note on the terms set forth in that certain Second Amended and Restated Line of Credit Agreement Note (Loan No. 200122) of even date herewith (the "Second Amended RLOC Note") and on the terms set forth in this Fourth Amendment;

WHEREAS, the Parties wish to amend the Loan Agreement as set forth herein.

NOW, **THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Recitals; Defined Terms. The foregoing recitals are true and correct and are incorporated herein by reference. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Loan Agreement.

2. Suppression of Advances. The following is added at the end of Section 1.3(b) of the Loan Agreement:

> "The entire $25,000,000 available under the Second Amended RLOC Note shall be disbursed at the closing for the Second Amended RLOC Note. However, if subsequent to this initial advance, Lender determines that the loan-to-value ratio (the "LTV Ratio") exceeds 50%, any subsequent disbursements or re-advancements under the Second Amended RLOC Note shall be suppressed ("RLOC Loan Suppression"), and Lender shall notify Borrower that Borrower's rights to additional advances under the Second Amended RLOC Note have been limited until such time as the LTV Ratio is 50% or less. The LTV Ratio shall be calculated, in the sole and absolute discretion of the Lender, by dividing the aggregate outstanding principal balances of all indebtedness owed to Lender by Borrower (including, but not limited to, the Loan) by the total value of the Security for all such indebtedness. Borrower may lift the RLOC Loan Suppression in the same manner as set forth in Section 8.10 of the Loan Agreement."

3. LTV Ratio. The following is added as new Section 8.10 of the Loan Agreement:

> "LTV Ratio. The LTV Ratio shall at all times be less than 55%. For purposes of this Section 8.10, Lender may inspect and revalue the Security annually and shall notify Borrower in writing when Borrower is in breach of this covenant. Within ninety (90) days after the date of such notice, Borrower shall take one or more of the following actions in order to bring the LTV Ratio below 55%: (i) pay down the principal balance of the Loan (no prepayment penalty will be applied to such a prepayment); or (ii) at Borrower's sole expense, obtain a FIRREA and USPAP compliant appraisal (with an appraiser and format to be approved in advance by Lender) that establishes the value of the Security, to Lender's satisfaction, at an amount that will bring the LTV Ratio into compliance with this covenant. Failure to bring the LTV Ratio into compliance within the 90- day period shall be an Event of Default."

4. Affirmative Covenants. Section 7.5(a)(2) of the Loan Agreement shall be deleted in its entirety and replaced with the following:

> "Catastrophic insurance coverage ("CAT Coverage") on all citrus trees and crops constituting any part of the Security, together with (i) additional crop insurance (60% buy up) on all Valencia oranges grown in Polk and DeSoto Counties, Florida; and (ii) additional tree insurance (60% buy up) on all trees

located in DeSoto County, Florida for the 2019/2020 and 2020/2021 growing seasons (collectively with the CAT Coverage, the "Crop and Tree Insurance"); and"

5. Restrictive Covenants. Section 8.2 of the Loan Agreement shall be deleted in its entirety and replaced with the following:

"Tangible Net Worth. From and after March 30, 2019, Consolidated Tangible Net Worth shall not be less than the sum of $162,276,000.00, increased on and as of October 1 of each year, commencing October 1, 2019, by an amount equal to ten percent (10%) of Consolidated Net Income for the immediately preceding fiscal year, but which amount shall not be decreased in the event of a Consolidated Net Loss for any fiscal year. The amount of Consolidated Tangible Net Worth shall be tested and reported to Lender as of the last day of each fiscal quarter."

6. Definitions. The definition of RLOC Maturity Date under Section 9 is amended to mean November 1, 2029.

7. Notice Address. Lender's address for notice purposes under the Loan Documents is hereby changed to: 10801 Mastin Blvd., Suite 700, Overland Park, KS 66210.

8. Full Force and Effect. Except as specifically set forth herein, the Loan Agreement remains in full force and effect. From and after the effective date of this Second Amendment, the Second Amended RLOC Note shall be included for all purposes in the term "Notes" in the Loan Agreement.

9. Reaffirmation. All other terms, conditions, covenants and agreement of the Borrower as set forth in the Loan Documents which are not expressly amended, deleted or otherwise modified herein or in the Second Amended RLOC Note, shall remain in full force and effect. Borrower hereby reaffirms for the benefit of Co-Lenders each and every term and provision contained in the Loan Documents.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have executed this Fourth Amendment effective as of the date set forth above.

SERVICER/LENDER:

METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation

By: MetLife Investment Management, LLC, its investment manager

By: __
Name: __
Its: Authorized Signatory and Director

CO-LENDER:

NEW ENGLAND LIFE INSURANCE COMPANY, a Massachusetts corporation

By: Metropolitan Life Investment Management, LLC, its investment manager

By: __
Name: __
Its: Authorized Signatory and Director

BORROWER:

ALICO, INC., a Florida corporation

By: __
Name: __
Title: __

ALICO LAND DEVELOPMENT, INC., a Florida corporation

By: __
Name: __
Title: __

ALICO FRUIT COMPANY, LLC, a Florida limited liability company

By: Alico, Inc., a Florida corporation, its Managing Member

By: __
Name: __
Title: __

Exhibit 10.37

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of the 2nd day of December 2019 (the "Effective Date"), by and between Richard Rallo (the "Executive"), a New York resident, and Alico, Inc., a Florida corporation (the "Company").

Recitals

WHEREAS, the Company desires to employ the Executive to serve as the Chief Financial Officer of the Company, effective as of the Effective Date, and the Executive desires to accept such positions with the Company.

Agreement

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Employment. The Company hereby employs the Executive as its Chief Financial Officer, and the Executive hereby accepts such employment, effective as of the Effective Date, upon the terms and conditions set forth herein. Except as otherwise expressly provided herein and in the Indemnification Agreement to be executed by the Company and the Executive, this Agreement (including the exhibits, which are an integral part of it) sets forth the terms and conditions of the Executive's employment by the Company, represents the entire agreement of the parties with respect to that subject, and supersedes all prior understandings and agreements with respect to that subject. Every reference in this Agreement to an Exhibit is to an exhibit to this Agreement. As used in this Agreement, the capitalized terms that are defined on Exhibit A have the respective definitions attributed to them on Exhibit A, and those definitions are incorporated by reference into this Agreement.

2. Position and Duties.

(a) Duties. The Executive shall be employed by the Company as Chief Financial Officer. The Executive shall have the normal duties, responsibilities, and authority of a Chief Financial Officer, and shall perform all duties incidental to such position that may be required by law and all such other duties as may be reasonably assigned by the Chief Executive Officer of the Company and are consistent with the duties normally associated with a chief financial officer of a public corporation. The Executive shall report to the Chief Executive Officer of the Company.

(b) Engaging in Other Employment. While employed by the Company, except as otherwise approved by the Board of Directors of the Company (the "Board"), the Executive shall devote substantially all of his working time and attention to the Company and its affiliates and shall not be employed by any other person or entity. Notwithstanding the foregoing or the provisions of Section 10(b) of this Agreement, the Executive is permitted to do any of the following while he is employed by the Company or any of its subsidiaries: (i) if approved in advance by resolution of the Board, serve as an owner, officer, director, or manager of any other for-profit business entity, so long as it is not engaged in a business that competes with the Company; (ii) make a passive investment in less than 1% of the outstanding equity of any business entity that is traded on any national, regional, or international stock exchange or in the over-the-counter market, whether or not the business entity is engaged in a business that competes with the Company; and (iii) participate in a reasonable number of civic, industry, charitable, community, educational, professional, and similar organizations, including serving as an officer or member of a board of directors of any nonprofit organization; provided, in each case, that the activity or service does not materially interfere with the regular performance of the Executive's duties and responsibilities under this Agreement.

(c) Loyal and Conscientious Performance. The Executive shall act at all times in compliance with the written policies, rules, and decisions adopted from time to time by the Company and the Board and perform all of the duties and obligations required of him by this Agreement in a loyal and conscientious manner.

(d) Location. The Executive's principal place of business shall be his home office located in Melville, New York.

3. Term of Employment. The term of the Executive's employment pursuant to this Agreement shall commence on the Effective Date and end on the second anniversary of the Effective Date, subject to extension and termination pursuant to the provisions of this Agreement (the "Term"). The Term will be automatically extended for a one-year period on the second and each ensuing anniversary of the Effective Date unless either the Company or the Executive provides written notice to the other party no later than 60 days in advance of the expiration of then-current Term that the period of the Executive's employment pursuant to this Agreement shall not be extended. As used in this Agreement, the word "Term" means the initial two-year period of employment specified in this Agreement and includes any and every one-year extension of the period of employment under this Agreement. Notwithstanding the foregoing, the Term shall automatically terminate on the Date of Termination (as defined below).

4. Annual Cash Compensation.

(a) Annual Base Salary. During the Term, the Company shall pay to the Executive in installments an annual base salary, not less often than monthly, at an annual rate of not less than $275,000 ("Annual Base Salary"). The Annual Base Salary shall be reviewed by the Board or the Compensation Committee of the Board (the "Committee") at least annually for increase, and the Annual Base Salary as so adjusted shall be the "Annual Base Salary" for all purposes of this Agreement.

(b) Short-Term Incentive Plan. For each fiscal year of the Company during the Term, the Executive shall be eligible for an annual incentive compensation award with an annual target opportunity in an amount equal to 40% of the Annual Base Salary (the "Target Bonus Opportunity") and with the amount of the award for each fiscal year to be determined by the Board or the Committee from time to time and prorated for any partial year of service. The short-term incentive compensation earned by the Executive with respect to any fiscal year (the "Annual Bonus") shall be paid to the Executive within two and a half months following the fiscal year for which it was earned, subject to the Executive's continued employment through the payment date.

5. Equity Awards.

No equity awards will be made at the Effective Date.

6. Employee Benefits. During the Term, the Executive shall be eligible to participate in the employee benefit plans, policies, programs, practices and arrangements that the Company provides to its executives generally from time to time (each, an "Employee Benefit Plan" and, collectively, the "Employee Benefit Plans") on terms that are no less favorable to the Executive than those provided by the Company to other executives of the Company generally. The Executive will be entitled to 20 paid vacation days every fiscal year of the Company, which will be credited on the first day of each fiscal year during the Term. In addition to the foregoing paid vacation time, the Executive will be allowed additional days of paid holidays or other personal absent time as determined in accordance with Company policy or as approved by the Board. Any unused vacation time during a fiscal year will accumulate in accordance with the Company's vacation policy.

7. Perquisites. During the Term, the Executive shall be eligible to receive perquisites on a basis no less favorable than as are provided by the Company from time to time to other senior executives of the Company generally.

8. Expense Reimbursement. The Executive shall be reimbursed for ordinary and reasonable travel, business, promotional, entertainment, and other expenses that are paid or incurred by him during the Term in connection with the performance of his services for and on behalf of the Company under this Agreement, subject to the Company's expense reimbursement policies and procedures.

9. Withholding. The Company may withhold from the payments due to the Executive for the payment of taxes and other lawful withholdings or required Executive contributions, in accordance with applicable law. If circumstances arise in which such withholding or contributions are required on account of any compensation or benefits (including, without limitation, upon the payment or provision of any compensation or benefits pursuant to Sections 6 or 7), at a time when there are not cash payments being made to the Executive from which such withholding obligations can be satisfied, the Executive will deliver to the Company amounts sufficient to fund such withholding or contribution obligations.

10. Executive's Covenants.

(a) Confidentiality.

(i) The Executive shall not, at any time use, divulge, or otherwise disclose, directly or indirectly, any confidential and proprietary information (including, without limitation, any customer or prospect list, supplier list, acquisition or merger target, business plan or strategy, data, records, financial information, or other trade secrets) concerning the business, policies, or operations of the Company or its affiliates (or any predecessors thereof) that the Executive may have learned or become aware of at any time on or prior to the date hereof or during the Term of the Executive's employment by the Company. The confidential and proprietary information shall not include any information that: (A) was independently developed by the Executive before the commencement of his employment with the Company; (B) is or has been publicly disclosed by the Company or any subsidiary of the Company; and (C) is or becomes publicly available, other than as a result of a disclosure in contravention of this confidentiality restriction by the Executive or any person to whom the Executive disclosed the information. Notwithstanding the foregoing, the Executive is permitted to disclose confidential and proprietary information of the Company and/or its affiliates (x) to third parties and other officers, directors and employees of the Company or its affiliates in the performance of his duties as Chief Financial Officer of the Company, (y) to legal counsel for the Executive, the Company, or an affiliate of the Company to the extent necessary to obtain legal advice, so long as the Executive advises such legal counsel of the confidential and/or proprietary nature of such information, and (z) to the extent required by law or a request by a court or governmental authority (pursuant to a subpoena or otherwise).

(ii) The Executive further acknowledges and agrees that all Company Materials (as defined below) are the exclusive property of the Company and that, at request of the Company upon the termination of his employment with the Company pursuant to this Agreement, he shall return to the Company all Company Materials (including all copies thereof) that are in printed form and then in his control or possession and permanently delete from all accessible files, folders, and document libraries all Company Materials in digital form that are then stored on computers or other electronic devices in his control or possession. For purposes of this Section 10, "Company Materials" means all models, samples, products, prototypes, computers, computer software, computer disks, tapes, printouts, source, HTML and other code, flowcharts, schematics, designs, graphics, drawings, photographs, charts, graphs, notebooks, customer lists, sound recordings, other tangible or intangible manifestation of content, and all other documents concerning the Company, any affiliate of the Company, or any predecessor of the Company or any affiliate of the Company, whether printed, typewritten, handwritten, electronic, or stored on computer disks, tapes, hard drives, or any other tangible medium.

(iii) The Executive acknowledges that Company Materials may contain information that is confidential and subject to the attorney-client privilege of the Company or its affiliates or otherwise protected by attorney work product immunity. Except as required by law, the Executive agrees not to disclose to any person (other than in-house or outside counsel for the Company and its affiliates) the content or substance of (A) any such Company Materials that the Executive knows or has notice is protected by an attorney-client privilege or attorney work product immunity of the Company or any affiliate of the Company or (B) any communication that the Executive may have or may have had at any time with in-house or outside counsel for the Company and its affiliates, whether during his employment hereunder or otherwise, regarding such Company Materials. Notwithstanding the foregoing, the Executive is permitted to waive any attorney-client privilege or attorney work product privilege of the Company or any affiliate of the Company with respect to any particular information or communication, whether affirmatively or through the disclosure of information or communication to a person that results in waiver of the privilege, if the waiver or disclosure is (x) made in reliance on, and consistent with, the advice of legal counsel,

(y) directed or authorized by the Board or legal counsel for the Company in connection with a governmental investigation or otherwise, or (z) required by law or to comply in good faith with an order of a court or governmental authority, after providing the Company or its subsidiary a reasonable opportunity to obtain a protective order to prevent or protect the disclosure of the applicable information or communication.

(b) Noncompetition and Nonsolicitation.

(i) During the Restricted Period (as defined below), and except as otherwise authorized by Section 2(b) of this Agreement, the Executive agrees that he shall not, without the prior authorization by resolution of the Board, directly or indirectly, either as principal, agent, manager, employee, partner, shareholder, director, officer, consultant, or otherwise (A) become engaged in, involved with, or employed in any business (other than as a less-than one percent (1%) equity owner of any corporation traded on any national, international, or regional stock exchange or in the over-the-counter market) that competes with the Company or any of its affiliates; or (B) induce or attempt to induce any customer, client, supplier, employee, agent, or independent contractor of the Company or any of its affiliates to reduce, terminate, restrict, or otherwise alter its business relationship with the Company or its affiliates; provided that the foregoing shall not prohibit the Executive, individually or in association with others, from (x) engaging in public advertisement and other forms of broad solicitation not intended to target Company employees to fulfill hiring needs or (y) hiring any individual who is a former employee of the Company or any subsidiary of the Company who has been separated from employment with the Company or the subsidiary of the Company for more than six months. The provisions of this Section 10(b)(i) shall be effective only within any state within the United States or any country outside the United States where the Company or any of its subsidiaries conducted its business during any part of the Executive's employment with the Company. The parties intend the above geographical areas to be completely severable and independent, and any invalidity or unenforceability of this Agreement with respect to any one area shall not render this Agreement unenforceable as applied to any one or more of the other areas.

(ii) For purposes of this Section 10(b), "Restricted Period" shall mean the period of the Executive's employment by the Company during the Term and the 12-month period following the Date of Termination (as defined in Exhibit A).

(c) Forfeiture and Repayments. The Executive agrees that, in the event that he violates the provisions of Section 10(a) or 10(b), and except for the payment of Accrued Obligations, (i) he will forfeit and not be entitled to any further payments or benefits under this Agreement, (ii) any previously awarded stock options or stock appreciation rights ("Options"), Restricted Shares, or other equity awards then-outstanding shall expire immediately, and (iii) if such violation is after the termination of his employment, he will be obligated to repay to the Company the sum of (x) any amounts paid (determined as of the date of payment) after the termination of employment pursuant to Section 11 and (y) the amount of any gains realized by the Executive upon the exercise of Options (measured by the difference between the aggregate fair market value on the date of exercise of shares underlying the Options and the aggregate exercise price of the Options) within the one-year period prior to the first date of the violation. Such amount shall be paid to the Company in cash in a single sum within ten business days after the first date of the violation, whether or not the Company has knowledge of the violation or has made a written demand for payment. Any such payment made following such date shall bear interest at an annual rate equal to the prime lending rate of Citibank, N.A. (as periodically set) plus 1%. The forfeiture and clawback provisions of this Section 10(c) will terminate on the date that is 18 months following the expiration of the Restricted Period with respect to a violation of the provisions of Section 10(b) or 60 months following the Date of Termination with respect to a violation of the provisions of Section 10(a).

(d) Nondisparagement. The Executive shall not disparage the Company or any of its affiliates or their respective directors, officers, employees as a group, agents, stockholders, successors, and assigns (both individually and in their official capacities with the Company) (the "Company Parties") or any Company Parties' goods, services, employees as a group, customers, business relationships, reputation, or financial condition.

(e) Cooperation. During the Term and thereafter, the Executive shall cooperate with the Company and its affiliates as reasonably requested by the Company, without additional consideration, in any internal investigation or administrative, regulatory, or judicial proceeding involving the Company or any of its subsidiaries that pertains to any matter that occurred, or with which the Executive was involved or had knowledge, while he was employed by the Company, including, without limitation, the Executive being available to the Company or its affiliates upon reasonable notice for interviews and factual investigations, appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information, and turning over to the Company all relevant documents that are or may come into the Executive's possession, all at times and on schedules that are reasonably consistent with the Executive's other permitted activities and commitments if the Executive is then employed by the Company and otherwise taking into account the Executive's reasonable business obligations. The Company promptly shall reimburse the Executive for all reasonable out-of-pocket costs and expenses that he incurs in providing any assistance requested by the Company under this Section 10(e).

(f) Scope of Restrictions. The Executive acknowledges that the restrictions set forth in this Section 10 are reasonable and necessary to protect the Company's business and goodwill, and that the obligations under this Section 10 shall survive any termination of his employment for the periods indicated. The Executive acknowledges that if any of these restrictions or obligations is found by a court having jurisdiction to be unreasonable or overly broad or otherwise unenforceable, he and the Company agree that the restrictions or obligations shall be modified by the court so as to be reasonable and enforceable and, if so modified, shall be fully enforced.

(g) Consideration; Survival. The Executive acknowledges and agrees that the compensation and benefits provided in this Agreement constitute adequate and sufficient consideration for the covenants made by the Executive in this Section 10. As further consideration for the covenants made by the Executive in this Section 10, the Company has provided and will provide the Executive certain proprietary and other confidential information about the Company, including, but not limited to, business plans and strategies, budgets and budgetary projections, income and earnings projections and statements, cost analyses and assessments, and/or business assessments of legal and regulatory issues.

11. Termination of Employment.

(a) In General. Notwithstanding anything to the contrary contained herein, the Executive's employment with the Company pursuant to this Agreement may be terminated at any time prior to the end of the Term (i) by the Executive by delivering to the Company a Notice of Termination (as defined on Exhibit A); (ii) by the Company by delivering to the Executive a Notice of Termination; or (iii) upon the death or due to the Disability (as defined on Exhibit A) of the Executive.

(b) Termination without Cause; Resignation for Good Reason Following a Change in Control. If, during the Term, the Executive's employment is terminated (x) by the Company other than for Cause, death, or Disability or (y) on or following a Change in Control, by the Executive for Good Reason, the Executive shall be entitled to the compensation and benefits set forth in Section 11(b)(i) and 11(b)(ii) (the "Severance Payments"):

(i) Compensation Other Than Severance Payments. The Company shall pay to the Executive (A) the Accrued Obligations (as defined in Exhibit A) in a cash lump sum within 30 days after the Date of Termination, and (B) any rights or payments, except for any severance benefits, that are vested benefits or that the Executive is otherwise entitled to receive at or subsequent to the Date of Termination under any Employee Benefit Plan or any other contract or agreement with the Company or any of its subsidiaries, which shall be payable in accordance with the terms of such Employee Benefit Plan or contract or agreement, except as explicitly modified by this Agreement (collectively, the "Vested Benefits"), and (C) any Annual Bonus that has been earned but not paid as of the Date of Termination, which the Company shall pay at the time provided in Section 4(b) even though the Executive is no longer employed by the Company at that time.

(ii) Severance Benefits. Subject to the Executive's execution of a release substantially in the form attached hereto as Exhibit B (the "Release") and the Release becoming effective and irrevocable in accordance with its terms by no later than the 55th day immediately following the date that the Executive incurs a "separation from service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") (the "Release Deadline"), and the Executive's continued compliance with the covenants set forth in Section 10, the Company shall pay to the Executive an amount equal to the Executive's Annual Base Salary (the "Severance Amount"). The Severance Amount shall be paid to the Executive in equal installments for the one-year period following the Executive's Date of Termination in accordance with the Company's regular payroll practices, as in effect on the Date of Termination. In addition, during this one-year period, the Company will provide to the Executive the same health care benefit coverage being made available to similarly situated active Company employees (at no cost to the Executive in excess of the employee premium cost applicable to similarly situated active Company employees).

(c) Termination of Employment for Death or Disability. The Executive's employment with the Company will terminate automatically on the date of his death. The Company may terminate the employment of Executive upon his Disability by delivering to the Executive or his guardian a Notice of Termination. If the Executive dies or his employment is terminated by the Company for Disability, any and all outstanding Options that have been granted to the Executive by the Company and have vested as of the Date of Termination shall remain exercisable for the longer of their stated term or 90 days following the Date of Termination, and the Company shall pay to the Executive or the guardian or personal representative of his estate (as applicable) (i) the Accrued Obligations in a cash lump sum within 30 days after the Date of Termination, (ii) the Vested Benefits, which shall be payable in accordance with the terms of the Employee Benefit Plans, contracts, or agreements under which the Vested Benefits are provided, except as explicitly modified by this Agreement, and (iii) any Annual Bonus that has been earned but not paid as of the Date of Termination, which the Company shall pay at the time provided in Section 4(b) even though the Executive is no longer employed by the Company at that time.

(d) Resignation by the Executive without Good Reason. If the Executive's employment is terminated by the Executive for any reason prior to a Change in Control or other than for Good Reason on or following a Change in Control, the Company shall pay to the Executive (i) within 30 days of the Date of Termination, to the extent not theretofore paid, (A) any earned but unpaid Annual Base Salary through the Date of Termination, (B) any of the Executive's business expenses that are reimbursable, but have not been reimbursed as of the Date of Termination, and (C) any accrued vacation pay, and (ii) the Vested Benefits, which shall be payable in accordance with the terms of the Employee Benefit Plans, contracts, or agreements under which the Vested Benefits are provided, except as explicitly modified by this Agreement.

(e) Termination for Cause. If the Executive's employment is terminated by the Company for Cause, any and all outstanding Options, Restricted Shares, or other equity awards that have been granted to the Executive by the Company and are not vested on the Date of Termination shall be automatically forfeited and cancelled without any consideration as of the Date of Termination, and the Company shall pay to the Executive (i) within 30 days of the Date of Termination, to the extent not theretofore paid, (A) any earned but unpaid Annual Base Salary through the Date of Termination, (B) any of the Executive's business expenses that are reimbursable, but have not been reimbursed as of the Date of Termination, and (C) any accrued vacation pay, and (ii) the Vested Benefits, which shall be payable in accordance with the terms of the Employee Benefit Plans, contracts, or agreements under which the Vested Benefits are provided, except as explicitly modified by this Agreement.

(f) Effect of Termination on Other Positions. If, on the Date of Termination, the Executive is a member of the Board or the board of directors of any of the Company's affiliates, or holds any other position with the Company or its affiliates, the Executive shall be deemed to have resigned from all such positions as of the Date of Termination. The Executive agrees to execute a letter of resignation and take such other reasonable actions as the Company may request to effect such resignation.

(g) No Mitigation Duty. The amounts payable to the Executive pursuant to this Section 11 will not be reduced by the amount of any income that the Executive earns or could earn from alternative employment following the Date of Termination. The Company waives any duty that the Executive might have under law to mitigate his damages by seeking alternative employment.

12. Administration. Subject to Section 21, no right or benefit under this Agreement shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge such rights or benefits shall be void.

13. Notice. Any notice to be given hereunder by either party to the other must be in writing and be effectuated either by personal delivery in writing or by mail, registered or certified, postage prepaid, with return receipt requested. Mailed notices shall be addressed to the parties at the following addresses:

If to the Company:

Chairman, Compensation Committee

c/o Alico, Inc.

10070 Daniels Interstate Court

Suite 100

Fort Myers, Florida 33913

If to the Executive:

At the most recent contact information on file in the payroll records of the Company.

A validly given notice will be effective on the earlier of its receipt, if it is personally delivered in writing, or on the fifth day after it is postmarked by the United States Postal Service, if it is delivered by certified or registered, postage-prepaid, United States mail.

14. Waiver of Breach. The waiver by any party to a breach of any provision in this Agreement cannot operate or be construed as a waiver of any subsequent breach by a party.

15. Severability. The invalidity or unenforceability of any particular provision in this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if the invalid or unenforceable provision were omitted.

16. Amendment. No modifications or amendments of the terms and conditions herein shall be effective unless in writing and signed by the parties or their respective duly authorized agents.

17. Authorization. The execution, delivery, and performance of this Agreement by the Company have been duly authorized by all requisite corporate action of the Company. This Agreement has been properly executed on behalf of the Company by a duly authorized representative.

18. Counterparts. The parties may execute this Agreement in counterparts and by manual or facsimile signature. Each executed counterpart of this Agreement will constitute an original document, and all executed counterparts, together, will constitute the same agreement. This Agreement will become effective as of the Effective Date when it has been signed by both the Company and the Executive and will survive the termination of the Executive's employment with the Company pursuant to this Agreement.

19. Recurring Words. As used in this Agreement: (a) the word "days" refers to calendar days, including Saturdays, Sundays, and holidays; (b) the term "fiscal year" means the fiscal year of the Company beginning on October 1 of each calendar year and ending on September 30 of the ensuing calendar year; (c) the word "law" includes a code, rule, statute, ordinance, or regulation and the common law arising from final, nonappealable decisions of state and federal courts in the United States of America; (d) the word "person" includes, in addition to a natural person, a trust, group, syndicate, corporation, cooperative, association, partnership, business trust, joint venture, limited liability company, unincorporated organization, and a governmental authority; (e) the term "governmental authority" includes a government, a central bank, a public body or authority, and any governmental body, agency, authority, department, or subdivision, whether domestic or foreign or local, state, regional, or national; and (f) the word "affiliate," when used in reference to any specified person, means any other person that directly or indirectly controls, is controlled by, or is under common control with the specified person pursuant to direct or indirect possession of the power to direct or cause the direction of the management and policies of the specified person, whether by contract, through the ownership of voting securities, or otherwise, but, for all purposes of this Agreement, none of the following persons will be treated as an affiliate of the Company, unless the person becomes controlled by the Company: 734 Agriculture, LLC; 734 Investors, LLC; any member of 734 Agriculture, LLC or 734 Investors, LLC; and any person (other than the Company and its consolidated subsidiaries) that is controlled by 734 Agriculture, LLC, 734 Investors, LLC, or any of their respective members or subsidiaries.

20. Governing Law and Forum Selection. This Agreement shall be interpreted, construed, and governed according to the laws of the State of Florida, without reference to conflicts of law principles thereof. The parties agree that any dispute, claim, or controversy based on common law, equity, or any federal, state, or local statute, ordinance, or regulation (other than workers' compensation claims) arising out of or relating in any way to the Executive's employment, the terms, benefits, and conditions of employment, or concerning this Agreement or its termination and any resulting termination of employment, including whether such a dispute is arbitrable, shall be settled by arbitration. Notwithstanding the foregoing, any party to this Agreement may commence a proceeding in any court of competent jurisdiction to enter a judgment of any award rendered in the arbitration or to enforce any arbitration award or a settlement resulting from mediation or negotiation of the parties. This agreement to arbitrate includes, but is not limited to, all claims for any form of illegal discrimination, improper or unfair treatment or dismissal, and all tort claims.

The Executive shall still have a right to file a discrimination charge with a federal or state agency, but the final resolution of any discrimination claim will be submitted to arbitration instead of a court or jury. The arbitration proceeding shall be conducted under the employment dispute resolution arbitration rules of the American Arbitration Association in effect at the time that a demand for arbitration under the rules is made, and such proceeding shall be conducted in the English language by a sole arbitrator in Polk County, Florida, and governed by the Florida Arbitration Act and the substantive laws of the State of Florida, without regard to any applicable state's choice of law provisions. The decision of the arbitrator(s), including determination of the amount of any damages suffered, shall be exclusive, final, and binding on all parties, their heirs, executors, administrators, successors, and assigns, and shall not be subject to appeal, review, or re-examination by a court or the arbitrator, except for fraud, perjury, manifest clerical error, or evident partiality or misconduct by the arbitrator that (in each case) prejudices the rights of a party to the arbitration. Each party shall bear its own expenses in the arbitration for arbitrators' fees and attorneys' fees, for its witnesses, and for other expenses of presenting its case. Other arbitration costs, including administrative fees and fees for records or transcripts, shall be borne equally by the parties.

21. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their permitted successors, assigns, legal representatives, and heirs, but neither this Agreement nor any rights hereunder shall be assignable by the Executive. This Agreement is not assignable by the Company without the advance written consent of the Executive, which he may withhold in his sole discretion, except that the Company may assign this Agreement without the consent of the Executive to any direct or indirect successor in interest to all or substantially all its assets or business (whether pursuant to a sale, merger, exchange, consolidation, or reorganization transaction) that, at the closing of the transaction, expressly assumes in writing this Agreement and agrees to perform all the obligations of the Company under it. The Company will require any successor in interest to all or substantially all its assets or business to assume expressly and agree in writing to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no succession had taken place.

22. Code Section 409A. It is the intention of the Company and the Executive that this Agreement will not result in unfavorable tax consequences to the Executive under Section 409A of the Code. To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code. This Agreement shall be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to satisfy Section 409A of the Code will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A of the Code). The Company and the Executive agree to work together in good faith in an effort to comply with Section 409A of the Code, including, if necessary, amending this Agreement based on further guidance issued by the Internal Revenue Service from time to time, provided that the Company shall not be required to assume any increased economic burden. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement and no payments shall be due to him under this Agreement that are payable upon his termination of employment until he would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A

of the Code. To the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Executive's termination of employment shall instead be paid in a lump sum on the first day of the seventh month following his termination of employment (or upon his death, if earlier). In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided to the Executive pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. With respect to expenses eligible for reimbursement or in-kind benefits provided under the terms of this Agreement, (a) the amount of such expenses eligible for reimbursement or in-kind benefits provided in any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits provided in another taxable year, (b) any reimbursements of such expenses and the provision of any in-kind benefits shall be made no later than the end of the fiscal year following the fiscal year in which the related expenses were incurred, except, in each case, to the extent that the right to reimbursement does not provide for a "deferral of compensation" within the meaning of Section 409A of the Code, provided that with respect to any reimbursements for any taxes to which the Executive becomes entitled under the terms of this Agreement, the payment of such reimbursements shall be made by the Company no later than the end of the fiscal year following the fiscal year in which the Executive remits the related taxes, and (c) the right to reimbursement or in-kind benefit shall not be subject to liquidation or exchange for another benefit.

23. Limitations on Payments under Certain Circumstances.

(a) Notwithstanding any other provisions of this Agreement, if any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a change in control or the termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement, or agreement) (all such payments and benefits, including the Severance Payments, being hereinafter referred to as the "Total Payments") would constitute an "excess parachute payment" within the meaning of Section 280G of the Code that would be subject (in whole or part), to any excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement, or agreement, the Severance Payments shall be reduced to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state, and local income taxes on such reduced Total Payments and after taking into account the phaseout of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state, and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phaseout of itemized deductions and personal exemptions attributable to such unreduced Total Payments). If a reduction in the Severance Payments is necessary pursuant to this Section 23(a), then the reduction shall occur by first reducing the Severance Amount payable pursuant to Section 11(b)(ii) and then by reducing accelerated vesting of performance-based equity awards (based on the reverse order of the date of grant), and finally by reducing the accelerated vesting of other equity awards (based on the reverse order of the date of grant).

(b) For purposes of determining whether and the extent to which the Total Payments shall be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, based on the determination of a nationally recognized certified public accounting firm that is selected by the Company, and reasonably acceptable to the Executive, for purposes of making the applicable determinations under this Section 23 (the "Accounting Firm"), does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account that, based on the determination of the Accounting Firm, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" within the meaning of Section 280G(b)(3) of the Code allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Accounting Firm in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(c) At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from the Accounting Firm or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

(d) For purposes of clarity, the Executive shall not be entitled to any form of tax gross-up in connection with Section 280G of the Code or Section 4999 of the Code under any circumstances.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ALICO, INC.

By: ______________________________
Name: Gregory Eisner
Title: Chair, Compensation Committee

EXECUTIVE

Richard Rallo

EXHIBIT A

For purposes of this Agreement, the following terms shall have the following meanings:

"Accrued Obligations" shall mean the sum of (a) any earned but unpaid Annual Base Salary through the Date of Termination, (b) any of the Executive's business expenses that are reimbursable, but have not been reimbursed as of the Date of Termination, (c) the Executive's Annual Bonus earned for the fiscal year immediately preceding the fiscal year in which the Date of Termination occurs, if such Annual Bonus has not been paid as of the Date of Termination, and (d) any accrued vacation pay, in each case, to the extent not theretofore paid.

"Cause" shall mean (a) a material failure by the Executive to carry out, or malfeasance or gross insubordination in carrying out, any of his material duties under this Agreement, (b) the final conviction of the Executive of a felony or crime involving moral turpitude, (c) an egregious act of dishonesty by the Executive (including, without limitation, theft or embezzlement) in connection with his employment by the Company, or a malicious action by the Executive toward the customers or employees of the Company or any affiliate of the Company, (d) a material breach by the Executive of the Company's Code of Business Ethics or Section 10 of the Agreement, or (e) the failure of the Executive to cooperate fully with governmental investigations involving the Company or any affiliate of the Company, unless the Executive is a subject of the investigation or is acting in reliance on the advice of counsel or in accordance with directions from the Board or legal counsel for the Company; provided, however, that each act or omission described in the preceding clauses (a), (c), (d), and (e) will not constitute a basis for the Company to terminate the Executive's employment for Cause pursuant to this Agreement unless the Executive receives written notice from the Company identifying each act or omission that the Board views to constitute Cause and any identified act or omission recurs or, if curable, the identified act or omission is not reasonably cured within 30 days after the date when the Executive received the written notice from the Company.

"Change in Control" shall mean any of the following:

(a) The acquisition by any person or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Group") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of either (i) the then outstanding common stock of the Company (the "Outstanding Company Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, (iv) any acquisition by any Investor, or (v) any acquisition by any entity pursuant to a transaction that complies with clauses (i), (ii), and (iii) of subsection (c) of this definition;

(b) Individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by (i) a vote of at least a majority of the directors then comprising the Incumbent Board or (ii) the holders of at least a majority of the Outstanding Company Voting Securities, including any Investor, shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange, consolidation, or similar transaction involving the Company or any of its subsidiaries with a third party other than any Investor, or a sale or other disposition of all or substantially all of the assets of the Company to a third party other than any Investor, or a sale or other disposition to a third party other than any Investor of all or substantially all of the assets of one or more subsidiaries of the Company that constitute all or substantially all the assets of the Company and its subsidiaries on a consolidated basis (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50%, respectively, of the then outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent securities), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Stock and Outstanding Company Voting Securities, as the case may be, (ii) no person or Group (excluding any entity resulting from such Business Combination or any parent of such entity, any employee benefit plan (or related trust) of the Company, such entity resulting from such Business Combination or such parent, and any Investor) beneficially owns, directly or indirectly, more than 50%, respectively, of the then outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were either (A) members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination, or (B) have been appointed or elected to the Board by an Investor;

(d) The approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, unless the transaction is subsequently abandoned or otherwise fails to occur; or

(e) The Investors cease to have, in the aggregate, beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of 5% or more of the Outstanding Company Stock and 5% or more of the Outstanding Company Voting Securities.

“Date of Termination” shall mean the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than 30 days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than 15 days nor (without the consent of the Company) more than 60 days, respectively, from the date such Notice of Termination is given); provided, however, that if the Executive’s employment is terminated for Disability, the Date of Termination shall be 30 days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive’s duties during such 30-day period). The Company and the Executive shall take all steps necessary (including with regard to any post-termination services by the Executive) to ensure that any termination under this Agreement constitutes a “separation from service” within the meaning of Section 409A of the Code, and notwithstanding anything contained herein to the contrary, the date on which such separation from service takes place shall be the “Date of Termination.”

“Disability” shall mean a termination of employment as a result of the Executive’s incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive’s duties with the Company under this Agreement for a period of six consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within 30 days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive’s duties under this Agreement.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Good Reason” shall mean the occurrence (without the Executive’s written consent) of any one of the following material adverse changes to the Executive’s employment relationship with the Company on or following a Change in Control: (a) a reduction in the amount of the Executive’s Annual Base Salary, (b) a reduction in the amount of the Executive’s Target Bonus Opportunity, (c) a material diminution in the Executive’s duties or responsibilities, (d) the Executive is required by the Company to relocate to a principal place of work that is more than 50 miles from the current office location from which he worked prior to the Change of Control, (e) the Executive’s title is diminished from that as Chief Financial Officer, (f) the Company fails to pay or provide to the Executive when due any material amount owed to him under this Agreement or any material employee benefits that are required to be provided to him pursuant to this Agreement, or (g) any successor in interest to all or substantially all the assets or business of the Company (whether pursuant to a sale, merger, exchange, consolidation, or reorganization transaction) fails or refuses, at the closing of the transaction, to assume in writing this Agreement and agree to perform all the obligations of the Company under it, unless such assumption occurs by operation of law. The Executive’s continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason under this Agreement, provided, however, that the Executive shall not have reason to terminate his employment with the Company for Good Reason pursuant to this Agreement unless (i) the Executive shall have provided the Company with written notice of the occurrence of the event constituting Good Reason within 90 days after the occurrence of such event and, if the event is curable, the Company shall have failed to cure such event within 30 days following receipt of such written notice, and (ii) if the event is not cured by the Company within the prescribed cure period, the Executive provides Notice of Termination to the Company within 180 days after the date on which the event giving rise to such Good Reason occurred.

"Investor" shall mean any of 734 Agriculture, LLC; 734 Investors, LLC; any member of 734 Agriculture, LLC or 734 Investors, LLC; and any person (other than the Company and its consolidated subsidiaries) that is controlled by 734 Agriculture, LLC, 734 Investors, LLC, or any of their respective members or subsidiaries (or by any Group controlled by one or more of the foregoing persons, whether acting individually or in concert).

"Notice of Termination" shall mean written notice that (a) indicates the specific termination provision in this Agreement relied upon, (b) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (c) if the Date of Termination is other than the date of receipt of such notice, specifies the Date of Termination. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's respective rights hereunder.

EXHIBIT B

RELEASE OF CLAIMS

THIS RELEASE OF CLAIMS (this "Release") is executed and delivered by Richard Rallo (the "Executive") to Alico, Inc., a Florida corporation (together with its successors, the "Company").

In consideration of the agreement by the Company to provide the Executive with the rights, payments and benefits under the Employment Agreement between the Executive and the Company dated December 2, 2019 (the "Employment Agreement"), the Executive hereby agrees as follows:

Section 1. Release and Covenant. The Executive, of his own free will, voluntarily and unconditionally releases and forever discharges the Company, its subsidiaries, parents, affiliates, their directors, officers, employees, agents, shareholders, successors, and assigns (both individually and in their official capacities with the Company) (the "Company Releasees") from, any and all past or present causes of action, suits, agreements, or other claims that the Executive, and his dependents, relatives, heirs, executors, administrators, successors, and assigns who are claiming through him, has or may hereafter have from the beginning of time to the date hereof against the Company or the Company Releasees upon or by reason of any matter, cause or thing whatsoever arising out of his employment by the Company and the cessation of said employment or any claim for compensation, and including, but not limited to, any alleged violation of the Civil Rights Acts of 1964 and 1991, the Equal Pay Act of 1963, the Age Discrimination in Employment Act of 1967, the Rehabilitation Act of 1973, the Employee Retirement Income Security Act of 1974, the Older Workers Benefit Protection Act of 1990, the Americans with Disabilities Act of 1990, and any other federal, state or local law, regulation or ordinance, or public policy, contract, or tort law having any bearing whatsoever on the terms and conditions of employment or termination of employment. Notwithstanding the foregoing, this Release shall not, and is not intended to, waive or release any claim the Executive or any of his heirs, relatives, dependents, executors, administrators, successors, or assigns has (a) under any directors or officers insurance policy under which the Executive is covered; (b) for payment of vested benefits under any employee benefit or welfare plan of the Company or its affiliates in which the Executive was a participant on the effective date of the termination of his employment by the Company; (c) for indemnification under statutory corporate law, the Bylaws and Articles of Incorporation of the Company or any of its subsidiaries, and the Indemnification Agreement executed by the Executive and the Company; and (d) for payment of the benefits, compensation, and reimbursable expenses set forth under Section 11 of the Employment Agreement or under the Indemnification Agreement.

Section 2. Due Care. The Executive acknowledges that he has received a copy of this Release prior to its execution and has been advised hereby of his opportunity to review and consider this Release for 21 days prior to its execution. The Executive further acknowledges that he has been advised hereby to consult with an attorney prior to executing this Release. The Executive enters into this Release having freely and knowingly elected, after due consideration, to execute this Release and to fulfill the promises set forth herein. This Release shall be revocable by the Executive during the 7-day period following its execution, and shall not become effective or enforceable until the expiration of such 7-day period. In the event of such a revocation, the Executive shall not be entitled to the consideration for this Release set forth above.

Section 3. Nonassignment of Claims; Proceedings. The Executive represents and warrants that there has been no assignment or other transfer of any interest in any claim that the Executive may have against the Company or any of the Company Releasees. The Executive represents that he has not commenced or joined in any claim, charge, action, or proceeding whatsoever against the Company or any of the Company Releasees arising out of or relating to any of the matters set forth in this Release. The Executive further agrees that he will not seek or be entitled to any personal recovery in any claim, charge, action, or proceeding whatsoever against the Company or any of the Company Releasees for any of the matters set forth in this Release.

Section 4. Reliance by Executive. The Executive acknowledges that, in his decision to enter into this Release, he has not relied on any representations, promises, or agreements of any kind, including oral statements by representatives of the Company or any of the Company Releasees, except as set forth in this Release and the Employment Agreement.

Section 5. Nonadmission. Nothing contained in this Release will be deemed or construed as an admission of wrongdoing or liability on the part of the Company or any of the Company Releasees.

Section 6. Communication of Safety Concerns. Notwithstanding any other provision of this Release, the Executive remains free to report or otherwise communicate any nuclear safety concern, any workplace safety concern, or any public safety concern to the Nuclear Regulatory Commission, United States Department of Labor, or any other appropriate federal or state governmental agency, and the Executive remains free to participate in any federal or state administrative, judicial, or legislative proceeding or investigation with respect to any claims and matters not resolved and terminated pursuant to this Release. With respect to any claims and matters resolved and terminated pursuant to this Release, the Executive is free to participate in any federal or state administrative, judicial, or legislative proceeding or investigation if subpoenaed. The Executive shall give the Company, through its legal counsel, notice, including a copy of the subpoena, within 24 hours of receipt thereof.

Section 7. Governing Law. This Release shall be interpreted, construed and governed according to the laws of the State of Florida, without reference to conflicts of law principles thereof.

THIS RELEASE OF CLAIMS is executed by the Executive and delivered to the Company on ____________________________.

EXECUTIVE

Exhibit 10.44

EIGHTH AMENDMENT TO CREDIT AGREEMENT

This **EIGHTH AMENDMENT TO CREDIT AGREEMENT** (this "***Amendment***"), is dated as of ____________, 2019, by and among **ALICO, INC.**, a Florida corporation ("***Alico***"), **ALICO-AGRI, LTD.**, a Florida limited partnership ("***Alico-Agri***"), **ALICO PLANT WORLD, L.L.C.**, a Florida limited liability company ("***Plant World***"), **ALICO FRUIT COMPANY, LLC**, a Florida limited liability company ("***Fruit Company***"), **ALICO LAND DEVELOPMENT INC.**, a Florida corporation ("***Land Development***"), **ALICO CITRUS NURSERY, LLC**, a Florida limited liability company ("***Citrus Nursery***", and together with Alico, Alico-Agri, Plant World, Fruit Company and Land Development, each a "***Borrower***" and collectively the "***Borrowers***"), the Guarantors party hereto and **RABO AGRIFINANCE LLC** (formerly known as Rabo Agrifinance, Inc.), a Delaware limited liability company ("***Lender***").

W I T N E S S E T H:

WHEREAS, Borrowers and Lender are parties to that certain Credit Agreement dated as of December 1, 2014, as amended by that certain First Amendment to Credit Agreement and Consent dated as of February 26, 2015, that certain Second Amendment to Credit Agreement dated as of July 16, 2015, that certain Third Amendment to Credit Agreement dated as of September 30, 2016, that certain Consent and Waiver Agreement dated as of December 20, 2016, that certain Fourth Amendment to Credit Agreement dated as of September 6, 2017, that certain Fifth Amendment to Credit Agreement dated as of October 30, 2017, that certain Sixth Amendment, Consent and Waiver to Credit Agreement dated as of July 18, 2018, and that certain Seventh Amendment to Credit Agreement dated as of September 26, 2018 (as may be further amended, restated, supplemented or otherwise modified from time to time, the "***Credit Agreement***"); and

WHEREAS, Borrowers have requested that Lender amend the Credit Agreement as more fully set forth herein; and

WHEREAS, Lender is willing to agree to the requested amendment on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that all capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement, and further agree as follows:

1. Amendment to Credit Agreement. Section 1.1 of the Credit Agreement, ***Defined Terms***, is hereby modified and amended by deleting clause (i) of the definition of "***Permitted Encumbrances***" set forth therein in its entirety and inserting in lieu thereof the following:

"(i) (1) Liens securing the MetLife Facility as in existence on the date hereof or Liens securing any Refinancing Indebtedness thereof, provided, that in the case of a Lien securing (x) Refinancing Indebtedness, such Lien shall be limited to all or part of the same property that was secured by the original Lien (plus improvements on such property), and (y) the MetLife Facility or Refinancing Indebtedness thereof, such Lien shall be subject to the Met Life Intercreditor Agreement, and (2) Liens on certain fixed assets (and related general intangibles) of the Silver Nip Entities securing the Prudential Facility as in existence on the date of the Silver Nip Merger or Liens securing any Refinancing Indebtedness thereof, provided, that in the case of a Lien securing (x) Refinancing Indebtedness, such Lien shall be limited to all or part of the same property that was secured by the original Lien (plus improvements on such property), (y) the Prudential Facility or Refinancing Indebtedness thereof, commencing on March 30, 2015 or such later date as the Lender shall consent to in writing (with any such consent not to be unreasonably withheld) and at all times thereafter, such Lien shall be subject to the Prudential Intercreditor Agreement and the Silver Nip Conditions shall have been satisfied, and (z) the Prudential Facility of Refinancing Indebtedness thereof, if the property subject to such Lien has been sold or otherwise transferred and such Lien has been released, the Silver Nip entities may grant a Lien on additional fixed assets and related general intangibles securing the Prudential Facility to replace the Lien that was released, but only to the extent that (A) the value of the assets secured by such replacement Lien is not greater than the value of the assets on which the original Lien was released, (B) such replacement Lien is not broader in scope than the Lien that it is meant to replace and (C) such replacement Lien shall at all times be subject to the Prudential Intercreditor Agreement;"

2. No Other Amendments. Except as expressly set forth above, the execution, delivery and effectiveness of this Amendment shall not operate as an amendment, modification or waiver of any right, power or remedy of Lender under the Credit Agreement or any of the other Loan Documents, nor constitute a waiver of any provision of the Credit Agreement or any of the other Loan Documents. Except for the amendment set forth above, the text of the Credit Agreement and all other Loan Documents shall remain unchanged and in full force and effect and each Borrower and each Guarantor hereby ratifies and confirms its obligations thereunder. This Amendment shall not constitute a modification of the Credit Agreement or any of the other Loan Documents or a course of dealing with Lender at variance with the Credit Agreement or the other Loan Documents such as to require further notice by Lender to require strict compliance with the terms of the Credit Agreement and the other Loan Documents in the future. Each Borrower and each Guarantor acknowledges and expressly agrees that Lender reserves the right to, and does in fact, require strict compliance with all terms and provisions of the Credit Agreement and the other Loan Documents, as amended herein.

3. <u>Representations and Warranties</u>. In consideration of the execution and delivery of this Amendment by Lender, each Borrower and each Guarantor hereby represents and warrants in favor of Lender as follows:

(a) The execution, delivery and performance by each Borrower and each Guarantor of this Amendment (i) are all within such Borrower's corporate, limited liability company or other similar powers, as applicable, (ii) have been duly authorized, (iii) do not require any consent, authorization or approval of, registration or filing with, notice to, or any other action by, any Governmental Authority or any other Person, except for such as have been obtained or made and are in full force and effect, (iv) will not violate any applicable law or regulation or the Organizational Documents of such Borrower or Guarantor, (v) will not violate or result in a default under any material agreement binding upon such Borrower or Guarantor, (vi) will not conflict with or result in a breach or contravention of, any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Borrower or Guarantor is a party or affecting such Borrower or Guarantor or their respective properties, and (vii) except for the Liens created pursuant to the Security Documents, will not result in the creation or imposition of any Lien on any asset of such Borrower or Guarantor or any of their respective properties;

(b) This Amendment has been duly executed and delivered by each Borrower and each Guarantor, and constitutes the legal, valid and binding obligations of each such Borrower or Guarantor enforceable against each Borrower and each Guarantor in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (ii) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(c) As of the date hereof and after giving effect to this Amendment, the representations and warranties made by or with respect to any Borrower or Guarantor under the Credit Agreement and the other Loan Documents, are true and correct in all material respects (unless any such representation or warranty is qualified as to materiality or as to Material Adverse Effect, in which case such representation and warranty shall be true and correct in all respects), except to the extent previously fulfilled with respect to specific prior dates;

(d) Immediately after giving effect hereto, no event has occurred and is continuing which constitutes a Default or an Event of Default or would constitute a Default or an Event of Default but for the requirement that notice be given or time elapse or both; and

(e) No Borrower or Guarantor has knowledge of any challenge to Lender's claims arising under the Loan Documents, or to the effectiveness of the Loan Documents.

4. Effectiveness. This Amendment shall become effective as of the date set forth above (the "***Amendment Effective Date***") upon Lender's receipt of each of the following, in each case in form and substance satisfactory to Lender:

(a) this Amendment duly executed by each Borrower, Guarantor and Lender; and

(b) all other documents, certificates, reports, statements, instruments or other documents as Lender may reasonably request.

5. Costs and Expenses. Each Borrower agrees to pay on demand all costs and expenses of Lender in connection with the preparation, execution and delivery of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the fees and out-of-pocket expenses of counsel for Lender with respect thereto).

6. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of a signature page hereto by facsimile transmission or by other electronic transmission shall be as effective as delivery of a manually executed counterpart hereof.

7. Reference to and Effect on the Loan Documents. Upon the effectiveness of this Amendment, on and after the date hereof, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "the Credit Agreement", "thereunder", thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended hereby.

8. Governing Law. This Amendment shall be deemed to be made pursuant to the laws of the State of Florida with respect to agreements made and to be performed wholly in the State of Florida and shall be construed, interpreted, performed and enforced in accordance therewith.

9. Final Agreement. This Amendment represents the final agreement between Borrowers, Guarantors and Lender as to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

10. Loan Document. This Amendment shall be deemed to be a Loan Document for all purposes.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized officers or representatives to execute and deliver this Amendment as of the day and year first above written.

BORROWERS:

ALICO, INC., a Florida corporation

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

ALICO-AGRI, LTD., a Florida limited partnership

By: Alico, Inc., a Florida corporation,
its General Partner

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

ALICO PLANT WORLD, L.L.C., a Florida limited liability company

By: Alico-Agri, Ltd., a Florida limited partnership, its Sole Member

By: Alico, Inc., a Florida corporation,
its General Partner

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

ALICO FRUIT COMPANY, LLC, a Florida limited liability company

By: Alico, Inc., a Florida corporation,
its Managing Member

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

ALICO LAND DEVELOPMENT INC., a Florida corporation

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

ALICO CITRUS NURSERY, LLC, a Florida limited liability company

By: Alico, Inc., a Florida corporation,
its Managing Member

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

GUARANTORS:

734 CITRUS HOLDINGS, LLC

By: Alico, Inc., as its sole Member

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

734 HARVEST, LLC

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

734 CO-OP GROVES, LLC

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

734 LMC GROVES, LLC

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

734 BLP GROVES, LLC

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

ALICO CHEMICAL SALES, LLC

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

ALICO SKINK MITIGATION, LLC

By: Alico, Inc., its Manager

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

ALICO FRESH FRUIT LLC

By: ________
Name: John E. Kiernan
Title: Chief Executive Officer and President

LENDER:

RABO AGRIFINANCE LLC,
a Delaware limited liability company

By: _________
Name:
Title:

Exhibit 21.0

SUBSIDIARIES OF ALICO, INC.

Name of Subsidiary	State of Organization
Alico Land Development, Inc.	Florida
Alico Fruit Company, LLC	Florida
Alico-Agri, LTD.	Florida
Alico Plant World LLC	Florida
Alico Citrus Nursery, LLC	Florida
734 Citrus Holdings, LLC	Florida
734 LMC Groves, LLC	Florida
734 BLP Groves, LLC	Florida
734 CO-OP Groves LLC	Florida
734 Harvest LLC	Florida
Alico Chemical Sales LLC	Florida
Alico Skink Mitigation LLC	Florida
Alico Ranch LLC	Florida
Alico Natural Resources LLC	Florida
Alico Industries, Inc.	Florida
Alico Merger Sub, Inc.	Florida
Citree Holdings LLC	Delaware

Exhibit 23.0

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Nos. 333-208673 and 333-188736) on Forms S-8 of Alico, Inc. of our report dated December 5, 2019, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting of Alico, Inc., appearing in this Annual Report on Form 10-K of Alico, Inc. for the year ended September 30, 2019.

/s/ RSM US LLP

Orlando, Florida
December 5, 2019

Exhibit 31.1

CERTIFICATION

I, John E. Kiernan, certify that:

1. I have reviewed this annual report on Form 10-K of Alico, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2019

By: /s/ John E. Kiernan

John E. Kiernan
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Richard Rallo, certify that:

1. I have reviewed this annual report on Form 10-K of Alico, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: December 5, 2019	By:	/s/ Richard Rallo
		Richard Rallo
		Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the year ended September 30, 2019 (the "Report") of Alico, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, John E. Kiernan, President and Chief Executive Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: December 5, 2019

By: /s/ John E. Kiernan

John E. Kiernan

President and Chief Executive Officer

(Principal Executive Officer)

Exhibit 32.2

Certification of Chief Financial Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the year ended September 30, 2019 (the "Report") of Alico, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Richard Rallo, Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer) of the Registrant, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: December 5, 2019

By: /s/ Richard Rallo

Richard Rallo

Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)