

**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, 2021

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

*(State or other jurisdiction of
incorporation or organization)*
10070 Daniels Interstate Court

59-0906081

(I.R.S. Employer Identification No.)

Suite 100 Fort Myers FL

(Address of principal executive offices)

33913

(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	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
Emerging Growth Company	<input type="checkbox"/>		

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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 31, 2021 (the last business day of Alico's most recently completed second fiscal quarter) was \$ 156,821,017. 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 7,535,932 shares of common stock outstanding at December 3, 2021.

Documents Incorporated by Reference:

Portions of the Proxy Statement of Registrant for the 2022 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, 2021

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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, nominating and governance, and sustainability and corporate responsibility 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 approximately 83,000 acres of land in eight Florida counties (Charlotte, Collier, DeSoto, Glades, Hardee, Hendry, Highlands and Polk), and approximately 90,000 acres of mineral rights throughout Florida. Alico holds these mineral rights on substantially all its owned acres, with additional mineral rights on other acres. 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 on its own land and as a manager of citrus groves for third parties, and Land Management and Other Operations, which includes land conservation, encompassing environmental services, land leasing and related support operations.

The Company manages its land based upon its primary usage and reviews its performance based upon two primary classifications - Alico Citrus and Land Management and Other Operations. The Alico Citrus division includes the production, cultivation and sale of citrus on its owned lands and as a manager of citrus groves for third parties. Land Management and Other Operations include leases for grazing rights, hunting leases, a farm lease, a lease to a third party of an aggregate mine, leases of oil extraction rights to third parties, and other miscellaneous operations generating income. Alico presents its financial results and the related discussion based upon its two business segments: (i) Alico Citrus and (ii) Land Management and Other Operations.

Recent Developments

The COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the current novel coronavirus outbreak ("COVID-19") to be a global pandemic. In response to this declaration and the rapid spread of COVID-19 within the United States, federal, state and local governments throughout the country have imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures have had a significant adverse impact upon many sectors of the economy, including certain agriculture businesses.

On November 4, 2021, the Occupational Safety and Health Administration ("OSHA") posted an Emergency Temporary Standard ("ETS") on mandating that all private employers with 100 or more employees ensure their employees are COVID-19 fully vaccinated before entering the employer's worksite or, at the employer's option, require employees who remain unvaccinated and want to come to the worksite to wear an approved face covering and produce a negative COVID-19 test at least weekly. Pursuant to the ETS, employers must offer up to four hours of additional paid time off, including travel time, per vaccine dose to allow employees to be vaccinated and reasonable time and paid sick leave to recover from side effects experienced after each vaccine dose. Pursuant to the ETS, the ETS remains in effect for a maximum of six months. This ETS implements President Biden's COVID-19 Action Plan, which aims to accelerate the pace of COVID-19 vaccinations in the United States.

Pursuant to the ETS, the ETS is effective immediately upon its publication in the Federal Register. Pursuant to the ETS, employers must comply with most requirements within 30 days of publication (December 5th) and with optional testing requirements within 60 days of publication (January 4th). Employees who have completed their vaccination by that date do not have to be tested, even if they have not yet completed the 2-week waiting period. On November 6, 2021, the Fifth Circuit Court of Appeals granted an emergency motion to stay enforcement of the ETS, subject to the resolution of ongoing litigation challenging the constitutionality of the ETS. The order enjoins the federal government from taking any action to enforce the ETS while it is in effect. On November 12, 2021, the Fifth Circuit Court of Appeals reaffirmed its suspension of the ETS and, on November 16, 2021, OSHA announced it suspended its activities related to the implementation and enforcement of the ETS pending future developments in the litigation. It is unknown how long the Fifth Circuit's stay will remain in place. The Sixth Circuit Court of Appeals was selected through the lottery system on November 16, 2021, to hear a consolidated action concerning multiple challenges to the ETS and is authorized to uphold or lift the Fifth Circuit Court of Appeals order.

Also, a number of state governments have considered legislation related to employer vaccine mandates during the pandemic. OSHA maintains that its ETS preempts these laws, but states such as the State of Florida disagree. On November 17, 2021, the Florida legislature passed legislation, which was signed into law on November 18, 2021 and codified at section 381.00317, Florida Statutes, prohibiting private-sector employers from implementing a COVID-19 vaccination mandate for full-time, part-time, or contract employees without providing at least five individual exemptions, including, but not limited to, pregnancy or anticipated pregnancy; religious reasons; COVID-19 immunity; periodic testing; and the use of employer-provided personal protective equipment. If an employer fails to comply with the new law and terminates an employee based on a COVID-19 vaccination mandate, then the employer will be subject to a fine of up to \$50,000 per violation.

The Company plans to monitor conflicting guidance from the State of Florida and the federal government and adjust its policies in accordance with the resolution of the ongoing litigation in the federal courts.

Since the commencement of COVID-19 in March 2020, the Company took steps to allow and encourage greater separation for our employed and contracted field workers and has worked with its harvesters, haulers and suppliers to minimize interactions. For the continued protection of our employees and in accordance with the OSHA mandate, the Company intends to comply with all requirements as outlined in the ETS that was published on November 4, 2021, to the extent consistent with applicable law.

To date, the Company has experienced no material adverse impacts from this pandemic.

Prepayment and Restructure of Fixed-Rate Term Loans

In April 2021, the Company made a prepayment of \$10,312,500 on the Met Fixed-Rate Term Loans and, effective May 1, 2021, the Company modified its Met Fixed-Rate Term Loans, which in the aggregate, after the prepayment, had a balance of \$70,000,000 to be interest only with a balloon payment to be paid at maturity, which is November 1, 2029. As part of this modification, the interest rate on these Met Fixed-Rate Term Loans, which were bearing interest at 4.15%, has been adjusted to 3.85% and the Company no longer has the prepayment option previously allowed under the arrangement.

Sales and Purchase of Land

On December 3, 2021, the State of Florida purchased, under the Florida Forever program, approximately 1,638 acres of the Alico Ranch for approximately \$5,675,000 pursuant to an option agreement entered into on September 21, 2021 between the State of Florida and the Company.

On June 3, 2021, the Company sold approximately 11,700 acres, which were encumbered by an easement, to a third-party for approximately \$12,219,000. In 2013, these acres were enrolled in the Wetlands Reserve Program ("WRP"), which calls for the restoration and maintenance of the property for the duration of the WRP easement. As part of that enrollment in 2013, Alico received approximately \$1,800 per acre.

On April 15, 2021, the State of Florida purchased, under the Florida Forever program, approximately 5,734 acres of Alico Ranch for approximately \$14,445,000, pursuant to an option agreement between the State of Florida and Alico dated December 15, 2020. This is the third sales transaction we have completed with the State of Florida within the last three years, aggregating over 22,000 acres. Alico used most of the net sales proceeds to prepay a portion of its fixed-rate term debt.

On October 30, 2020, the Company purchased approximately 3,280 gross acres located in Hendry County for a purchase price of \$18,230,000. This acquisition allows the Company to add additional scale to its existing 46,000 gross acres of citrus properties. Strategically, with these acquired groves neighboring existing Alico groves, Alico has continued to realize economy of scale which has allowed Alico to continue to operate as a low-cost, high producing citrus grower.

Federal Relief Program

The Company was eligible for Hurricane Irma federal relief programs for block grants that were being administered through the State of Florida. During the fiscal years ended September 30, 2020 and 2019, the Company received approximately \$4,629,000 and \$15,597,000, respectively, under the Florida Citrus Recovery Block Grant (“CRBG”) program. These federal relief proceeds represented Part 1 and Part 2 reimbursement under the program. In the fiscal year ended September 30, 2021, the Company received approximately \$4,299,000, representing reimbursement under Part 3 of the program. The remaining portion of the funds that are due to Alico under the Florida CRBG program relates to certain crop insurance expenses incurred by the Company, which is estimated to be approximately \$2,000,000. In October 2021, the Company received its first portion of this crop insurance expense reimbursement in an amount equal to \$1,000,000 and expects to receive the remaining portion in fiscal year 2023.

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 efforts are being made to sell such land holdings or to exchange such land holdings for land considered to be more compatible with our business objectives and total return profile, or to lease such land holdings.

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	48,830	Citrus Cultivation
Citrus Nursery	22	Citrus Tree Development
	48,852	
Land Management and Other Operations		
Ranch	32,979	Leasing and Conservation
Other Land	1,446	Mining Lease and Office
	34,425	
Total	83,277	

Alico Citrus

We own and manage citrus land in DeSoto, Polk, Collier, Hendry, Charlotte, Highlands, and Hardee Counties in the State of Florida 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 48,852 gross acres or 58.7% of our land holdings. The Company manages approximately 7,400 acres of citrus land on behalf of third-party grove owners in addition to the 48,852 gross acres owned by Alico.

Our citrus acreage is further detailed in the following table:

	Net Plantable			Total Net Plantable	Support & Other	Gross
	Producing	Developing	Fallow			
DeSoto County	16,185	115	522	16,822	4,650	21,472
Polk County	4,870	—	—	4,870	2,237	7,107
Collier County	4,261	—	—	4,261	2,905	7,166
Hendry County	5,735	57	175	5,967	2,799	8,766
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	34,246	172	835	35,253	13,599	48,852

Of the 48,852 gross acres of citrus land we own and manage 13,599 acres are classified as support and other acreage. Support and other acreage include 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 of approximately 22 acres and utilize the trees produced in our own operations. The 35,253 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 (i.e., acres that are planted with trees too young to commercially produce fruit) and acres that are fallow.

In an effort to replace trees lost in Hurricane Irma and increase the density of our citrus groves, Alico has planted approximately 1,500,000 new trees over the past four years. This level of planting has been substantially higher than the normal level of tree attrition. We will continue to evaluate the density throughout our groves and determine the appropriate tree plantings moving forward. Typically, citrus trees become fruit bearing approximately four years after planting and peak around seven to eight years after planting.

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 82.7%, 91.0%, and 95.0% of Alico Citrus revenues for the fiscal years ended September 30, 2021, 2020 and 2019, respectively. The overall decrease in sales to processed markets as a percentage of citrus revenues was due to an agreement entered into on July 16, 2020 with an affiliated group of third parties to provide citrus grove caretaking and harvest and haul management services ("Grove Management Services") for approximately 7,000 acres owned by such third parties. Under the terms of this agreement, the Company is reimbursed by the third parties for all its costs incurred related to providing these Grove Management Services and receives a management fee based on acres covered under this agreement. The Company records both an increase in revenues and expenses as and when the Company provides these Grove Management Services. For the fiscal year ended September 30, 2021, under this agreement, the Company recorded approximately \$15,752,000 of operating revenue relating to these Grove Management Services, including the management fee. Excluding these revenues for these citrus grove caretaking and harvest and haul management services, revenue to processed markets represents approximately 97.1% of total citrus revenues.

The average pound solids per box was 5.66, 5.96, and 5.91, for the fiscal years ended September 30, 2021, 2020 and 2019, respectively.

We generally use multi-year contracts with citrus processors that include pricing structures based on a floor and ceiling price. 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 to the extent it does not exceed the ceiling price.

Our citrus produced for the processed citrus market in fiscal year 2021 under our largest agreement was subject to floor prices and ceiling prices. Under this agreement, if the market price was below the floor prices or exceeded the ceiling prices, then 50% of the shortfall or excess was deducted from the floor price or added to the ceiling price. Under our next largest agreement, our citrus produced is subject to a minimum floor price and maximum ceiling price and is based on a cost-plus structure.

On each of May 18, 2020 and May 20, 2020, the Company entered into two new agreements to supply Tropicana, its largest customer, with citrus fruit. These new agreements were effective October 1, 2020, expire on July 31, 2024, and succeeded our existing largest agreement with this customer which expired at the end of September 2020.

Although we believe other markets and customers are available for our citrus products, we also believe that new arrangements in these other markets or with other customers may be less favorable than our current contracts.

Our sales to the fresh citrus market constituted approximately 0.6%, 2.6%, and 3.0% of our Alico Citrus revenues for the fiscal years ended September 30, 2021, 2020 and 2019, 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 61,000, 267,000, and 210,000 fresh fruit boxes for each of the fiscal years ended September 30, 2021, 2020 and 2019, respectively.

On July 16, 2020, the Company executed an agreement with an affiliated group of third parties to provide citrus grove caretaking and harvest and haul management services ("Grove Management Services") for approximately 7,000 acres owned by such third parties. Under the terms of the agreement, the Company is reimbursed by the third parties for all of its costs incurred related to providing these services and also is to receive a management fee based on acres covered under this agreement. In August 2021, the third party purchased approximately 900 acres, which will be in addition to the acres currently receiving Grove Management Services. The Company, prior to this agreement, was already providing Grove Management Services to several small third-party grove owners on acres within the Company's groves and continues to provide such services. Revenues generated from our Grove Management Services were approximately 16.1%, 5.1%, and 1.1% of our total citrus revenues for the fiscal years ended September 30, 2021, 2020 and 2019, respectively.

On October 30, 2020, the Company purchased approximately 3,280 gross acres located in Hendry County for a purchase price of \$18,230,000. This acquisition allows the Company to add additional scale to its existing 46,000 gross acres of citrus properties. Strategically, with these acquired groves neighboring existing Alico groves, Alico believes that this acquisition will help Alico with its operation designed to be a low-cost, high producing citrus grower.

Revenues from our Alico Citrus operations were approximately 97.5%, 96.6%, and 97.4% of our total operating revenues for the fiscal years ended September 30, 2021, 2020 and 2019, respectively.

Land Management 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 Land Management and Other Operations land holdings total 34,425 gross acres, or 41.3% of our total acreage.

Our Land Management and Other Operations acreage is detailed in the following table as of September 30, 2021:

	<u>Acreage</u>
Hendry County	29,877
Glades County	526
Collier County	<u>4,022</u>
Total	<u>34,425</u>

On June 3, 2021, the Company sold approximately 11,700 acres, which were encumbered by an easement, to a third-party for approximately \$12,219,000. In 2013, these acres were enrolled in the Wetlands Reserve Program (“WRP”), which calls for the restoration and maintenance of the property for the duration of the WRP easement. As part of that enrollment in 2013, Alico received approximately \$1,800 per acre.

On April 15, 2021, the State of Florida purchased, under the Florida Forever program, approximately 5,734 acres of Alico Ranch for approximately \$14,445,000, pursuant to an option agreement between the State of Florida and Alico dated December 15, 2020. This is the third sales transaction we have completed with the State of Florida within the last three years, aggregating over 22,000 acres, including the September 2020 sale described below. Alico used most of the net sales proceeds to prepay a portion of its fixed-rate term debt.

On September 10, 2020, the Company sold approximately 10,700 acres on the western part of Alico Ranch to the State of Florida. Because the acres involved in the sale would have been critical to our planned dispersed water storage project, the Company has decided to no longer pursue permit approval activities for this project from that point forward. As a result of this decision to no longer pursue permit approval activities for this project, the Company has renamed this segment Land Management and Other Operations to better reflect the components of this segment. The Company did not ever get to the point where it was generating any revenue from the dispersed water storage project and incurred expenses of \$0, \$1,346,000, and \$1,206,000 for the fiscal years ended September 30, 2021, 2020 and 2019, respectively.

On March 27, 2020, the Company sold certain sections at the East Ranch for approximately \$2,980,000 and realized a gain of approximately \$2,748,000. The Company subsequently used substantially all of the net cash proceeds to purchase a like-kind asset in May 2020, which has allowed the Company to defer substantially all of the tax impact of the gain on sale of this ranch land.

Revenues from Land Management and Other Operations were approximately 2.5%, 3.4%, and 2.6% of total operating revenues for the fiscal years ended September 30, 2021, 2020 and 2019, 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 stockholder, 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 try to 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.

Intellectual Property

While we consider our various intellectual property to be valued assets, we do not believe that our competitive position or our operations are dependent upon or would be materially impacted by any single piece of intellectual property or group of related intellectual property registrations or rights.

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:

	Fiscal Year											
	Q1 Ending 12/31			Q2 Ending 3/31			Q3 Ending 6/30			Q4 Ending 9/30		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
Harvest Fresh and Early/Mid Varieties of Oranges		X	X	X	X							
Harvest Valencia Oranges						X	X	X	X			

Significant Customers

Revenue from Tropicana represented approximately 77.5%, 86.9%, and 88.6% of our consolidated revenue for the fiscal years ended September 30, 2021, 2020 and 2019, respectively. The revenue in fiscal year 2021 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 years 2021, 2020 or 2019.

The overall decrease in Tropicana revenue as a percentage of sales was expected, attributable to an increase in overall sales generated from an agreement entered into in July 2020 with an affiliated group of third parties to provide citrus grove caretaking and harvest and haul management services for approximately 7,000 acres owned by such third parties. Under the terms of this agreement, the Company is reimbursed by the third parties for all its costs incurred related to providing these services and receives a management fee based on acres covered under this agreement. The Company records both an increase in sales revenue and an increase in expenses as and when the Company provides these citrus grove caretaking management services. Revenue from Tropicana represents approximately 90.1% of total revenues for the fiscal year ended September 30, 2021.

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 and Mexico. 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, Social and Governance (“ESG”)

Alico is an agricultural company which, based upon its rich heritage and traditions, seeks not only to maximize value for its customers and stockholders, but also to enhance its legacy by employing sustainable practices in all aspects of operations including stewardship of both its natural and human resources. The Company recognizes the increased emphasis by stockholders, business partners and other key constituents in recent years on ESG programs that are embedded into day-to-day business policies and practices. The Company is proud of its commitment to doing the right thing for communities, the environment, and its employees.

Governmental 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 material 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 reasonable effort to remain in compliance with such regulations. In addition, we require in our leases that lessees of our property comply with environmental regulations as a condition of leasing.

We are subject to other laws of the United States and the rules and regulations of various governing bodies within the United States, which may differ among jurisdictions. Compliance with these laws, rules and regulation has not had, and is not expected to have, a material effect on our capital expenditures, results of operations and competitive position as compared to prior periods.

Human Capital Management

Purpose and Company Values

Supporting our people is a fundamental value for Alico. We believe the Company's success depends on its ability to attract, develop and retain key personnel. The skills, experience and industry knowledge of our employees and the employees of our independent contractors significantly benefit our operations and performance. The Company's management oversees various employee initiatives and also monitors the effectiveness of the personnel provided by independent contractors with which we contract for certain harvesting and hauling services.

Employees

We believe in a culture of equity, diversity and inclusion. We are also committed to advancing safe and respectful work environments where our employees are invited to bring their talents, backgrounds and expertise to bear on the success of our business and where every person has the opportunity to thrive personally and professionally.

Hiring, Development and Retention

Employee levels are managed to align with the pace of business and takes into account the services that are performed for us by our independent contractors. We rely on our independent contractors to manage their respective employee levels so that the harvesting and hauling services they are obligated to perform for us are consistent with the contractual obligations of these independent contractors and enable us to satisfy our harvesting and hauling needs. Management believes that through its own employees, coupled with the human capital supplied by its independent contractors, it has sufficient human capital to operate its business successfully. Management believes that the Company's employee relations are favorable, that its relations with its independent contractors is favorable, and that the relations that the independent contractors and the Company have with the employees of the independent contractors is favorable.

Employee Safety and Well-Being

Health and safety in the workplace for our employees and personnel provided by independent contractors with which we contract is one of the Company's core values. Hazards in the workplace are actively identified and management tracks incidents so remedial actions can be taken to improve workplace safety. In order to support and enhance health and safety practices, the Company routinely conducts safety training with employees to emphasize safety when conducting grove caretaking, general employee health, proper equipment operating techniques, office ergonomics and other important safety topics. The COVID-19 pandemic has underscored for us the importance of keeping our employees and the personnel provided by independent contractors safe and healthy. In response to the pandemic, the Company has taken actions aligned with the Centers for Disease Control and Prevention to protect its workforce so that its workforce can more safely and effectively perform their work.

Inclusion and Diversity

People are critical to our efforts to drive growth and deliver value for stockholders. One of the ways we have put people at the center is by continuing to work toward a more inclusive and diverse workplace where each person feels respected, valued and seen and can be the best version of themselves – from women and ethnic employees to veterans, among others. With employees, management and directors representing the diversity around the world, the Company can access stronger insights into different cultures and backgrounds, which ultimately helps the Company to better operate the business.

As of September 30, 2021, ethnically diverse employees represent 69% of the Company's Citrus operations, 27% of Corporate, General, Administrative and Other. Women made up 50% of the Company's Corporate, General, Administrative and Other and 16% of the Company's Citrus operations. On August 6, 2020, the Board of Directors of the Company increased the size of the Board to nine and appointed Ms. Katherine English as a director to serve on (i) the Compensation Committee and (ii) the Nominating and Governance Committee. Ms. English's appointment is part of the Company's commitment to promote diversity and inclusion.

Based on our Inclusion and Diversity strategy, the Company promotes a greater sense of inclusion through a variety of initiatives, which includes a Company-wide women's group to promote mentoring, career advancement, training, comradery, and empowerment.

Compensation and Benefits

Our compensation and benefits are designed to support the financial, mental, and physical well-being of our employees. We are committed to equal pay for equal work, regardless of gender, race, ethnicity, or other personal characteristics. We believe our base wages and salaries, which we review annually, are fair and competitive with the external labor markets in which our employees work. We also regularly review our compensation practices to promote fair and equitable pay. We also offer competitive benefit programs, in line with local practices and with the flexibility to accommodate the needs of a diverse workforce. The benefit programs include, among others, paid holidays, family leave, disability insurance, life insurance, healthcare, and a 401(k) plan with a company match. As of September 30, 2021, we had 222 full-time employees. Our employees work in the following divisions:

Alico Citrus	195
Land Management and Other Operations (1)	0
Corporate, General, Administrative and Other	27
Total employees	222

- (1) There is one employee who is included in Corporate, General, Administrative and Other who oversees the Land Management and Other Operations.

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

Workforce Housing

We own and maintain 37 residential housing units located in various counties in Florida that we lease to employees and former employees. Our residential units provide affordable housing to many of our employees, including our agribusiness employees. Employees live close to their work, which reduces traffic and commuting times. This unique employment benefit helps us maintain a dependable, long-term employee base.

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.

Societal Well-Being

The Company remains committed to a healthy and equitable society to ensure our collective well-being for future generations. In the past year, we provided cash grants and supporting donations to support our communities and promote health and safety, education, and justice.

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 key 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

The currently evolving situation related to the COVID-19 pandemic could adversely affect the Company's business, financial condition, results of operations and cash flows.

The ongoing COVID-19 pandemic, including the emergence of variants for which vaccines may not be effective, may negatively affect our business by causing or contributing to, among other things:

Potential negative impacts of the pandemic include, but are not limited to, the following:

- Reduction in customer demand for citrus products and decreased consumer spending levels, which could materially and adversely affect our results of operations;
- Potential disruption of services and deliveries of equipment and supplies on which we rely to produce and deliver our harvested citrus to producers and fulfilling deliveries to production plants, any of which could materially and adversely affect our business or reputation;
- We may be unable to obtain financing in the current economic environment on terms that are favorable or acceptable to us, or at all, which could impair our cash flows and restrict our ability to execute on our strategic initiatives and react to changes in our business or the environment;
- There could be increased volatility in our stock price related to the pandemic, which could result in the loss of some or all of the value of an investment in the Company;
- Our ability to maintain our workforce during these uncertain times, which could materially and adversely affect our results of operations;
- Increase in employee absenteeism of employees of the Company and of our independent contractor service providers (such as contracted field workers) due to fear of infection, which could materially and adversely affect our results of operations;
- Increase in possible lawsuits or regulatory actions due to COVID-19 spread in the workplace which could materially and adversely affect our results of operations;
- Spread of COVID-19 in our workplace, which could materially and adversely affect our business and reputation;
- Increase in the possibility of cybersecurity-related events such as COVID-19 themed phishing attacks and other security challenges, particularly as attributable to a substantial number of our employees and suppliers working remotely, which could materially and adversely affect our business and reputation; and
- Adverse impact on the productivity of management and our employees that are working remotely, including an impact on our ability to maintain our financial reporting processes and related controls and our ability to manage complex accounting issues presented by the COVID-19 pandemic which could materially and adversely affect our business and reputation.

Our business operations could be affected by government mandates, including the Emergency Temporary Standard (“ETS”) posted by the Occupational Safety and Health Administration (“OSHA”) on November 4, 2021.

The ETS requires employers such as the Company to offer up to four hours of additional paid time off, including travel time, per vaccine dose to allow employees to be vaccinated and reasonable time and paid sick leave to recover from side effects experienced after each vaccine dose. As noted above, the Fifth Circuit Court of Appeals granted an emergency motion to stay the enforcement of the ETS, subject to the resolution of ongoing litigation challenging the constitutionality of the ETS, and, shortly thereafter, OSHA announced it suspended its activities related to the implementation and enforcement of the ETS pending future developments in the litigation. Also, Florida, and other states have passed laws that may conflict with the ETS. For instance, section 381.00317, Florida Statutes, (i) prohibits private-sector employers from implementing a COVID-19 vaccination mandate without providing certain exemptions and (ii) fines employers who improperly discharge employees up to \$50,000 per violation. As a company with more than 100 employees, the vaccination and testing requirements will likely be applicable to us and our workforce, and we will be forced to navigate between any conflicts between state and federal law. These requirements could result in increased costs and legal fees. Additionally, our efforts to comply with these mandates, including requiring that some or all of our employees be fully vaccinated against COVID-19, could result in increased labor attrition and disruption, as well as difficulty securing future labor needs. Similarly, the efforts of our independent contractor service providers to comply with these mandates, including requiring that some or all of their employees be fully vaccinated against COVID-19, could result in them experiencing increased labor attrition and disruption, as well as difficulty securing future labor needs. If we or our independent contractor service providers were to lose employees (such as contracted field workers in the case of our independent contractor service providers) and not be able to replace them, it could adversely affect our business operations. The legality and effects of the ETS and any future mandates by state and federal governmental authorities related to COVID-19 are currently uncertain, and we cannot predict the extent to which it could adversely affect our results of operations, financial condition or prospects.

Our business operations could be significantly harmed by natural disasters or global epidemics.

Our business could be adversely affected by natural disasters such as pandemics, epidemics, outbreaks or other health crisis. An outbreak of avian flu or H1N1 flu in the human population, or another similar health crisis, such as the current COVID-19 pandemic referred to above, could adversely affect economies and financial markets, particularly those in the United States. Moreover, any related disruptions to transportation or the free movement of persons could hamper our operations and force us to close our offices temporarily.

The occurrence of any of the foregoing or other natural or man-made disasters could cause damage or disruption to us, our employees, operations, markets and customers, which could result in significant delays in deliveries or substantial shortages of our products and adversely affect our business results of operations, financial condition or prospects.

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 try to 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 97.5%, 96.6%, and 97.4% of our operating revenues in fiscal years 2021, 2020 and 2019, 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, in particular, or the citrus business, generally, which could have a significant adverse impact on our overall results of operations, financial condition and cash flows.

Our failure to effectively perform grove management functions or to effectively manage an expanded portfolio of groves could materially and adversely affect our business, financial condition, and results of operations.

Recently, we have significantly expanded the number of grove acres that we are managing for third parties. If we are unable to effectively perform grove management services for both our own groves and the groves owned by third parties at the level and/or the cost that we expect, or if we were to fail to allocate sufficient resources to meet the grove management of our own groves and the groves owned by these third parties, it could adversely affect our performance and reputation. Our ability to perform the grove management services will be affected by various factors, including, among other things, our ability to maintain sufficient personnel and retain key personnel, the ability of the independent contractors whom we engage to assist in providing these services to maintain sufficient personnel and retain key personnel, and the number of acres and groves that we will manage. Increases in the number of acres and groves we are managing have required us to hire a greater number of additional qualified personnel and have required the independent contractors whom we engage to assist in providing these services to maintain a greater number of additional qualified personnel to provide those services. No assurance can be made that we will continue to be successful in attracting and retaining skilled personnel or in integrating any new personnel into our organization or that the independent contractors whom we engage to assist in providing these services will continue to be successful in attracting and retaining skilled personnel or in integrating any new personnel into their respective organizations.

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 and Tropicana's relationship with certain third parties for a significant portion of our business. Any disruption in these relationships could harm our revenue. 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 77.5%, 86.9%, and 88.6% of the Company's revenues in fiscal years 2021, 2020 and 2019, 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. Additionally, the affiliated group of third parties for whom the Company provides grove caretaking and harvest and haul management services sells a significant portion of its crop to Tropicana. If there was a change in that group's relationship with Tropicana, whereby Tropicana did not buy their oranges, then that group would need to find replacement buyers of its citrus, and, if that group was unable to find replacement buyers, then the group might be challenged in satisfying its obligations to the Company, which might have a material adverse impact on our financial position, results of operations and cash flows.

With the sale of a majority of ownership of Tropicana to a French private equity firm, there is some heightened risk and uncertainty in our current relationship with Tropicana, which potentially could result in a significant reduction in revenues and cash flows if that relationship were to be changed as a result.

With the sale of a majority ownership of Tropicana by PepsiCo to a French private equity firm (the "Firm"), there is some heightened risk and uncertainty in our current relationship with Tropicana, which potentially could result in a significant reduction in revenues and cash flows if that relationship were to be changed as a result. The Company currently has citrus supply contracts with Tropicana that expire in both 2023 and 2024, with the majority expiring in 2024. If the Firm caused Tropicana to reduce the volume of oranges purchased from us and/or purchased from owners of groves that we manage, we would need to find, and/or the owners of groves that we manage would need to find or work with us to find, replacement buyers to purchase any remaining crop of our and/or of the owners of the groves we manage, 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 for us and/or for the owners of the groves we manage 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. Prior to the COVID-19 pandemic, according to Nielsen data, consumer demand for orange juice had decreased significantly to its lowest level in almost a decade; however, we have been able to offset the impact of such decline with higher prices based on a lower supply of available oranges. Although the demand for orange juice has increased during the COVID-19 pandemic, it is uncertain as to whether such increased demand can be maintained, whether we will see a return to a decline in the future and whether, if there were to be such a decline, the impact could be again offset by higher prices. In particular, 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.

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 can be 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 or fully 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 believed to be 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 has been attracting significant attention from the U.S. Government (particularly 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. It remains unclear how the next U.S. administration will approach immigration reform and enforcement. However, 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 might be 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, (i) 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, and (ii) in October 2020 we acquired another Florida citrus property. 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. Most recently, we sold certain ranch acres to the State of Florida and because these acres would have been critically important for carrying out the Company's planned dispersed water storage project, the Company is no longer pursuing permit approval relating to this dispersed water storage project. While such dispositions increase the amount of cash available to us, it could also (i) result in a potential loss of significant operating revenues and income streams that we might not be able to replace, (ii) make our business less diversified and (iii) could ultimately have a negative impact on our results of operations, financial condition and cash flows.

Harm to the Company's reputation could have an adverse effect on the business, financial condition and results of operations.

Maintaining a strong reputation with fruit processors and third-party partners is critical to the success of the Company's business. The Company devotes significant time and resources to training programs, relating to, among other things, ethics, compliance and product safety and quality, as well as sustainability goals, and has published ESG goals (i.e., environmental, sustainability and governance), including relating to environmental impact and sustainability and inclusion and diversity, as part of its ESG Strategy. Despite these efforts, the Company may not be successful in achieving its goals, might provide materially inaccurate information, or might receive negative publicity about the Company, including relating to product safety, quality, efficacy, ESG or similar issues, whether real or perceived, and reputational damage could occur. In addition, the Company's products could face withdrawal, recall or other quality issues, which could lead to decreased demand for the Company's products or services and reputational damage.

Widespread use of social media and networking sites by consumers has greatly increased the accessibility and speed of dissemination of information. Negative publicity, posts or comments about the Company, whether accurate or inaccurate, or disclosure of non-public sensitive information about the Company, could be widely disseminated through the use of social media or in other formats.

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 in the future on a tax deferred basis.

From time to time we dispose of properties in transactions that are intended to qualify as Section 1031 Exchanges under the federal income tax law. 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 in the future 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 or climate change. In the event that such regulation is enacted, we may experience significant increases in our costs of operations, including but not limited to increased energy, environmental, and other costs and capital expenditures. 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 financial condition and results of operations.

ESG issues, including those related to climate change and sustainability, may have an adverse effect on our business, financial condition results of operations, and cash flows and damage our reputation.

Companies across all industries are facing increasing scrutiny relating to their ESG policies. Increased focus and activism related to ESG may hinder the Company's access to capital, as investors may reconsider their capital investment as a result of their assessment of the Company's ESG practices. In particular, customers, investors and other stakeholders are increasingly focusing on environmental issues, including climate change, water use, deforestation, plastic waste, and other sustainability concerns. There have also been changing consumer preferences for natural or organic products and ingredients and increased consumer concerns or perceptions (whether accurate or inaccurate) regarding the effects of substances present in certain consumer products. Responding to and complying with these preferences, concerns and demands could cause us to incur additional costs or to make changes to our operations that could negatively affect our business, financial condition and results of operations.

If the Company does not adapt to or comply with new regulations or fails to meet its ESG goals or meet the evolving investor, industry or stakeholder expectations and standards, or if the Company is perceived to have not responded appropriately to the growing concern for ESG issues, fruit processors and consumers may choose to stop purchasing our products or purchase products from another company or a competitor, and the Company's reputation, business, financial condition, results of operations and cash flows may be adversely affected.

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.

For the fiscal years ended September 30, 2021, 2020 and 2019, we paid approximately \$2,570,000, \$2,714,000, and \$2,755,000 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 \$82,790,000, \$87,976,000, and \$91,312,000 for the fiscal years ended September 30, 2021, 2020 and 2019, respectively, which differs significantly from the fair values determined by the county property appraisers of approximately \$467,948,000, \$463,799,000, and \$514,330,000, 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 and adversely 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.

If our internal controls are ineffective, our operating results could be adversely affected.

Our internal controls over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business and operating results could be harmed, and we could fail to meet our financial reporting obligations.

Inflation can have a significant adverse effect on our operations.

Inflation can have a major adverse impact on our citrus operations and there has been significant recent inflationary developments in the United States. It is uncertain as to whether these recent inflationary pressures will continue, will increase or will be brought under control. Our citrus operations are most affected by escalating costs and unpredictable revenues and 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, in addition to making it difficult to accurately predict revenue, we are unable to pass on cost increases caused by general inflation, except to the extent reflected in market conditions and commodity prices. As a result, if market conditions and commodity prices do not enable us to pass along such costs increases, these recent and future inflationary pressures would likely negatively affect our results of operations, cash flows and/or financial position.

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, 2021, we had approximately \$126,294,000 in principal amount of indebtedness outstanding under our secured credit facilities and an additional availability of approximately \$94,664,000 is available under our working capital and revolving lines of credit. Our loan agreements, as well as 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

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 and in June 2021 announced an increase in our quarterly dividend to \$0.50 per common share, from \$0.18 per common share. 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 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 another tender offer or engage in an additional 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. Stockholders could be adversely affected by a reduction in our "public float," that is, the number of shares owned by outside stockholders 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 or repurchase program, 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, 2021, Alico owned approximately 83,000 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:

	<u>Total (1)</u>	<u>Hendry</u>	<u>Polk</u>	<u>Collier</u>	<u>DeSoto</u>	<u>Glades</u>	<u>Charlotte</u>	<u>Hardee</u>	<u>Highlands</u>
Alico Citrus:									
Citrus Groves	48,830	8,766	7,107	7,166	21,450	—	2,543	574	1,224
Citrus Nursery	22	—	—	—	22	—	—	—	—
Total Citrus Groves	48,852	8,766	7,107	7,166	21,472	—	2,543	574	1,224
Land Management and Other Operations	32,979	28,957	—	4,022	—	—	—	—	—
Mining	526	—	—	—	—	526	—	—	—
Other	920	920	—	—	—	—	—	—	—
Total	<u>83,277</u>	<u>38,643</u>	<u>7,107</u>	<u>11,188</u>	<u>21,472</u>	<u>526</u>	<u>2,543</u>	<u>574</u>	<u>1,224</u>

(1) Subsequent to September 30, 2021, the Company sold approximately 1,638 acres located in Hendry County (see “Recent Developments” above for further detail).

Approximately 54,614 acres of the properties listed are encumbered by credit agreements totaling approximately \$216,500,000, of which there was approximately \$126,294,000 outstanding at September 30, 2021. 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 2021 consolidated financial statements.

Although the Company has mineral rights on approximately 90,000 acres, the Company currently collects mining royalties on only approximately 526 acres of the land included in the table above located in Glades County, Florida and on none of the non-owned lands with respect to which it holds mineral rights. These royalties do not represent a significant portion of operating revenues or gross profits.

Item 3. Legal Proceedings

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 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.

Holder

On December 3, 2021, our stock transfer records indicated there were 218 holders of record of our common stock. A greater number of holders of our common stock are “street name” or beneficial holders, whose shares are held by banks, brokers and other financial institutions.

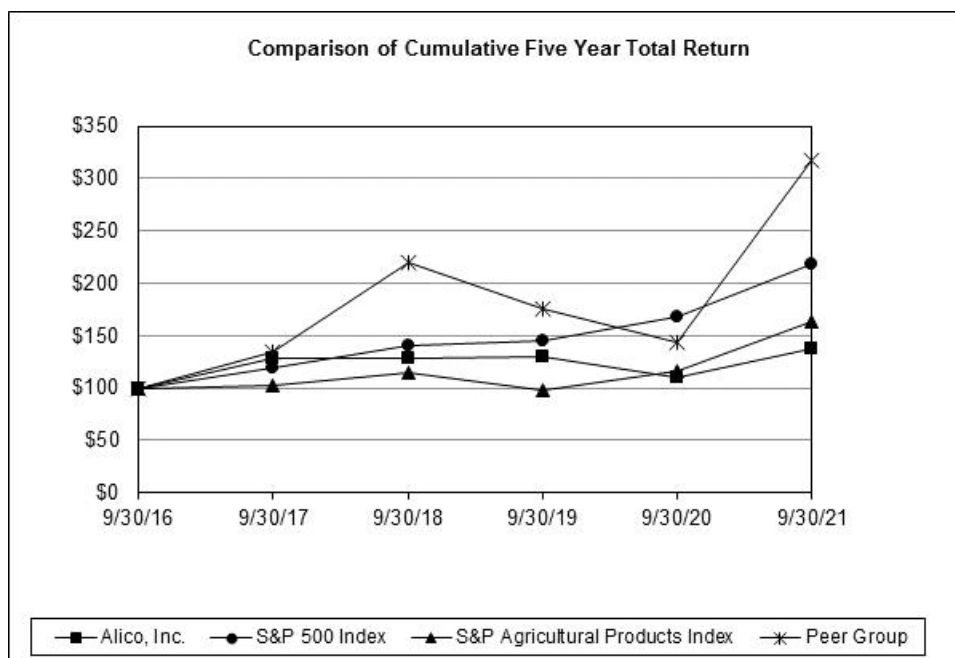
Dividend Policy

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 Board of Directors approved the increase of our annual dividend to \$2.00 per common share in June 2021.
- The Board of Directors approved the increase of our annual dividend to \$0.72 per common share in December 2020.
- The Board of Directors approved the increase of our annual dividend to \$0.36 per common share in December 2019.

Stock Performance Graph

The graph below represents our common stock performance, comparing the value of \$100 invested on September 30, 2016 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	Years Ending				
	Sept 16	Sept 17	Sept 18	Sept 19	Sept 20	Sept 21
Alico, Inc.	100	128.17	127.85	129.71	110.42	137.59
S&P 500 Index	100	118.61	139.85	145.80	167.89	218.26
S&P Agricultural Products Index	100	102.41	115.38	97.59	116.03	164.19
Peer Group	100	134.85	220.05	175.08	143.17	317.43

(Includes reinvestment of dividends)

Recent Sale of Unregistered Securities

None.

Issuer Repurchases of Equity Securities

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. We did not repurchase any of our common stock under our Plan during the year ended September 30, 2021.

Item 6. [Reserved]

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 of Financial Condition 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, including tax laws and tax rates; climate change; 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 refinancing; availability of financing for land development activities and other growth and corporate opportunities; onetime events; acquisitions and divestitures; ability to make strategic acquisitions or divestitures; ability to redeploy proceeds from divestitures; ability to consummate selected land acquisitions; ability to take advantage of tax deferral options; seasonality; 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; impact of the COVID-19 outbreak and coronavirus pandemic on our agriculture operations, including without limitation demand for product, supply chain, health and availability of our labor force, the labor force of contractors we engage, and the labor force of our competitors; other risks related to the duration and severity of the COVID-19 outbreak and coronavirus pandemic and its impact on Alico's business; the impact of the COVID-19 outbreak and coronavirus pandemic on the U.S. and global economies and financial markets, including without limitation related legislative and regulatory initiatives; access to governmental loans and incentives; any reduction in the public float resulting from repurchases of common stock by Alico; changes in equity awards to employees; whether the Company's dividend policy, including its recent increased dividend amounts, is continued; 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 designed to consummate such expressed desire; political changes and economic crises; ability to implement ESG initiatives; competitive actions by other companies; increased competition from international companies; changes in environmental regulations and their impact on farming practices; 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; length of terms of contracts with customers; impact of concentration of sales to one customer; and 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 forward-looking statements 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 83,000 acres of land and approximately 90,000 acres of mineral rights throughout Florida. Alico holds these mineral rights on substantially all its owned acres, with additional mineral rights on other acres. Our principal lines of business are now citrus groves and land management and other operations, which include land conservation, encompassing environmental services, land leasing and related support operations. Prior to the sale of certain ranch land to the State of Florida in September 2020, the Company’s business line also included Water Resources. 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 each of the three fiscal years in the period ended September 30, 2021. Our discussion is presented on a consolidated basis and includes certain discussions 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 in the period ended September 30, 2021 and our outstanding debt, commitments and cash resources as of September 30, 2021.
- **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, caretaking management services, and grazing and hunting leasing. The Company operates as two business segments and all of its operating revenues are generated in the United States. For the fiscal year ended September 30, 2021, the Company generated operating revenues of approximately \$108,564,000, income from operations of approximately \$14,440,000, and net income attributable to common stockholders of approximately \$34,859,000. Cash provided by operating activities was approximately \$16,504,000 for the fiscal year ended September 30, 2021.

Fiscal Year Highlights and Other Developments

The COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the current novel coronavirus outbreak (“COVID-19”) to be a global pandemic. In response to this declaration and the rapid spread of COVID-19 within the United States, federal, state and local governments throughout the country have imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures have had a significant adverse impact upon many sectors of the economy, including certain agriculture businesses.

On November 4, 2021, the Occupational Safety and Health Administration (“OSHA”) posted an Emergency Temporary Standard (“ETS”) on mandating that all private employers with 100 or more employees ensure their employees are COVID-19 fully vaccinated before entering the employer’s worksite or, at the employer’s option, require employees who remain unvaccinated and want to come to the worksite to wear an approved face covering and produce a negative COVID-19 test at least weekly. Pursuant to the ETS, employers must offer up to four hours of additional paid time off, including travel time, per vaccine dose to allow employees to be vaccinated and reasonable time and paid sick leave to recover from side effects experienced after each vaccine dose. Pursuant to the ETS, the ETS remains in effect for a maximum of six months. This ETS implements President Biden’s COVID-19 Action Plan, which aims to accelerate the pace of COVID-19 vaccinations in the United States.

The ETS is effective immediately upon its publication in the Federal Register. Pursuant to the ETS, employers must comply with most requirements within 30 days of publication (December 5th) and with optional testing requirements within 60 days of publication (January 4th). Employees who have completed their vaccination by that date do not have to be tested, even if they have not yet completed the 2-week waiting period. On November 6, 2021, the Fifth Circuit Court of Appeals granted an emergency motion to stay enforcement of the ETS, subject to the resolution of ongoing litigation challenging the constitutionality of the ETS. The order enjoins the federal government from taking any action to enforce the ETS while it is in effect. On November 12, 2021, the Fifth Circuit Court of Appeals reaffirmed its suspension of the ETS and, on November 16, 2021, OSHA announced it suspended its activities related to the implementation and enforcement of the ETS pending future developments in the litigation. It is unknown how long the Fifth Circuit's stay will remain in place. The Sixth Circuit Court of Appeals was selected through the lottery system on November 16, 2021, to hear a consolidated action concerning multiple challenges to the ETS and is authorized to uphold or lift the Fifth Circuit Court of Appeals order.

Also, a number of state governments have considered legislation related to employer vaccine mandates during the pandemic. OSHA maintains that its ETS preempts these laws, but states such as the State of Florida disagree. On November 17, 2021, the Florida legislature passed legislation, which was signed into law on November 18, 2021 and codified at section 381.00317, Florida Statutes, prohibiting private-sector employers from implementing a COVID-19 vaccination mandate for full-time, part-time, or contract employees without providing at least five individual exemptions, including, but not limited to, pregnancy or anticipated pregnancy; religious reasons; COVID-19 immunity; periodic testing; and the use of employer-provided personal protective equipment. If an employer fails to comply with the new law and terminates an employee based on a COVID-19 vaccination mandate, then the employer will be subject to a fine of up to \$50,000 per violation.

The Company plans to monitor conflicting guidance from the State of Florida and the federal government and adjust its policies in accordance with the resolution of the ongoing litigation in the federal courts.

Since the commencement of COVID-19 in March 2020, the Company took steps to allow and encourage greater separation for our employed and contracted field workers and has worked with its harvesters, haulers and suppliers to minimize interactions. For the continued protection of our employees and in accordance with the OSHA mandate, the Company intends to comply with all requirements as outlined in the ETS that was published on November 4, 2021, to the extent consistent with applicable law.

To date, the Company has experienced no material adverse impacts from this pandemic.

Prepayment and Restructure of Fixed-Rate Term Loans

In April 2021, the Company made a prepayment of \$10,312,500 on the Met Fixed-Rate Term Loans and, effective May 1, 2021, the Company modified its Met Fixed-Rate Term Loans, which in the aggregate, after the prepayment, had a balance of \$70,000,000 to be interest only with a balloon payment to be paid at maturity, which is November 1, 2029. As part of this modification, the interest rate on these Met Fixed-Rate Term Loans, which were bearing interest at 4.15%, has been adjusted to 3.85% and the Company will no longer have the prepayment option previously allowed under the arrangement.

Sales and Purchase of Land

On December 3, 2021, the State of Florida purchased, under the Florida Forever program, approximately 1,638 acres of the Alico Ranch for approximately \$5,675,000 pursuant to an option agreement entered into on September 21, 2021 between the State of Florida and the Company.

On June 3, 2021, the Company sold approximately 11,700 acres, which were encumbered by an easement, to a third-party for approximately \$12,219,000. In 2013, these acres were enrolled in the Wetlands Reserve Program ("WRP"), which calls for the restoration and maintenance of the property for the duration of the WRP easement. As part of that enrollment in 2013, Alico received approximately \$1,800 per acre.

On April 15, 2021, the State of Florida purchased, under the Florida Forever program, approximately 5,734 acres of Alico Ranch for approximately \$14,445,000, pursuant to an option agreement between the State of Florida and Alico dated December 15, 2020. This is the third sales transaction Alico has completed with the State of Florida within the last three years, aggregating over 22,000 acres. Alico used most of the net sales proceeds to prepay a portion of its fixed-rate term debt.

On October 30, 2020, the Company purchased approximately 3,280 gross acres located in Hendry County for a purchase price of \$18,230,000. This acquisition allows the Company to add additional scale to its existing 45,000 gross acres of citrus properties. Strategically, with these acquired groves neighboring existing Alico groves, Alico believes that this acquisition will help Alico with its operation as a low-cost, high producing citrus grower.

Federal Relief Program

The Company was eligible for Hurricane Irma federal relief programs for block grants that were being administered through the State of Florida. During the fiscal years ended September 30, 2021, 2020, and 2019, the Company received approximately \$4,299,000, \$4,629,000, and \$15,597,000, respectively, under the Florida Citrus Recovery Block Grant ("CRBG") program. The remaining portion of the funds that are due to Alico under the Florida CRBG program relates to certain crop insurance expenses incurred by the Company, which is estimated to be approximately \$2,000,000. In October 2021, the Company received its first portion of this crop insurance expense reimbursement in an amount equal to approximately \$1,000,000 and expects to receive the remaining portion in fiscal year 2023.

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, 2021, 2020 and 2019:

(in thousands)

	Fiscal Year Ended September 30,		Change		Fiscal Year Ended September 30,		Change	
	2021	2020	\$	%	2020	2019	\$	%
Operating revenues:								
Alico Citrus	\$ 105,796	\$ 89,369	\$ 16,427	18.4%	\$ 89,369	\$ 119,031	\$ (29,662)	(24.9)%
Land Management and Other Operations	2,768	3,138	(370)	(11.8)%	3,138	3,220	(82)	(2.5)%
Total operating revenues	108,564	92,507	16,057	17.4%	92,507	122,251	(29,744)	(24.3)%
Gross profit:								
Alico Citrus	21,903	17,088	4,815	28.2%	17,088	59,437	(42,349)	(71.3)%
Land Management and Other Operations	1,990	831	1,159	139.5%	831	923	(92)	(10.0)%
Total gross profit	23,893	17,919	5,974	33.3%	17,919	60,360	(42,441)	(70.3)%
General and administrative expenses	9,453	10,998	(1,545)	(14.0)%	10,998	15,146	(4,148)	(27.4)%
Income from operations	14,440	6,921	7,519	108.6%	6,921	45,214	(38,293)	(84.7)%
Total other income, net	31,947	24,456	7,491	30.6%	24,456	5,019	19,437	NM
Income before income taxes	46,387	31,377	15,010	47.8%	31,377	50,233	(18,856)	(37.5)%
Income tax provision	11,567	7,663	3,904	50.9%	7,663	12,783	(5,120)	(40.1)%
Net income	34,820	23,714	11,106	46.8%	23,714	37,450	(13,736)	(36.7)%
Net loss (income) attributable to noncontrolling interests	39	(52)	91	NM	(52)	383	(435)	NM
Net income attributable to Alico, Inc. common stockholders	\$ 34,859	\$ 23,662	\$ 11,197	47.3%	\$ 23,662	\$ 37,833	\$ (14,171)	(37.5)%

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, 2021, 2020 and 2019:

	Fiscal Year Ended September 30,		
	2021	2020	2019
Operating revenues:			
Alico Citrus	97.5%	96.6%	97.4%
Land Management and Other Operations	2.5%	3.4%	2.6%
Total operating revenues	100.0%	100.0%	100.0%

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

Alico Citrus

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

	Fiscal Year Ended				Fiscal Year Ended			
	September 30,		Change		September 30,		Change	
	2021	2020	Unit	%	2020	2019	Unit	%
Operating Revenues:								
Early and Mid-Season	\$ 31,525	\$ 31,303	\$ 222	0.7%	\$ 31,303	\$ 39,574	\$ (8,271)	(20.9)%
Valencias	55,918	50,060	5,858	11.7%	50,060	73,480	(23,420)	(31.9)%
Fresh Fruit	608	2,321	(1,713)	(73.8)%	2,321	3,629	(1,308)	(36.0)%
Grove Management Services	16,983	4,599	12,384	NM	4,599	1,342	3,257	NM
Purchase and Resale of Fruit	623	850	(227)	(26.7)%	850	943	(93)	(9.9)%
Other	139	236	(97)	(41.1)%	236	63	173	NM
Total	<u>\$ 105,796</u>	<u>\$ 89,369</u>	<u>\$ 16,427</u>	18.4%	<u>\$ 89,369</u>	<u>\$ 119,031</u>	<u>\$ (29,662)</u>	(24.9)%
Boxes Harvested:								
Early and Mid-Season	2,519	3,146	(627)	(19.9)%	3,146	3,114	32	1.0%
Valencias	3,779	4,165	(386)	(9.3)%	4,165	4,790	(625)	(13.0)%
Total Processed	6,298	7,311	(1,013)	(13.9)%	7,311	7,904	(593)	(7.5)%
Fresh Fruit	61	267	(206)	(77.2)%	267	210	57	27.1%
Total	<u>6,359</u>	<u>7,578</u>	<u>(1,219)</u>	(16.1)%	<u>7,578</u>	<u>8,114</u>	<u>(536)</u>	(6.6)%
Pound Solids Produced:								
Early and Mid-Season	13,598	17,947	(4,349)	(24.2)%	17,947	16,873	1,074	6.4%
Valencias	22,042	25,631	(3,589)	(14.0)%	25,631	29,854	(4,223)	(14.1)%
Total	<u>35,640</u>	<u>43,578</u>	<u>(7,938)</u>	(18.2)%	<u>43,578</u>	<u>46,727</u>	<u>(3,149)</u>	(6.7)%
Pound Solids per Box:								
Early and Mid-Season	5.40	5.70	(0.30)	(5.3)%	5.70	5.42	0.28	5.2%
Valencias	5.83	6.15	(0.32)	(5.2)%	6.15	6.23	(0.08)	(1.3)%
Price per Pound Solids:								
Early and Mid-Season	\$ 2.32	\$ 1.74	\$ 0.58	33.3%	\$ 1.74	\$ 2.35	\$ (0.61)	(26.0)%
Valencias	\$ 2.54	\$ 1.95	\$ 0.59	30.3%	\$ 1.95	\$ 2.46	\$ (0.51)	(20.7)%
Price per Box:								
Fresh Fruit	\$ 9.97	\$ 8.69	\$ 1.28	14.7%	\$ 8.69	\$ 17.28	\$ (8.59)	(49.7)%
Operating Expenses:								
Cost of Sales	\$ 55,660	\$ 52,492	\$ 3,168	6.0%	\$ 52,492	\$ 52,037	\$ 455	0.9%
Harvesting and Hauling	16,922	19,897	(2,975)	(15.0)%	19,897	22,079	(2,182)	(9.9)%
Grove Management Services	15,084	3,817	11,267	NM	3,817	774	3,043	NM
Purchase and Resale of Fruit	526	704	(178)	(25.3)%	704	788	(84)	(10.7)%
Other	(4,299)	(4,629)	330	(7.1)%	(4,629)	(16,084)	11,455	(71.2)%
Total	<u>\$ 83,893</u>	<u>\$ 72,281</u>	<u>\$ 11,612</u>	16.1%	<u>\$ 72,281</u>	<u>\$ 59,594</u>	<u>\$ 12,687</u>	21.3%
Gross Profit	<u>\$ 21,903</u>	<u>\$ 17,088</u>	<u>\$ 4,815</u>	28.2%	<u>\$ 17,088</u>	<u>\$ 59,437</u>	<u>\$ (42,349)</u>	(71.3)%

NM - Not meaningful

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. The processors generally buy the citrus crop on a pound solids basis, which is the measure of the soluble solids (sugars and acids) contained in one box of fruit. The Company's fresh fruit is generally sold to packing houses that purchase the citrus on a per box basis. The Company also provides citrus grove caretaking and harvest and haul management services to third parties from which revenues are generated, including a management fee. Other revenues consist of the purchase and reselling of fruit.

Alico's operating expenses consist primarily of cost of sales, harvesting and hauling costs and grove management service 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. Grove management services include those costs associated with citrus grove caretaking and harvest and haul management services provided to third parties. Other expenses include the period costs of reselling of third-party fruit.

The increase in revenue for the fiscal year ended September 30, 2021, compared to the fiscal year ended September 30, 2020 was primarily due to an increase in the revenue generated from grove management services and the Valencia fruit harvested.

On July 16, 2020, the Company executed an agreement with an affiliated group of third parties to provide citrus grove caretaking and harvest and haul management services for approximately 7,000 acres owned by such third parties. Under the terms of this agreement, the Company is reimbursed by the third parties for all its costs incurred related to providing these services and receives a management fee based on acres covered under this agreement. The Company records both an increase in revenues and expenses as and when the Company provides these citrus grove caretaking management services. For the fiscal year ended September 30, 2021, under this agreement, the Company recorded approximately \$15,752,000 of operating revenue relating to these grove management services, including the management fee, as compared to approximately \$3,311,000 in the fiscal year ended September 30, 2020.

The increase from the Valencia fruit harvest was driven by an increase in the market price per pound solids as compared to the prior year. The increase in the price per pound solids was due to increased consumption of Not-from-Concentrate Orange Juice ("NFC") as well as tighter supplies of citrus fruit from Florida, Brazil and Mexico, which, in turn, led to reduced inventory levels. Largely offsetting this increase in pricing was the effect of fewer Valencia boxes being harvested and lower pound solids per box for the fiscal year ended September 30, 2021, compared to the fiscal year ended September 30, 2020. The Company, along with the Florida industry in general, recorded a smaller number of boxes harvested as a result of greater fruit drop rate during the current harvest season as compared to the previous year. In addition, the internal quality of the fruit was not as strong as in the previous year resulting in lower pound solids per box.

The decrease in revenue for the fiscal year ended September 30, 2020, when compared to the fiscal year ended September 30, 2019, was due to a decrease in the price per pound solids as well as a decrease in aggregate processed box production. The decrease in the price per pound solids in the market-place was a result of excess supply from domestic and international growers. The decrease in aggregate processed box production was the result of greater fruit drop and smaller fruit size of Valencias in the then-current harvest season as compared to the prior harvest season, offset in part by an increase in processed box production of the Early and Mid-season fruit.

The Company completed its harvest season in early May 2021 and was able to complete the harvest without any negative impact from the COVID-19 pandemic.

Total processed boxes harvested in fiscal year 2021 decreased by approximately 13.9%, as compared to fiscal year 2020. Pound solids decreased by approximately 24.2% for the Early and Mid-Season crop and decreased by approximately 14.0% for the Valencia crop. The combination of these items resulted in approximately 7,938,000 fewer pound solids sold in fiscal year 2021, as compared to fiscal year 2020.

Total processed boxes harvested in fiscal year 2020 decreased by approximately 7.5%, as compared to fiscal year 2019. Pound solids increased by approximately 6.4% and decreased by approximately 14.1% for the Early and Mid-Season and Valencia oranges, respectively. The combination of these items resulted in approximately 3,149,000 fewer pound solids sold in fiscal year 2020, as compared to fiscal year 2019.

The USDA, in its October 12, 2021 Citrus Crop Forecast for the 2021-22 harvest season, indicated its expectation that the Florida orange crop will decrease from approximately 52,800,000 boxes for the 2020-21 crop year to approximately 47,000,000 boxes for the 2021-22 crop year, a decrease of approximately 11.0%. While the USDA box production is estimated to be lower than in the prior year, the Company anticipates that market prices will remain consistent with or slightly above the 2020-21 harvest season market price levels, which is being driven by continued strong demand for NFC orange juice, along with anticipated declines in both Brazil and Florida box production.

The increase in operating expenses for the fiscal year 2021, as compared to the fiscal year 2020, primarily relates to grove management services it provides to third parties. As mentioned above, the Company executed an agreement with an affiliated group of third parties to provide citrus grove caretaking and harvest and haul management services for approximately 7,000 acres owned by such third parties. Under this agreement, for the fiscal years ended September 30, 2021 and 2020, the Company recorded approximately \$14,342,000 and \$3,016,000, respectively, of operating expenses relating to these grove management services. Additionally, the increase in operating expenses is attributable to the Company

purchasing additional citrus acres in May and October 2020, which resulted in cost of sales relating to these groves in the current fiscal year. Partially offsetting these increases was a reduction in harvest and haul expenses attributable to a decrease in Early and Mid-season and Valencia boxes harvested.

The increase in operating expenses for the fiscal year 2020, as compared to the fiscal year 2019, primarily relates to the Company receiving less federal relief proceeds through the Florida CRBG program relating to Hurricane Irma, which are recorded as a reduction of operating expenses, during fiscal year 2020, as compared to fiscal year 2019. The Company received proceeds of approximately \$4,629,000 and \$15,597,000 through the Florida CRBG program relating to Hurricane Irma during the fiscal years ended September 30, 2020 and 2019, respectively. Additionally, the Company recorded additional grove management services expense of approximately \$3,016,000. Partially offsetting this increase in operating expenses was a reduction in harvesting and hauling costs experienced by the Company as a result of fewer processed boxes being harvested during the fiscal year ended September 30, 2020 as compared to the same period in the prior year.

As a result of a lower gross profit percentage generated from grove caretaking management services, as compared to citrus sales generated from groves, the overall gross profit percentage within the Alico Citrus segment was lower in fiscal year 2021 and 2020 and is expected to be lower in future fiscal years than prior fiscal years due to the execution of the above-mentioned new caretaking services agreement.

The credit amounts shown in "Other" in operating expenses above, for the most part, represent federal relief proceeds received under the CRBG program for the fiscal years ended September 30, 2021, 2020, and 2019.

Land Management and Other Operations

The table below presents key operating measures for the fiscal years ended September 30, 2021, 2020 and 2019:

<i>(in thousands)</i>	Fiscal Year Ended				Fiscal Year Ended			
	September 30,		Change		September 30,		Change	
	2021	2020	\$	%	2020	2019	\$	%
Revenue From:								
Land and other leasing	\$ 2,404	\$ 2,683	\$ (279)	(10.4)%	\$ 2,683	\$ 2,787	\$ (104)	(3.7)%
Other	364	455	(91)	(20.0)%	455	433	22	5.1%
Total	<u>\$ 2,768</u>	<u>\$ 3,138</u>	<u>\$ (370)</u>	<u>(11.8)%</u>	<u>\$ 3,138</u>	<u>\$ 3,220</u>	<u>\$ (82)</u>	<u>(2.5)%</u>
Operating Expenses:								
Land and other leasing	\$ 762	\$ 955	\$ (193)	(20.2)%	\$ 955	\$ 1,047	\$ (92)	(8.8)%
Water conservation	—	1,346	(1,346)	(100.0)%	1,346	1,206	140	11.6%
Other	16	6	10	166.7%	6	44	(38)	(86.4)%
Total	<u>\$ 778</u>	<u>\$ 2,307</u>	<u>\$ (1,529)</u>	<u>(66.3)%</u>	<u>\$ 2,307</u>	<u>\$ 2,297</u>	<u>\$ 10</u>	<u>0.4%</u>
Gross Profit	<u>\$ 1,990</u>	<u>\$ 831</u>	<u>\$ 1,159</u>	<u>139.5%</u>	<u>\$ 831</u>	<u>\$ 923</u>	<u>\$ (92)</u>	<u>(10.0)%</u>

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

The decrease in revenues from Land Management and Other Operations for the fiscal year ended September 30, 2021, compared to the fiscal year ended September 30, 2020, was primarily due to a reduction in the leased acreage relating to grazing and hunting leases. The reduction in the leased acreage was due to the sale of certain acres, which were previously included under these lease arrangements, thus resulting in fewer acres now being leased under these grazing and hunting leases.

The decrease in operating expenses from Land Management and Other Operations for the fiscal year ended September 30, 2021, compared to the fiscal year ended September 30, 2020, was primarily due to the Company no longer pursuing its dispersed water storage project and, therefore, incurring no water conservation expenses for the fiscal year ended September 30, 2021. On September 10, 2020, the Company sold approximately 10,700 acres on the western part of Alico Ranch to the State of Florida. Since the acres involved in the sale would have been critical to its planned dispersed water storage project, the Company decided to no longer pursue the related permit approval activities. Accordingly, the Company anticipates it will have no future expenses incurred relating to the dispersed water storage project. Additionally, the Company has seen a decrease in ad valorem taxes due to certain ranch land sales.

The slight decrease in revenues from Land Management and Other Operations for the fiscal year ended September 30, 2020 compared to the fiscal year ended September 30, 2019, was primarily due to a reduction in the leased acreage relating to a cattle grazing lease.

Upon the Company selling approximately 10,700 acres on the western part of Alico Ranch to the State of Florida, as mentioned above, and deciding to no longer pursue permit approval activities for this particular project, the Company wrote-down approximately \$598,000 of assets relating to this project during the fourth quarter of the fiscal year ended September 30, 2020.

General and Administrative

General and administrative expenses for the fiscal year ended September 30, 2021 were approximately \$9,453,000, compared to approximately \$10,998,000 for the fiscal year ended September 30, 2020.

The decrease in general and administrative expenses for the fiscal year ended September 30, 2021, as compared to the fiscal year ended September 30, 2020, was attributable to (i) a reduction in legal expense of approximately \$805,000, primarily resulting from the receipt of insurance proceeds for the reimbursement of legal fees in the amount of approximately \$658,000 during the fiscal year ended September 30, 2021 relating to corporate legal matters, (ii) a reduction in stock compensation expense of approximately \$241,000 in light of the fact that in the prior fiscal year, in January 2020 certain stock options had vested, which in turn resulted in an acceleration of expense in that prior fiscal year, (iii) a reduction in payroll expenses for the fiscal year ended September 30, 2021 of approximately \$259,000 relating to the resignation of a senior manager in December 2019 and the reduction in other administrative personnel made during fiscal year ended September 30, 2021 and (iv) a reduction in pension expense related to the Company's deferred retirement benefit plan of approximately \$207,000 as a result of the Company terminating such plan and paying out each of the plan participants in August 2020. Partially offsetting this decrease was the Company's incurring of approximately \$200,000 in corporate advisory fees in the fiscal year ended September 30, 2021.

General and administrative expenses for the fiscal year ended September 30, 2020 were approximately \$10,998,000, compared to approximately \$15,146,000 for the fiscal year ended September 30, 2019.

The decrease in general and administrative expenses for the fiscal year ended September 30, 2020, as compared to the fiscal year ended September 30, 2019, was primarily due to professional fees, relating to a corporate litigation matter, of approximately \$2,300,000 being incurred for the fiscal year ended September 30, 2019. This litigation was settled, and no further expenses were incurred relating to this matter during the fiscal year ended September 30, 2020. 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 experienced a reduction due to (i) a one-time pension expense related to its deferred retirement benefit plan of approximately \$965,000 in fiscal year 2019, (ii) a reduction in payroll expenses for the fiscal year ended September 30, 2020 of approximately \$331,000 relating to one of the senior managers resigning in December 2019 and a reduction in bonuses granted to senior management, (iii) a decrease in stock compensation expense of approximately \$204,000 as a result of certain stock options expense being accelerated in fiscal year ended September 30, 2020 and (iv) other smaller decreases in rent, consulting and Board of Director fees aggregating approximately \$445,000. Partially offsetting these decreases was a lower amount of stock compensation expense of \$823,000 recognized in fiscal year ended September 30, 2019 as a result of a former senior executive forfeiting his stock options as part of the settled litigation and an increase in Directors and Officers insurance of approximately \$247,000.

Other Income, net

Other income, net, for the fiscal years ended September 30, 2021 and 2020 was approximately \$31,947,000 and approximately \$24,456,000, respectively. The increase in other income, net was primarily due to the Company recognizing significant gains on sales of real estate, property and equipment and assets held for sale in both fiscal years. For the fiscal year ended September 30, 2021, the Company recorded gains on sale of real estate, property and equipment and assets held for sale of approximately \$35,898,000 relating primarily to the sale of approximately 19,776 acres from the Alico Ranch to several third parties. For the fiscal year ended September 30, 2020, the Company recognized a gain on sale of real estate, property and equipment and assets held for sale of approximately \$30,424,000. Additionally, a decrease in interest expense of approximately \$1,994,000 for the fiscal year ended September 30, 2021, as compared to the fiscal year ended September 30, 2020, was primarily due to the reduction of the Company's long-term debt from the making of mandatory principal payments and certain prepayments. In addition, the Company maintained lower balances on both its working capital line of credit and revolving line of credit, which also resulted in reduced interest expense.

Other income, net, for the fiscal years ended September 30, 2020 and 2019 was approximately \$24,456,000 and approximately \$5,019,000, respectively. The increase in other income, net 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 2020, as compared to fiscal year 2019. In fiscal year 2020, the Company recorded a gain of approximately \$30,424,000, which was generated primarily from the sale of land on its West Ranch in September 2020 to the State of Florida. For the fiscal year ended September 30, 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. Additionally, the Company recognized a reduction of approximately \$1,199,000 in interest expense in fiscal year 2020 as a result of (i) the reduction of its long-term debt attributable to making its mandatory principal payments, (ii) the Company prepaying approximately \$4,455,000 on its debt obligations and (iii) a reduction in interest rates.

Income Taxes

For the fiscal years ended September 30, 2021, 2020 and 2019, the provision for income taxes was approximately \$11,567,000, \$7,663,000 and \$12,783,000, respectively, and the related effective income tax rates were approximately 24.94%, 24.42% and 25.45%, respectively. The increase in the dollar amount of the tax provision for the fiscal year ended September 30, 2021 is the result of the Company generating greater net income during the current fiscal year as compared to the prior fiscal year. The decrease in the dollar amount of the tax provision for the fiscal year ended September 30, 2020 was the result of the Company generating less net income during fiscal year 2020, as compared to the prior fiscal year.

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,		Change
	2021	2020	
Cash and cash equivalents and restricted cash	\$ 886	\$ 19,687	\$ (18,801)
Total current assets	\$ 54,913	\$ 51,899	\$ 3,014
Total current liabilities	\$ 22,306	\$ 21,158	\$ 1,148
Working capital	\$ 32,607	\$ 30,741	\$ 1,866
Total assets	\$ 433,217	\$ 423,937	\$ 9,280
Principal amount of term loans and lines of credit	\$ 126,294	\$ 151,983	\$ (25,689)
Current ratio	2.46 to 1	2.45 to 1	

Sources and Uses of Liquidity and Capital

Alico's business has historically generated positive net cash flows from operating activities. Sources of cash primarily include cash flows from operations, sales of underperforming 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, debt service costs including interest and principal payments on term loans and other credit facilities and acquisitions.

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.

Borrowing Facilities and Long-term Debt

Alico has a \$70,000,000 working capital line of credit, of which approximately \$69,664,000 is available for general use as of September 30, 2021, and a \$25,000,000 revolving line of credit, all of which is available for general use as of September 30, 2021 (see Note 6. "Long-Term Debt and Lines of Credit" to the accompanying Consolidated Financial Statements). Additionally, effective May 1, 2021, the Company converted its Met Fixed-Rate Term Loans into interest bearing only loans with a balloon payment of the balance due at maturity, which is November 1, 2029. Such conversion has increased available cash and can be expected to continue to increase the available cash for the foreseeable future. With the increase in available cash, the Company could utilize the available cash for other possible uses such as paying down indebtedness, citrus grove acquisitions, share repurchases, and additional increased dividends. If the Company chooses to pursue significant growth and other corporate opportunities, such as the transaction whereby it acquired 3,280 citrus grove acres on October 30, 2020 for \$18,230,000, pay down of

indebtedness, engaging in share repurchases or paying increased dividends, these actions could have a material adverse impact on its cash balances and may require the Company to finance such activities by drawing down on 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 adversely 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.

Alico debt covenants under its credit facilities 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 \$169,730,000 applicable for the year ended September 30, 2021, (iii) minimum current ratio of 1.50 to 1.00, (iv) debt to total assets ratio not greater than .625 to 1.00, and, (v) solely in the case of the WCLC, a limit on capital expenditures of \$30,000,000 per fiscal year. As of September 30, 2021, the Company was in compliance with all of the financial covenants.

Cash Management Impacts

Cash and cash equivalents and restricted cash decreased from approximately \$19,687,000 as of September 30, 2020 to approximately \$886,000 as of September 30, 2021. Cash and cash equivalents and restricted cash decreased from approximately \$23,838,000 as of September 30, 2019 to approximately \$19,687,000 as of September 30, 2020. 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, 2021, 2020 and 2019:

(in thousands)

	Fiscal Year Ended September 30,		
	2021	2020	2019
Net cash provided by operating activities	\$ 16,504	\$ 1,049	\$ 48,832
Net cash (used in) provided by investing activities	(3,268)	9,489	(4,960)
Net cash used in financing activities	(32,037)	(14,689)	(52,294)
Net decrease in cash and cash equivalents and restricted cash	\$ (18,801)	\$ (4,151)	\$ (8,422)

Net Cash Provided By Operating Activities

(in thousands)

	Fiscal Year Ended September 30,			Fiscal Year Ended September 30,		
	2021	2020	Change	2020	2019	Change
Net income	\$ 34,820	\$ 23,714	\$ 11,106	\$ 23,714	\$ 37,450	\$ (13,736)
Depreciation, depletion and amortization	15,122	14,282	840	14,282	13,603	679
Debt issue costs expense	179	238	(59)	238	321	(83)
Deferred income tax expense	2,249	7,603	(5,354)	7,603	3,267	4,336
Cash surrender value	(14)	(10)	(4)	(10)	11	(21)
Deferred retirement benefits	—	(5,226)	5,226	(5,226)	829	(6,055)
Gain on sale of real estate, property and equipment and assets held for sale	(35,898)	(30,424)	(5,474)	(30,424)	(13,166)	(17,258)
Inventory net realizable value adjustment	—	—	—	—	808	(808)
Loss on disposal of property and equipment	2,338	1,382	956	1,382	244	1,138
Change in fair value of derivatives	—	—	—	—	989	(989)
Impairment of long-lived assets	—	598	(598)	598	152	446
Impairment of right-of-use asset	—	87	(87)	87	—	87
Insurance proceeds received for damage to property and equipment	(103)	—	(103)	—	(486)	486
Stock-based compensation expense	1,230	1,306	(76)	1,306	824	482
Change in working capital	(3,419)	(12,501)	9,082	(12,501)	3,986	(16,487)
Net cash provided by operating activities	\$ 16,504	\$ 1,049	\$ 15,455	\$ 1,049	\$ 48,832	\$ (47,783)

The increase in net cash provided by operating activities for the fiscal year ended September 30, 2021, as compared to the fiscal year ended September 30, 2020, was primarily due to an increase in net income and an increase in working capital which was primarily driven by an increase in accounts payable and timing of income tax payments. The increase in accounts payable relates to the timing and billing of fertilizer and chemical applications in the citrus groves. Offsetting a significant portion of this increase was the amount of gain on sale of real estate, property and equipment and assets held for sale being greater in the fiscal year ended September 30, 2021 as compared to the prior year, primarily resulting from a greater number of acres being sold in the current fiscal year.

The decrease in net cash provided by operating activities for the fiscal year ended September 30, 2020, as compared to the same period in fiscal year 2019, was primarily due to (i) an increase in gain on sale of real estate, property and equipment and assets held for sale in the fiscal year ended September 30, 2020, relating to the sale of certain sections of the West Ranch, (ii) a decrease in net income, which was primarily driven by decreased citrus sales, (iii) a decrease in the deferred retirement benefit as a result of the Company terminating its pension plan and paying all participants on August 30, 2020 and (iv) a decrease in working capital as a result of the payment of income taxes and an increase in accounts receivable related to the Company's grove management services whereby the Company pays all growing costs and then is reimbursed in the future from proceeds of fruit sales of the third-party.

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, 2021, 2020 and 2019:

<i>(in thousands)</i>	Fiscal Year Ended September 30,			Fiscal Year Ended September 30,		
	2021	2020	Change	2020	2019	Change
Purchases of property and equipment	\$ (22,258)	\$ (18,785)	\$ (3,473)	\$ (18,785)	\$ (18,050)	\$ (735)
Purchases of citrus groves	(18,527)	(2,920)	(15,607)	(2,920)	(1,950)	(970)
Net proceeds from sale of real estate, property and equipment and assets held for sale	37,266	31,541	5,725	31,541	14,602	16,939
Insurance proceeds received for damage to property and equipment	103	—	103	—	486	(486)
Change in deposits on purchase of citrus trees	217	(458)	675	(458)	(108)	(350)
Advances on notes receivables, net	371	136	235	136	60	76
Purchases of mineral rights	(453)	—	(453)	—	—	—
Other	13	(25)	38	(25)	—	(25)
Net cash (used in) provided by investing activities	\$ (3,268)	\$ 9,489	\$ (12,757)	\$ 9,489	\$ (4,960)	\$ 14,449

The shift from net cash provided by investing activities for the fiscal year ended September 30, 2020 to net cash used in investing activities for the fiscal year ended September 30, 2021 was primarily due to the use of funds to purchase approximately 3,280 gross acres located in Hendry County for a purchase price of approximately \$18,230,000 in October 2020 and the acquisition of additional smaller citrus groves. Partially offsetting this shift was net proceeds received for the sale of real estate, property and equipment and assets held for sale being greater in the fiscal year ended September 30, 2021 as compared to the same period in the prior year (see Note 4. "Assets Held for Sale" and Note 5. "Property & Equipment, Net" to the accompanying Consolidated Financial Statements), including the Company's receipt of approximately \$5,725,000 more proceeds from the sale of ranch land to various third parties than the proceeds received in the fiscal year ended September 30, 2020.

The shift from net cash used in investing activities for the fiscal year ended September 30, 2019 to net cash provided by investing activities for the fiscal year ended September 30, 2020 was primarily due to an increase in proceeds received on the sale of certain assets sold during fiscal year 2020, as compared to fiscal year 2019. This is due to the Company divesting of more acres of land in fiscal year 2020, 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).

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, 2021, 2020 and 2019:

<i>(in thousands)</i>	Fiscal Year Ended September 30,			Fiscal Year Ended September 30,		
	2021	2020	Change	2020	2019	Change
Repayments on revolving lines of credit	\$ (50,735)	\$ (114,581)	\$ 63,846	\$ (114,581)	\$ (89,231)	\$ (25,350)
Borrowings on revolving lines of credit	47,793	117,523	(69,730)	117,523	86,546	30,977
Principal payments on term loans	(21,957)	(15,198)	(6,759)	(15,198)	(10,900)	(4,298)
Treasury stock purchases	—	(238)	238	(238)	(25,576)	25,338
Payment on termination of sugarcane agreement	—	—	—	—	(11,300)	11,300
Dividends paid	(7,138)	(2,466)	(4,672)	(2,466)	(1,833)	(633)
Deferred financing costs	—	(23)	23	(23)	—	(23)
Capital contribution received from noncontrolling interest	—	294	(294)	294	—	294
Net cash used in financing activities	\$ (32,037)	\$ (14,689)	\$ (17,348)	\$ (14,689)	\$ (52,294)	\$ 37,605

The increase in net cash used in financing activities for the fiscal year ended September 30, 2021, as compared to the fiscal year ended September 30, 2020, was primarily due to the Company paying down a greater amount on its long-term debt during the fiscal year ended September 30, 2021, as compared to the prior year. During fiscal year ended September 30, 2021, the Company prepaid approximately \$10,312,000 of principal on its fixed rate term loans with MetLife and also paid approximately \$4,070,000 of principal on one of its loans

outstanding with Prudential which matured in September 2021. Partially offsetting these increased payments was the conversion of the Company's Met Fixed-Rate Term Loans into interest bearing only loans with a balloon payment of the balance due on November 1, 2029. Additionally, the Company paid a greater amount of dividends to stockholders of the Company's common stock during the current fiscal year, as compared to the prior year, as a result of the Company increasing its annual dividend to \$2.00 per common share in June 2021. The Company also paid down, net of borrowings, its revolving line of credit during the current fiscal year.

The decrease in net cash used in financing activities for the fiscal year ended September 30, 2020, as compared to the fiscal year ended September 30, 2019, was primarily due to the Company repurchasing its common shares through a tender offer in October 2018 for an aggregate approximate amount of \$25,576,000 and the termination of its 2014 Post-Closing Agreement in March 2019 pursuant to which the Company paid \$11,300,000. Partially offsetting this shift was a prepayment of one of its long-term debt obligations in November 2019 in the amount of \$4,455,000.

Alico had \$0 outstanding on its revolving lines of credit as of September 30, 2021 and approximately \$94,664,000 remaining availability.

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, 2021, there was approximately \$336,000 in outstanding letters of credit, which correspondingly reduced Alico's availability under the line of credit.

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, 2021 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	\$ 126,294	\$ 4,285	\$ 8,570	\$ 8,570	\$ 104,869
Interest on Long-Term Debt	30,176	4,281	8,182	7,676	10,037
Operating Leases	371	324	47	—	—
Tree Purchase Commitments	2,405	2,405	—	—	—
Total	\$ 159,246	\$ 11,295	\$ 16,799	\$ 16,246	\$ 114,906

Purchase Commitments

The Company enters into contracts for the purchase of citrus trees during the normal course of its business. As of September 30, 2021, the Company had approximately \$2,405,000 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. We are exposed to the impact of inflation on our cost of products sold. We use a number of strategies to mitigate the effects of cost inflation including commodity hedging and pursuing cost productivity initiatives. We experienced higher inflation in 2021 and expect to experience increased inflation in 2022. Pricing actions and supply chain productivity initiatives introduced at the end of 2021 will mitigate a portion of this inflationary pressure, but we do not expect such benefits will fully offset the incremental costs in 2022.

Critical Accounting Policies and Estimates

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. Management considers an accounting estimate to be critical if it is made in accordance with generally accepted accounting principles, involves a significant level of estimation uncertainty, and has had or is reasonably likely to have a material impact on the Company's financial condition or results of operations. Alico considers policies and estimates 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.

For grove management services, the Company recognizes operating revenue, including a management fee, when services are rendered and consumed. 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.

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.

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, 2021, 2020 and 2019, the Company did not record any valuation allowances. 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, 2021 and 2020, 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 Supplementary Data" - Note 1. "Description of Business and Basis of Presentation" for additional information about the impact of accounting pronouncements.

Subsequent Events

On October 15, 2021 and November 5, 2021, the Company awarded 2,500 and 2,224 restricted shares of the Company's common stock to certain executives and senior managers under the 2015 Plan at a weighted average fair value of \$35.77 per common share, with 2,500 vesting on January 1, 2022 and the remaining shares vesting on January 1, 2023.

On December 2, 2021, the Board of Directors of the Company declared a cash dividend for the first quarter of fiscal year 2022 of \$0.50 per share on its outstanding common stock to be paid to stockholders of record as of December 31, 2021, with payment expected on January 14, 2022.

On December 3, 2021, the State of Florida purchased, under the Florida Forever program, approximately 1,638 acres of the Alico Ranch for approximately \$5,675,000 pursuant to an option agreement entered into on September 21, 2021 between the State of Florida and the Company.

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, 2021. The Company held various financial instruments as of September 30, 2021 and 2020, 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 \$395,000 for the fiscal year ended September 30, 2021.

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

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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 its subsidiaries (the Company) as of September 30, 2021 and 2020, the related consolidated statements of operations, changes in equity and cash flows for each of the years in the three-year period ended September 30, 2021, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. We determined that there are no critical audit matters.

/s/ RSM US LLP

We have served as the Company's auditor since 2007.

Orlando, Florida

December 7, 2021

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

	September 30,	
	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 886	\$ 3,163
Accounts receivable, net	6,105	4,347
Inventories	43,377	40,855
Income tax receivable	3,233	781
Assets held for sale	160	1,366
Prepaid expenses and other current assets	1,152	1,387
Total current assets	54,913	51,899
Restricted cash	—	16,524
Property and equipment, net	373,231	350,061
Goodwill	2,246	2,246
Other non-current assets	2,827	3,207
Total assets	\$ 433,217	\$ 423,937
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,274	\$ 3,533
Accrued liabilities	9,872	7,095
Long-term debt, current portion	4,285	9,145
Other current liabilities	875	1,385
Total current liabilities	22,306	21,158
Long-term debt:		
Principal amount, net of current portion	122,009	139,106
Less: deferred financing costs, net	(986)	(1,151)
Long-term debt less current portion and deferred financing costs, net	121,023	137,955
Lines of credit	—	2,942
Deferred income tax liabilities, net	41,977	39,728
Other liabilities	306	372
Total liabilities	185,612	202,155
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 7,526,004 and 7,492,524 shares outstanding at September 30, 2021 and September 30, 2020, respectively	8,416	8,416
Additional paid in capital	19,989	19,685
Treasury stock, at cost, 890,141 and 923,621 shares held at September 30, 2021 and September 30, 2020, respectively	(29,853)	(30,779)
Retained earnings	243,651	219,019
Total Alico stockholders' equity	242,203	216,341
Noncontrolling interest	5,402	5,441
Total stockholders' equity	247,605	221,782
Total liabilities and stockholders' equity	\$ 433,217	\$ 423,937

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,		
	2021	2020	2019
Operating revenues:			
Alico Citrus	\$ 105,796	\$ 89,369	\$ 119,031
Land Management and Other Operations	2,768	3,138	3,220
Total operating revenues	108,564	92,507	122,251
Operating expenses:			
Alico Citrus	83,893	72,281	59,594
Land Management and Other Operations	778	2,307	2,297
Total operating expenses	84,671	74,588	61,891
Gross profit	23,893	17,919	60,360
General and administrative expenses	9,453	10,998	15,146
Income from operations	14,440	6,921	45,214
Other income (expense):			
Investment and interest income, net	23	98	49
Interest expense	(3,987)	(5,981)	(7,180)
Gains on sale of real estate, property and equipment and assets held for sale	35,898	30,424	13,166
Change in fair value of derivatives	—	—	(989)
Other income (expense), net	13	(85)	(27)
Total other income, net	31,947	24,456	5,019
Income before income taxes	46,387	31,377	50,233
Income tax provision	11,567	7,663	12,783
Net income	34,820	23,714	37,450
Net loss (income) attributable to noncontrolling interests	39	(52)	383
Net income attributable to Alico, Inc. common stockholders	<u>\$ 34,859</u>	<u>\$ 23,662</u>	<u>\$ 37,833</u>
Per share information attributable to Alico, Inc. common stockholders:			
Earnings per common share:			
Basic	\$ 4.64	\$ 3.16	\$ 5.06
Diluted	\$ 4.64	\$ 3.16	\$ 5.05
Weighted-average number of common shares outstanding:			
Basic	7,516	7,484	7,472
Diluted	7,519	7,496	7,493
Cash dividends declared per common share	\$ 1.36	\$ 0.36	\$ 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 Capital	Treasury Stock	Retained Earnings	Total Alico, Inc. Equity	Non- controlling Interest	Total Equity
	Shares	Amount						
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)
September 30, 2019	8,416	8,416	19,781	(31,943)	198,049	194,303	5,095	199,398
Net income	—	—	—	—	23,662	23,662	52	23,714
Dividends	—	—	—	—	(2,692)	(2,692)	—	(2,692)
Treasury stock purchases	—	—	—	(238)	—	(238)	—	(238)
Capital contribution received from noncontrolling interest	—	—	—	—	—	—	294	294
Stock-based compensation:								
Directors	—	—	(669)	1,402	—	733	—	733
Executives and managers	—	—	573	—	—	573	—	573
September 30, 2020	8,416	8,416	19,685	(30,779)	219,019	216,341	5,441	221,782
Net income (loss)	—	—	—	—	34,859	34,859	(39)	34,820
Dividends	—	—	—	—	(10,227)	(10,227)	—	(10,227)
Stock-based compensation:								
Directors	—	—	74	770	—	844	—	844
Executives and managers	—	—	230	156	—	386	—	386
September 30, 2021	8,416	\$ 8,416	\$ 19,989	\$ (29,853)	\$ 243,651	\$ 242,203	\$ 5,402	\$ 247,605

See accompanying notes to the consolidated financial statements

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

	Fiscal Year Ended September 30,		
	2021	2020	2019
Net cash provided by operating activities:			
Net income	\$ 34,820	\$ 23,714	\$ 37,450
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	15,122	14,282	13,603
Debt issue costs expense	179	238	321
Deferred income tax expense	2,249	7,603	3,267
Cash surrender value	(14)	(10)	11
Deferred retirement (expense) benefit	—	(5,226)	829
Gain on sale of real estate, property and equipment and assets held for sale	(35,898)	(30,424)	(13,166)
Inventory net realizable value adjustment	—	—	808
Loss on disposal of property and equipment	2,338	1,382	244
Change in fair value of derivatives	—	—	989
Impairment of long-lived assets	—	598	152
Impairment of right-of-use-asset	—	87	—
Insurance proceeds received for damage to property and equipment	(103)	—	(486)
Stock-based compensation expense	1,230	1,306	824
Changes in operating assets and liabilities:			
Accounts receivable	(1,758)	(3,634)	1,531
Inventories	(2,522)	(712)	82
Prepaid expenses	(115)	(135)	(211)
Income tax receivable	(2,452)	(781)	15
Other assets	575	(839)	288
Accounts payable and accrued liabilities	3,429	(1,530)	(1,113)
Income tax payable	—	(5,536)	3,216
Other liabilities	(576)	666	178
Net cash provided by operating activities	<u>16,504</u>	<u>1,049</u>	<u>48,832</u>
Cash flows from investing activities:			
Purchases of property and equipment	(22,258)	(18,785)	(18,050)
Purchases of citrus groves	(18,527)	(2,920)	(1,950)
Net proceeds from sale of real estate, property and equipment and assets held for sale	37,266	31,541	14,602
Insurance proceeds received for damage to property and equipment	103	—	486
Change in deposits on purchase of citrus trees	217	(458)	(108)
Advances on notes receivables, net	371	136	60
Purchases of mineral rights	(453)	—	—
Other	13	(25)	—
Net cash (used in) provided by investing activities	<u>(3,268)</u>	<u>9,489</u>	<u>(4,960)</u>
Cash flows from financing activities:			
Repayments on revolving lines of credit	(50,735)	(114,581)	(89,231)
Borrowings on revolving lines of credit	47,793	117,523	86,546
Principal payments on term loans	(21,957)	(15,198)	(10,900)
Treasury stock purchases	—	(238)	(25,576)
Payment on termination of sugarcane agreement	—	—	(11,300)
Dividends paid	(7,138)	(2,466)	(1,833)
Deferred financing costs	—	(23)	—
Capital contribution received from noncontrolling interest	—	294	—
Net cash used in financing activities	<u>(32,037)</u>	<u>(14,689)</u>	<u>(52,294)</u>
Net decrease in cash and cash equivalents and restricted cash	<u>(18,801)</u>	<u>(4,151)</u>	<u>(8,422)</u>
Cash and cash equivalents and restricted cash at beginning of the period	19,687	23,838	32,260
Cash and cash equivalents and restricted cash at end of the period	<u>\$ 886</u>	<u>\$ 19,687</u>	<u>\$ 23,838</u>
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of amount capitalized	\$ 3,940	\$ 5,832	\$ 6,940
Cash paid for income taxes	\$ 11,770	\$ 6,403	\$ 6,285
Supplemental disclosure of non-cash investing and financing activities:			
Dividends declared but unpaid	<u>\$ 3,763</u>	<u>\$ 674</u>	<u>\$ 449</u>

See accompanying notes to the consolidated financial statements.

ALICO, INC.
NOTES TO 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 83,000 acres of land and approximately 90,000 acres of mineral rights throughout Florida. Alico holds these mineral rights on substantially all its owned acres, with additional mineral rights on other acres. The Company manages its land based upon its primary usage, and reviews its performance based upon two primary classifications: (i) Alico Citrus and (ii) Land Management and Other Operations. Financial results are presented based upon its two business segments (Alico Citrus and Land Management 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) Land Management 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 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 loss of \$79,479 for the fiscal year ended September 30, 2021, net income of \$107,051 for the fiscal year ended September 30, 2020, and a net loss of \$781,783 for the fiscal year ended September 30, 2019, respectively, of which a net loss of \$40,535, a net income of \$54,596, and a net loss of \$398,709 were attributable to the Company for the fiscal years ended September 30, 2021, 2020 and 2019, respectively. The shift to net income for the fiscal year ended September 30, 2020 was the result of reimbursements received under the federal relief program relating to Hurricane Irma, aggregating approximately \$493,000.

Recent Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in the existing guidance for income taxes and making other minor improvements. The amendments in the ASU are effective for the Company on October 1, 2021. The Company does not expect the adoption of ASU 2019-12 will have a material impact on its consolidated financial statements and will adopt the standard effective October 1, 2021.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides temporary optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform. The Company's floating rate notes and variable funding notes bear interest at fluctuating interest rates based on LIBOR. Because LIBOR will cease to exist, the Company will need to renegotiate its loan agreements but the Company cannot predict what alternative index would be negotiated with its lenders. ASU 2020-04 is currently effective on or before December 31, 2022 and upon adoption may be applied prospectively to contract modifications made. The Company is currently assessing the impact of adopting this standard and the impact on its consolidated financial statements.

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 January 2017, the FASB issued Accounting Standards Update ("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. The Company adopted ASU 2017-04 effective October 1, 2020, using the prospective approach, and will apply this standard in future impairment tests.

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 became effective for annual and interim periods in the fiscal years beginning after December 15, 2019. 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 adopted ASU 2018-13 effective October 1, 2020, and the adoption of this standard did not have a material impact on the Company's consolidated financial statements.

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 the Company on October 1, 2020, with early adoption permitted. The Company adopted ASU 2018-19 effective October 1, 2020, and the adoption of this standard did not have a material impact on the Company's consolidated financial statements.

The COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the current novel coronavirus outbreak ("COVID-19") to be a global pandemic. In response to this declaration and the rapid spread of COVID-19 within the United States, federal, state and local governments throughout the country have imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures have had a significant adverse impact upon many sectors of the economy, including certain agriculture businesses. To date, the Company has experienced no material adverse impact from this pandemic.

On November 4, 2021, the Occupational Safety and Health Administration ("OSHA") posted an Emergency Temporary Standard ("ETS") on mandating that all private employers with 100 or more employees ensure their employees are COVID-19 fully vaccinated before entering the employer's worksite or, at the employer's option, require employees who remain unvaccinated and want to come to the worksite to wear an approved face covering and produce a negative COVID-19 test at least weekly. Pursuant to the ETS, employers must offer up to four hours of additional paid time off, including travel time, per vaccine dose to allow employees to be vaccinated and reasonable time and paid sick leave to recover from side effects experienced after each vaccine dose. Pursuant to the ETS, the ETS remains in effect for a maximum of six months. This ETS implements President Biden's COVID-19 Action Plan, which aims to accelerate the pace of COVID-19 vaccinations in the United States.

Pursuant to the ETS, the ETS is effective immediately upon its publication in the Federal Register. Pursuant to the ETS, employers must comply with most requirements within 30 days of publication (December 5th) and with optional testing requirements within 60 days of publication (January 4th). Employees who have completed their vaccination by that date do not have to be tested, even if they have not yet completed the 2-week waiting period. On November 6, 2021, the Fifth Circuit Court of Appeals granted an emergency motion to stay enforcement of the ETS, subject to the resolution of ongoing litigation challenging the constitutionality of the ETS. The order enjoins the federal government from taking any action to enforce the ETS while it is in effect. On November 12, 2021, the Fifth Circuit Court of Appeals reaffirmed its suspension of the ETS and, on November 16, 2021, OSHA announced it suspended its activities related to the implementation and enforcement of the ETS pending future developments in the litigation. It is unknown how long the Fifth Circuit's stay will remain in place. The Sixth Circuit Court of Appeals was selected through the lottery system on November 16, 2021, to hear a consolidated action concerning multiple challenges to the ETS and is authorized to uphold or lift the Fifth Circuit Court of Appeals order.

Also, a number of state governments have considered legislation related to employer vaccine mandates during the pandemic. OSHA maintains that its ETS preempts these laws, but states such as the State of Florida disagree. On November 17, 2021, the Florida legislature passed legislation, which was signed into law on November 18, 2021 and codified at section 381.00317, Florida Statutes, prohibiting private-sector employers from implementing a COVID-19 vaccination mandate for full-time, part-time, or contract employees without providing at least five individual exemptions, including, but not limited to, pregnancy or anticipated pregnancy; religious reasons; COVID-19 immunity; periodic testing; and the use of employer-provided personal protective equipment. If an employer fails to comply with the new law and terminates an employee based on a COVID-19 vaccination mandate, then the employer will be subject to a fine of up to \$50,000 per violation.

The Company plans to monitor conflicting guidance from the State of Florida and the federal government and adjust its policies in accordance with the resolution of the ongoing litigation in the federal courts.

Since the commencement of COVID-19 in March 2020, the Company took steps to allow and encourage greater separation for our employed and contracted field workers and has worked with its harvesters, haulers, and suppliers to minimize interactions. For the continued protection of our employees and in accordance with the OSHA mandate, the Company intends to comply with all requirements as outlined in the ETS that was published on November 4, 2021, to the extent consistent with applicable law.

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 most 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 resource revenues. The majority of the revenue is generated from the sale of citrus fruit to processing facilities, fresh fruit sales and grove management services.

For 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.

For the sale of fruit, the Company has identified one performance obligation, which is the delivery of fruit to the processing facility of the customer (or harvesting of the citrus in the case of fresh fruit) for each separate variety of fruit identified in the respective contract with the respective customer. 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 respective contracts. Additionally, the Company also has a contractual agreement whereby revenue is determined based on applying a cost-plus structure methodology. As such, since all of 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, 2021 and 2020, the Company had total receivables relating to sales of citrus of \$3,161,000 and \$584,000, respectively, recorded in Accounts Receivable, net, in the Consolidated Balance Sheets.

For grove management services, the Company has identified one performance obligation relating to the management of the third party's groves. Grove management services include caretaking of the citrus groves, harvesting and hauling of citrus, management and coordination of citrus sales and other related activities. The Company is reimbursed for expenses incurred in the execution of its management duties and the Company receives a per acre management fee. The Company recognizes operating revenue, including a management fee, and corresponding operating expenses when services are rendered and consumed.

Disaggregated Revenue

Revenues disaggregated by significant products and services for the fiscal years ended September 30, 2021, 2020 and 2019 are as follows:

(in thousands)

	Fiscal Year Ended September 30,		
	2021	2020	2019
Alico Citrus			
Early and Mid-Season	\$ 31,525	\$ 31,303	\$ 39,574
Valencias	55,918	50,060	73,480
Fresh fruit	608	2,321	3,629
Grove management services	16,983	4,599	1,342
Other	762	1,086	1,006
Total	\$ 105,796	\$ 89,369	\$ 119,031
Land Management and Other Operations			
Land and other leasing	\$ 2,404	\$ 2,683	\$ 2,787
Other	364	455	433
Total	\$ 2,768	\$ 3,138	\$ 3,220
Total Revenues	\$ 108,564	\$ 92,507	\$ 122,251

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 the Company's 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 8. "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, 2021, 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 was comprised of certain cash receipts from the sale of property which was being held specifically for the purpose of deferring a tax impact on the gain on sale of the property and other cash received from the sale of certain assets in which the use of funds were restricted.

In September 2020, the Company sold certain sections of the West Ranch, from which a portion of the net cash proceeds amounting to \$16,524,000 were being held by a qualified intermediary in coordination to purchase a like-kind asset and defer a portion of the gain on sale of the ranch land. Such funds were included in restricted cash as of September 30, 2020. In October 2020, the Company closed on a purchase of a like-kind asset and used all of these net cash proceeds which were being held by the intermediary.

Accounts receivable

Accounts receivable from customers are generated from revenues based on the sale of citrus, grove management, 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, 2021 and 2020:

(in thousands)

	September 30,	
	2021	2020
Accounts receivable	\$ 6,118	\$ 4,384
Allowance for doubtful accounts	(13)	(37)
Accounts receivable, net	\$ 6,105	\$ 4,347

Concentrations

Accounts receivable from the Company's major customer as of September 30, 2021 and 2020 and revenue from such customer for the fiscal years ended September 30, 2021, 2020 and 2019, are as follows:

(in thousands)

	Accounts Receivable		Revenue			% of Total Revenue		
	2021	2020	2021	2020	2019	2021	2020	2019
Tropicana	\$ 3,066	\$ —	\$ 84,136	\$ 80,388	\$ 108,318	77.5%	86.9%	88.6%

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.

The overall decrease in Tropicana revenue as a percentage of sales was due to an agreement entered into in July 2020 with an affiliated group of third parties to provide citrus grove caretaking and harvest and haul management services for approximately 7,000 acres owned by such third parties. Under the terms of this agreement, the Company is reimbursed by the third parties for all its costs incurred related to providing these services and receives a management fee based on acres covered under this agreement. The Company records both an increase in revenues and expenses as and when the Company provides these citrus grove caretaking management services. For the fiscal year ended September 30, 2021, under this agreement, the Company recorded approximately \$15,752,000 of operating revenue relating to these grove management services, including the management fee. Excluding these revenues for these citrus grove caretaking and harvest and haul management services, revenue from Tropicana represents approximately 90.1% of total revenues for the fiscal year ended September 30, 2021. In addition, most of the citrus from the managed groves is also sold to Tropicana, so the revenues from grove caretaking is indirectly related to payments received from Tropicana.

Real Estate

In February 2017, the FASB issued ASU 2017-05, “*Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets*” (ASC 610-20): This standard clarified the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets and clarified 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. The standard provided guidance on how gains and losses on transfers of nonfinancial assets and in substance nonfinancial assets to non-customers are recognized. The Company recognizes a gain on the sale of real estate as outlined by ASC 610-20.

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 over 25 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 year ended September 30, 2021 the Company did not record impairments of its long-lived assets. For the fiscal years ended September 30, 2020 and 2019, the Company recorded impairments of its long-lived assets (see Note 5. “Property and Equipment, Net”). As of September 30, 2021 and 2020, 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.

The carrying value of goodwill is tested for impairment annually as of September 30, and, additionally on an interim basis, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The accounting standards for goodwill allow for the assessment of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company does not utilize a qualitative assessment approach, then the quantitative goodwill impairment test is utilized to identify potential impairments. The Company identifies any potential impairment by comparing the carrying value of a reporting unit to its fair value. The Company typically determines the fair value of its reporting units using a discounted cash flow valuation approach. If a potential impairment is identified, the Company will determine the amount of goodwill impairment by comparing the fair value of a reporting unit with its carrying amount. As of September 30, 2021 and 2020, no impairment was required.

Other Non-Current Assets

Other non-current assets primarily include intangible assets relating to mineral rights, water permits, right-of-use assets relating to lease obligations, 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, 2021, 2020 and 2019, the Company did not record any valuation allowances. 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 the Company's 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, 2021, 2020 and 2019:

(in thousands)

	Fiscal Year Ended September 30,		
	2021	2020	2019
Weighted Average Common Shares Outstanding - Basic	7,516	7,484	7,472
Effect of dilutive securities - stock options and unrestricted stock	3	12	21
Weighted Average Common Shares Outstanding - Diluted	7,519	7,496	7,493

For the fiscal years ended September 30, 2021, 2020 and 2019, respectively, the Company issued 0, 118,000, and 10,000, stock options to certain executives and managers 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.

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, 2021, 2020 and 2019 in general and administrative expense was as follows:

(in thousands)

	Fiscal Year Ended September 30,		
	2021	2020	2019
Stock-based compensation expense:			
Executives	\$ 349	\$ 497	\$ 778
Management	37	76	—
Executive forfeitures	—	—	(823)
Board of Directors	844	733	869
Total stock-based compensation expense	\$ 1,230	\$ 1,306	\$ 824

Note 3. Inventories

Inventories consist of the following at September 30, 2021 and 2020:

(in thousands)

	September 30,	
	2021	2020
Unharvested fruit crop on the trees	\$ 42,117	\$ 40,265
Other	1,260	590
Total inventories	\$ 43,377	\$ 40,855

The Company records its inventory at the lower of cost or net realizable value. For the fiscal year ended September 30, 2019, the Company recorded adjustments of approximately \$808,000 to reduce inventory to net realizable value. This adjustment to inventory is 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.

The Company was eligible for Hurricane Irma federal relief programs for block grants that were being administered through the State of Florida. During the fiscal years ended September 30, 2021, 2020, and 2019, the Company received approximately \$4,299,000, \$4,629,000, and \$15,597,000, respectively, under the Florida Citrus Recovery Block Grant ("CRBG") program. These federal relief proceeds are included as a reduction to operating expenses in the Consolidated Statements of Operations. The remaining portion of the funds that are due to Alico under the Florida CRBG program relates to certain crop insurance expenses incurred by the Company and is estimated to be approximately \$2,000,000. In October 2021, the Company received its first portion of this crop insurance expense reimbursement in an amount equal to approximately \$1,000,000 and is expected to receive the remaining portion in fiscal 2023.

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, 2021 and September 30, 2020:

(in thousands)

	Carrying Value	
	Fiscal Year Ended September 30,	
	2021	2020
Ranch	\$ 160	\$ 1,366
Total Assets Held for Sale	\$ 160	\$ 1,366

On June 3, 2021, the Company sold approximately 11,700 acres of the Alico ranch, which were encumbered by an easement, to a third-party for approximately \$12,219,000. The Company recognized a gain of approximately \$11,351,000. In 2013, these acres were enrolled in the Wetlands Reserve Program ("WRP"), which calls for the restoration and maintenance of the property for the duration of the WRP easement. As part of that enrollment in 2013, Alico received approximately \$1,800 per acre.

On April 15, 2021, the State of Florida purchased, under the Florida Forever program, approximately 5,734 acres of the Alico ranch for approximately \$14,445,000 pursuant to an option agreement entered between the State of Florida and the Company. The Company recognized a gain of approximately \$13,921,000.

On December 18, 2020, the Company sold approximately 600 acres of the Alico Ranch for approximately \$2,630,000 and recognized a gain of approximately \$2,550,000.

Additionally, during fiscal year 2021, the Company sold an aggregate of approximately 1,742 acres of the Alico Ranch to various third parties for approximately \$8,286,000 and recognized a gain of approximately \$7,697,000. One of these sales transactions, consisting of approximately 97 acres, was sold to an employee of the Company for approximately \$392,000.

On September 10, 2020, the State of Florida purchased, under the Florida Forever program, approximately 10,700 acres of the Alico Ranch for approximately \$28,500,000 pursuant to an option agreement entered between the State of Florida and the Company. The Company recognized a gain of approximately \$27,470,000, which is included in Gain on sale of real estate, property and equipment and assets held for sale in the Consolidated Statements of Operations. The Company subsequently used a portion of the net cash proceeds to purchase a like-kind asset in October 2020, which allowed the Company to defer a portion of the tax impact of the gain on sale of the ranch lands.

On March 27, 2020, the Company sold certain sections at the East Ranch for approximately \$2,980,000 and realized a gain of approximately \$2,748,000. The Company subsequently used substantially all of the net cash proceeds to purchase a like-kind asset in May 2020, which will allow the Company to defer substantially all of the tax impact of the gain on sale of the ranch land.

The Company recorded no impairment loss during the fiscal year ended September 30, 2021 and 2020. The Company recorded an impairment loss on assets held for sale of approximately \$152,000 for the fiscal year ended September 30, 2019. These impairment losses were included in operating expenses on the Consolidated Statements of Operations.

The Company has used a portion of the proceeds from these various asset sales to pay down debt (see Note 6. "Long-Term Debt and Lines of Credit"), purchase citrus groves and fund the increased dividend and plans to use the remaining cash proceeds from the sale of these assets to purchase other citrus groves, pay down other debt and to fund future working capital requirements and for other corporate purposes.

Note 5. Property and Equipment, Net

Property and equipment, net consists of the following at September 30, 2021 and September 30, 2020:

(in thousands)

	September 30,	
	2021	2020
Citrus trees	\$ 320,245	\$ 296,012
Equipment and other facilities	57,584	55,593
Buildings and improvements	8,494	8,128
Total depreciable properties	386,323	359,733
Less: accumulated depreciation and depletion	(127,046)	(115,440)
Net depreciable properties	259,277	244,293
Land and land improvements	113,954	105,768
Property and equipment, net	<u>\$ 373,231</u>	<u>\$ 350,061</u>

For the fiscal years ended September 30, 2021 and 2019, the Company did not record any impairments and for the fiscal year ended September 30, 2020, the Company recorded approximately \$598,000 of impairments on property and equipment. This impairment resulted from the sale of a portion of the Alico Ranch to the State of Florida comprising approximately 10,700 acres on the western part of the ranch (see Note 4. Assets Held For Sale) and because the sale of those acres affected the proposed dispersed water management project, the Company decided to suspend all permit approval activities for its dispersed water management project and the Company wrote-down the assets relating to this project during the fourth quarter of the fiscal year ended September 30, 2020. This impairment relates to the Company's Land Management and Other Operations segment and was recorded in Operating Expenses in the Consolidated Statement of Operations.

On October 30, 2020, the Company purchased approximately 3,280 gross citrus acres located in Hendry County for a purchase price of approximately \$18,230,000. This acquisition complements the Company's existing citrus acres as these acres are located adjacent to existing groves in Hendry County. This purchase was part of a like-kind exchange transaction, which allowed the Company to defer taxes relating to the sale of certain sections of the West Ranch.

On June 1, 2020, the Company sold approximately 30 ranch acres to an employee for approximately \$122,000 and recognized a gain of approximately \$83,000.

On May 4, 2020, the Company purchased 334 citrus acres for approximately \$2,850,000. This acquisition complements the Company's existing citrus acres as these acres are located adjacent to existing groves in the Frostproof area. Additionally, this purchase was part of a like-kind exchange transaction, which allowed the Company to defer taxes relating to the sale of certain sections of the Alico Ranch.

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 \$8,750 to \$80,000 per month, as space on these acres was previously being leased to a third party.

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 at September 30, 2021 and September 30, 2020:

<i>(in thousands)</i>	September 30, 2021		September 30, 2020	
	Principal	Deferred Financing Costs, Net	Principal	Deferred Financing Costs, Net
Long-term debt, net of current portion:				
Met Fixed-Rate Term Loans	\$ 70,000	\$ 524	\$ 83,438	\$ 621
Met Variable-Rate Term Loans	38,094	241	40,969	286
Met Citree Term Loan	4,263	31	4,512	36
Pru Loans A & B	13,937	190	15,097	207
Pru Loan E	—	—	4,235	1
	<u>126,294</u>	<u>986</u>	<u>148,251</u>	<u>1,151</u>
Less current portion	4,285	—	9,145	—
Long-term debt	<u>\$ 122,009</u>	<u>\$ 986</u>	<u>\$ 139,106</u>	<u>\$ 1,151</u>

The following table summarizes amounts outstanding under lines of credit and related deferred financing costs, net of accumulated amortization at September 30, 2021 and September 30, 2020:

<i>(in thousands)</i>	September 30, 2021		September 30, 2020	
	Principal	Deferred Financing Costs, Net	Principal	Deferred Financing Costs, Net
Lines of Credit:				
RLOC	\$ —	\$ 126	\$ —	\$ 141
WCLC	—	—	2,942	—
Lines of Credit	<u>\$ —</u>	<u>\$ 126</u>	<u>\$ 2,942</u>	<u>\$ 141</u>

Future maturities of long-term debt and lines of credit as of September 30, 2021 are as follows:

<i>(in thousands)</i>	September 30, 2021
Due within one year	\$ 4,285
Due between one and two years	4,285
Due between two and three years	4,285
Due between three and four years	4,285
Due between four and five years	4,285
Due beyond five years	104,869
Total future maturities	<u>\$ 126,294</u>

Interest costs expensed and capitalized were as follows:

<i>(in thousands)</i>	Fiscal Year Ended September 30,		
	2021	2020	2019
Interest expense	\$ 3,987	\$ 5,981	\$ 7,180
Interest capitalized	1,431	1,228	1,019
Total	<u>\$ 5,418</u>	<u>\$ 7,209</u>	<u>\$ 8,199</u>

Debt

The Company's credit facilities consist of fixed interest rate term loans originally in the amount of \$125,000,000 ("Met Fixed-Rate Term Loans"), variable interest rate term loans originally in the amount of, \$57,500,000 ("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 originally included 5,800 gross acres of ranch land. In April 2021, the 5,800 gross acres of ranch land was released as security against the term loans and RLOC and only the 38,200 gross acres of citrus groves remain as security for the term loans and RLOC. The WCLC is collateralized by the Company's current assets and certain other personal property owned by the Company.

Initially, the Met Fixed-Rate Term Loans were subject to quarterly principal payments of \$1,562,500 and bore interest at 4.15% per annum. Effective May 1, 2021, the Company modified its Met Fixed-Rate Term Loans, which, in the aggregate have a balance of \$70,000,000 after the prepayment of \$10,312,500 made in April 2021, have a balance of \$70,000,000 to be interest only with a balloon payment to be paid at maturity on November 1, 2029. The interest rate on these Met Fixed-Rate Term Loans, which were bearing interest at 4.15%, was adjusted to 3.85%. As part of this modification, the Company no longer has the prepayment option previously allowed under the arrangement.

The Met Variable-Rate Term Loans are subject to quarterly principal payments of \$718,750 and 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 or at May 1, 2021. Interest on the term loans is payable quarterly. The interest rates on the Met Variable-Rate Term Loans were 1.78% per annum and 1.91% per annum as of September 30, 2021 and September 30, 2020, respectively. The Met Variable-Rate Term Loans mature on November 1, 2029.

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 Met on May 1, 2017 and is subject to further adjustment every two years thereafter. No adjustment was made on May 1, 2019 or on May 1, 2021. In October 2019, the RLOC agreement was modified to extend the maturity 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 1.78% per annum and 1.91% per annum as of September 30, 2021 and September 30, 2020, respectively. Availability under the RLOC was \$25,000,000 as of September 30, 2021.

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 1.83% per annum and 1.90% per annum as of September 30, 2021 and September 30, 2020, respectively. The WCLC agreement was amended on August 25, 2020, and the primary terms of the amendment were an extension of the maturity to November 1, 2023. There were no changes to the commitment amount or interest rate. The WCLC agreement provides for Rabo to issue up to \$2,000,000 in letters of credit on the Company's behalf, of which \$336,000 was issued as of September 30, 2021. Availability under the WCLC was approximately \$69,664,000 and \$66,659,000 as of September 30, 2021 and September 30, 2020, 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 on September 30, 2021 and approximately \$2,942,000 outstanding on the WCLC on September 30, 2020.

In March 2020, as a precautionary measure, the Company drew down an aggregate of \$70,000,000 on its revolving credit facilities; \$20,000,000 on its RLOC and \$50,000,000 on its WCLC. This decision was made to safeguard the Company's liquidity and to increase available cash on hand in the event of a more protracted COVID-19 outbreak. As of September 30, 2021, the Company had repaid all of the balances on these credit facilities.

In 2014, the Company capitalized approximately \$2,834,000 of debt financing costs related to the refinancing and approximately \$39,000 of costs related to the retired debt. Additionally, financing costs of approximately \$23,000 were incurred for the fiscal years ended September 30, 2020 in connection with letters of credit. All costs are included in deferred financing costs 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 \$891,000 and approximately \$1,048,000 at September 30, 2021 and September 30, 2020, 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 \$169,730,000 applicable for the year ended September 30, 2021, (iii) minimum current ratio of 1.50 to 1.00, (iv) debt to total assets ratio not greater than 0.625 to 1.00, and, (v) solely in the case of the WCLC, a limit on capital expenditures of \$30,000,000 per fiscal year. As of September 30, 2021, 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. On September 30, 2021 and 2020, there was an outstanding balance of \$4,263,000 and \$4,512,000, respectively. The loan matures in February 2029. The unamortized balance of deferred financing costs related to this loan was approximately \$31,000 and \$36,000 on September 30, 2021 and 2020, respectively.

Transition from LIBOR

On July 27, 2017, the United Kingdom's Financial Conduct Authority ("FCA"), which regulates LIBOR, announced that it intends to phase out LIBOR. On November 30, 2020, ICE Benchmark Administration ("IBA"), the administrator of LIBOR, with the support of the United States Federal Reserve and the Financial Conduct Authority of the United Kingdom, announced plans to consult on ceasing publication of LIBOR on December 31, 2021 for only the one week and two-month LIBOR tenors, and on June 30, 2023 for all other LIBOR tenors. On March 5, 2021, the FCA confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative: (a) immediately after December 31, 2021, in the case of the one week and two-month U.S. dollar settings; and (b) immediately after June 30, 2023, in the case of the remaining U.S. dollar settings. The Alternative Reference Rate Committee, a committee convened by the Federal Reserve that includes major market participants, has proposed an alternative rate to replace U.S. Dollar LIBOR: the Secured Overnight Financing Rate (SOFR). The outcome of these reforms is uncertain and any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR's phaseout could cause LIBOR to perform differently than in the past.

The Company is continuing to evaluate 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 one-month and three-month LIBOR-based rates. The transition from LIBOR, as mentioned above is estimated to take place in fiscal 2023 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 with principal of \$55,000 per loan being payable quarterly, together with accrued interest. In November 2019, the Company prepaid Pru Loan F in full in the amount of \$4,455,000. As a result of this prepayment, the Company's required annual principal payments on its Pru Loans was reduced by \$220,000 per annum. Pru Loan E, which matured September 1, 2021, was satisfied in full. After this payment, the two additional loans have been paid and the Company has no further obligation under either of these loans. The loans were collateralized by approximately 1,500 gross acres of citrus groves in Charlotte County, Florida.

The remaining 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, 2021.

The unamortized balance of deferred financing costs related to the Silver Nip Citrus debt was approximately \$90,000 and \$208,000 at September 30, 2021 and 2020, respectively.

Note 7. Accrued Liabilities

Accrued liabilities consist of the following at September 30, 2021 and September 30, 2020:

(in thousands)

	September 30,	
	2021	2020
Ad valorem taxes	\$ 2,018	\$ 2,057
Accrued interest	888	1,020
Accrued employee wages and benefits	2,105	2,214
Accrued dividends	3,763	674
Consulting and separation charges	—	146
Accrued insurance	618	636
Professional fees	348	201
Other accrued liabilities	132	147
Total accrued liabilities	\$ 9,872	\$ 7,095

Note 8. 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, 2021 and 2020, the Company did not have any assets held for sale that had been measured at fair value on a non-recurring basis.

Management Security Plan

During August 2020, the Company paid out a lump sum of approximately \$5,175,000 to all beneficiaries in the Management Security Plan, following the equivalent annuity approach. The Company used a third-party service provider to assist in the evaluation of investments in this plan. For prior year investment valuations, the Company used current market interest rates, quality estimates by rating agencies and valuation estimates by active market participants in order to determine values. As of September 30, 2021, due to the lump sum payment made in August 2020, the deferred retirements benefit was zero.

Note 9. 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 to 1,250,000 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.

Stock Compensation - Board of Directors

The Board of Directors can either elect to receive stock compensation or cash for their fees for services provided. Stock-based compensation expense relating to the Board of Directors fees was approximately \$844,000, \$733,000 and \$869,000 for the fiscal years ended September 30, 2021, 2020 and 2019, respectively.

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.

On November 10, 2020, the Company awarded 5,885 restricted shares of the Company's common stock to certain executives and senior managers under the 2015 Plan at a weighted average fair value of \$31.20 per common share, vesting on January 1, 2022.

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, 2018	7,333	\$ 41.46
Vested during fiscal year 2019	(1,667)	31.95
Nonvested Shares at September 30, 2019	5,666	44.26
Vested during fiscal year 2020	(5,666)	44.26
Nonvested Shares at September 30, 2020	—	—
Granted during fiscal year 2021	5,885	31.20
Nonvested Shares at September 30, 2021	5,885	\$ 31.20

Stock compensation expense related to the Restricted Stock totaled approximately \$144,000, \$69,000, and \$104,000 for the fiscal years ended September 30, 2021, 2020 and 2019, respectively. There was approximately \$40,000 and \$0 of total unrecognized stock compensation costs related to unvested stock compensation for the Restricted Stock grants at September 30, 2021 and September 30, 2020, respectively.

For the fiscal year ended September 30, 2021, no shares vested.

For the fiscal year ended September 30, 2020, 5,666 shares with a grant date fair value of approximately \$251,000 became fully vested.

For the fiscal year ended September 30, 2019, 1,667 shares with a grant date fair value of approximately \$53,000 became fully vested.

Stock Option Grant

Stock option grants of 118,000 options to certain Officers and Managers of the Company (collectively the "2020 Option Grants") were granted on October 11, 2019. The option exercise price was set at \$33.96, the closing price on October 11, 2019. The 2020 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 \$0.00. If the applicable stock price hurdles have not been achieved by (A) the date that is 18 months following the termination of employment, if the employment is terminated due to death or disability, (B) the date that is 12 months following the termination of employment, if the employment is terminated by the Company without cause, by the employee with good reason, or due to the employee's retirement, or (C) the date of the

termination of 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, 2022, then any unvested options will be forfeited. The 2020 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. During the fiscal year ended September 30, 2021, the stock did not trade above \$40.00 per share for twenty consecutive days (the \$35.00 per share threshold was met during fiscal year 2020 and thus 25% was previously vested); accordingly, no additional amounts of the 2020 Option Grants vested at September 30, 2021.

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 consecutive 20-trading day period exceeds \$45.00; and (iii) 3,334 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 Mr. Kiernan’s termination of employment, if Mr. Kiernan’s employment is terminated due to death or disability, (B) the date that is 12 months following Mr. Kiernan’s termination of employment, if Mr. Kiernan’s employment is terminated by the Company without cause, by Mr. Kiernan with good reason, or due to Mr. Kiernan’s retirement, or (C) the date of the termination of Mr. Kiernan’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. Since the date of grant the stock did not trade above \$40.00 per share for twenty consecutive days; accordingly, none of the 2019 Option Grants are vested at September 30, 2021.

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 respective Executive’s termination of employment, if the respective Executive’s employment is terminated due to death or disability, (B) the date that is 12 months following the respective Executive’s termination of employment, if the respective Executive’s employment is terminated by the Company without cause, by the respective Executive with good reason, or due to the respective Executive’s retirement, or (C) the date of the termination of the respective 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. During the fiscal year ended September 30, 2021, the stock did not trade above \$40.00 per share for a consecutive twenty days (the \$35.00 per share threshold was met during fiscal year 2020 and thus 25% was previously vested); accordingly, no additional stock options of Mr. Kiernan’s 2018 Option Grants vested at September 30, 2021. As set forth below, more than a majority of the 2018 Option Grants issued to Mr. Trafelet were forfeited, vesting conditions of the remainder were modified, all pursuant to the Alico Settlement Agreement, and as noted below, such Option Grants issued to Mr. Trafelet have subsequently all been forfeited.

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 during a consecutive 20-trading day period exceeds \$75.00; (iii) 25% of the options will vest if such price during a consecutive 20-trading day period exceeds \$90.00; and (iv) 25% of the options will vest if such price during a consecutive 20-trading day period 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. Since the date of grant the stock did not trade above \$60.00 per share for twenty consecutive days; accordingly, none of the 2016 Option Grants are vested at September 30, 2021. All the 2016 Option Grants issued to Mr. Trafelet were forfeited pursuant to the Alico Settlement Agreement, as defined below.

Pursuant to an Alico Settlement Agreement dated February 11, 2019 (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 were to vest if the minimum price of Alico's common stock over 20 consecutive trading days exceeded \$35.00 per share and 26,250 stock options that were to vest if the minimum price of Alico's common stock over 20 consecutive trading days exceeded \$40.00 per share ("2019 Modified Option Grant"), in each case, by the first anniversary of the date of the Alico Settlement Agreement (collectively, the "Retained Options"). Any Retained Options that vest in accordance with their terms were to 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 Alico Settlement Agreement were to be forfeited as of such first anniversary. Although, by the first anniversary of the Alico Settlement Agreement, the Company's common stock traded above \$ 35.00 per share for a consecutive twenty days and thus 26,250 stock options from the 2019 Modified Options Grant vested, such Retained Options were not exercised within six months following the date on which such Retained Options vested, and accordingly they were forfeited. Additionally, since the stock did not trade above \$ 40.00 per share for a consecutive twenty days by the first anniversary of the date of the Alico Settlement Agreement, the other 26,250 stock options from the 2019 Modified Option Grants never vested and were forfeited.

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, 2019	227,500	\$ 31.46	1.22	—
Granted during fiscal year 2020	118,000	33.96	2.25	—
Forfeitures/expired during fiscal year 2020	(52,500)	33.60	—	—
Balance - September 30, 2020	293,000	32.09	1.79	—
Forfeitures/expired during fiscal year 2021	(75,000)	27.15	—	—
Balance - September 30, 2021	218,000	\$ 33.78	0.79	—

Stock compensation expense related to the options totaled approximately \$242,000, \$504,000, and \$674,000 for the fiscal years ended September 30, 2021, 2020 and 2019, respectively.

At September 30, 2021 and September 30, 2020, there was approximately \$134,000 and \$376,000, respectively, of total unrecognized stock compensation costs related to unvested share-based compensation for the option grants. The total unrecognized compensation cost as of September 30, 2021 is expected to be recognized over a weighted-average period of 0.72 years.

The fair value of the 2020, 2019, and 2018 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.

2020 Option Grant

Expected Volatility	26.0 %
Expected Term (in years)	3.61
Risk Free Rate	1.60 %

The weighted-average grant-date fair value of the 2020 Option Grant was \$3.20.

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.

As of September 30, 2021, there remained 1,014,500 common shares available for issuance under the 2015 Plan.

Note 10. Treasury Stock

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.

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.

On October 10, 2019, the Board of Directors authorized the repurchase of up to 7,000 shares of the Company's common stock from 734 Investors in a privately negotiated repurchase of shares. On October 15, 2019, the Company entered into a repurchase agreement to repurchase a total of 7,000 shares of the Company's common stock from 734 Investors, effective October 15, 2019.

The following table illustrates the Company's treasury stock purchases for the fiscal years ended September 30, 2021, 2020 and 2019:

<i>(in thousands, except share amounts)</i>	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,:				
2021	—	\$ —	—	\$ —
2020	7,000	\$ 33.95	1,481,640	\$ 238
2019	752,234	\$ 34.00	1,474,640	\$ 25,576

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

<i>(in thousands, except share amounts)</i>	Shares	Cost
Balance at September 30, 2018	216,188	\$ 7,536
Purchased	752,234	25,576
Issued to Employees and Directors	<u>(28,790)</u>	<u>(1,169)</u>
Balance at September 30, 2019	939,632	31,943
Purchased	7,000	238
Issued to Employees and Directors	<u>(23,011)</u>	<u>(1,402)</u>
Balance at September 30, 2020	923,621	30,779
Purchased	—	—
Issued to Employees and Directors	<u>(33,480)</u>	<u>(926)</u>
Balance at September 30, 2021	<u>890,141</u>	<u>\$ 29,853</u>

Note 11. 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 21% U.S. corporate tax rate is fully applicable to the fiscal year ended September 30, 2019 and each year thereafter.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (H.R. 748) (the "CARES Act"). Among the changes to the U.S. federal income tax rules, the CARES Act restored net operating loss carryback rules that were eliminated by the 2017 Tax Cuts and Jobs Act, modified the limit on the deduction for net interest expense, and accelerated the timeframe for refunds of AMT credit carryovers. From a federal tax reporting standpoint, the Company had a federal tax net operating loss ("NOL") in the amount of \$2,390,415 for the fiscal year ended September 30, 2020 and, pursuant to the provisions of the CARES Act, Form 1139 was filed for the NOL carryback during fiscal year ended September 30, 2021, resulting in a refund due of \$580,314.

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, 2017.

The income tax provision for the years ended September 30, 2021, 2020 and 2019 consists of the following:

<i>(in thousands)</i>	Fiscal Year Ended September 30,		
	2021	2020	2019
Current:			
Federal income tax	\$ 7,347	\$ 131	\$ 7,314
State income tax	<u>1,971</u>	<u>(71)</u>	<u>2,202</u>
Total current	<u>9,318</u>	<u>60</u>	<u>9,516</u>
Deferred:			
Federal income tax	2,144	6,151	2,995
State income tax	<u>105</u>	<u>1,452</u>	<u>272</u>
Total deferred	<u>2,249</u>	<u>7,603</u>	<u>3,267</u>
Income tax provision	<u>\$ 11,567</u>	<u>\$ 7,663</u>	<u>\$ 12,783</u>

Income tax provision attributable to income before income taxes differed from the amount computed by applying the statutory federal income tax rate of 21% to income before income taxes for each of the fiscal years ended September 30, 2021, September 30, 2020 and September 30, 2019, respectively, as a result of the following:

(in thousands)

	Fiscal Year Ended September 30,		
	2021	2020	2019
Income tax at the statutory federal rate	\$ 9,741	\$ 6,568	\$ 10,587
Increase (decrease) resulting from:			
State income taxes, net of federal benefit	1,645	1,217	1,947
Permanent and other reconciling items, net	41	170	166
State rate change	—	(156)	—
Other	140	(136)	83
Income tax provision	<u>\$ 11,567</u>	<u>\$ 7,663</u>	<u>\$ 12,783</u>

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, 2021, and 2020 are presented below:

(in thousands)

	September 30,	
	2021	2020
Deferred tax assets:		
Goodwill	\$ 14,463	\$ 16,304
Inventories	744	813
Stock compensation	212	314
Intangibles	454	508
Other	146	203
Total deferred tax assets	<u>16,019</u>	<u>18,142</u>
Deferred tax liabilities:		
Property and equipment	56,842	56,707
Investment in Citree	968	1,016
Prepaid insurance	186	147
Total deferred tax liabilities	<u>57,996</u>	<u>57,870</u>
Net deferred income tax liabilities	<u>\$ (41,977)</u>	<u>\$ (39,728)</u>

Note 12. Segment Information

Segments

Operating segments are defined in the criteria established under the 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 Land Management 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,		
	2021	2020	2019
Revenues:			
Alico Citrus	\$ 105,796	\$ 89,369	\$ 119,031
Land Management and Other Operations	2,768	3,138	3,220
Total revenues	<u>108,564</u>	<u>92,507</u>	<u>122,251</u>
Operating expenses:			
Alico Citrus	83,893	72,281	59,594
Land Management and Other Operations	778	2,307	2,297
Total operating expenses	<u>84,671</u>	<u>74,588</u>	<u>61,891</u>
Gross profit:			
Alico Citrus	21,903	17,088	59,437
Land Management and Other Operations	1,990	831	923
Total gross profit	<u>23,893</u>	<u>17,919</u>	<u>60,360</u>
Capital expenditures:			
Alico Citrus	41,785	21,705	20,000
Total capital expenditures	<u>41,785</u>	<u>21,705</u>	<u>20,000</u>
Depreciation, depletion and amortization:			
Alico Citrus	14,523	13,584	12,614
Land Management and Other Operations	147	185	173
Other Depreciation, Depletion and Amortization	452	513	816
Total depreciation, depletion and amortization	<u>\$ 15,122</u>	<u>\$ 14,282</u>	<u>\$ 13,603</u>

(in thousands)

	September 30,	
	2021	2020
Assets:		
Alico Citrus	\$ 418,633	\$ 406,763
Land Management and Other Operations	13,230	15,367
Other Corporate Assets	1,354	1,807
Total Assets	<u>\$ 433,217</u>	<u>\$ 423,937</u>

Note 13. Leases

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." This guidance requires entities that sign 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 adopted ASU 2016-02 on October 1, 2019.

The Company determines whether an arrangement is a lease at inception. The Company's leases consist of operating lease arrangements for certain office space, tractor leases and IT facilities. When these lease arrangements include lease and non-lease components, the Company accounts for lease components and non-lease components (e.g., common area maintenance) separately based on their relative standalone prices.

Any lease arrangements with an initial term of 12 months or less are not recorded on the Company's Consolidated Balance Sheets, and it recognizes lease cost for these lease arrangements on a straight-line basis over the lease term. Many lease arrangements provide the options to exercise one or more renewal terms or to terminate the lease arrangement. The Company includes these options when it will be reasonably certain to exercise them in the lease term used to establish the right-of-use assets and lease liabilities. Generally, lease agreements do not include an option to purchase the leased asset, residual value guarantees or material restrictive covenants.

As most of our lease arrangements do not provide an implicit interest rate, the Company applies an incremental borrowing rate based on the information available at the commencement date of the lease arrangement to determine the present value of lease payments.

No lease costs associated with finance leases and sale-leaseback transactions occurred and our lease income associated with lessor and sublease arrangements are not material to our Consolidated Financial Statements.

Our operating leases are reported in our Consolidated Balance Sheets as follows:

(in thousands)

Operating lease components	Classification	September 30, 2021	September 30, 2020
Right-of-use assets - non-current	Other non-current assets	\$ 288	\$ 774
Current lease liabilities	Other current liabilities	\$ 323	\$ 512
Non-current lease liabilities	Other liabilities	\$ 42	\$ 356

Our operating leases cost components are reported in our Consolidated Statements of Operations as follows:

(in thousands)

Operating lease components	Classification	September 30, 2021	September 30, 2020
Operating lease costs	General and administrative expenses	\$ 504	\$ 246
Operating lease right-of-use asset impairment	Other expense	\$ —	\$ 87

Future maturities of our operating lease obligations as of September 30, 2021 by fiscal year are as follows:

(in thousands)

2022	\$ 324
2023	47
Total noncancelable future lease obligations	\$ 371
Less: Interest	(6)
Present value of lease obligations	<u>\$ 365</u>

	September 30, 2021
Weighted-average remaining lease term	0.66 years
Weighted-average discount rate	3.30 %

Cash flow information related to leases consists of the following:

(in thousands)

	September 30, 2021	September 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 519	\$ 247
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ —	\$ 1,095

Note 14. Employee Benefits Plans*Management Security Plan*

The management security plan ("MSP") was a nonqualified, noncontributory defined supplemental deferred retirement benefit plan for a select group of management personnel. The MSP was set up to provide a fixed supplemental retirement benefit for 180 months. The MSP was frozen as of September 30, 2017. As a result, no new participants were being added to the MSP and no further benefits were accumulating.

The MSP benefit expense and the projected management security plan benefit obligation were determined using assumptions as of the end of the respective year. The weighted-average discount rate used to compute the obligation was 4.08% in fiscal year 2019.

Actuarial gains or losses were recognized when incurred; therefore, the end of year benefit obligation was 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:

<i>(in thousands)</i>	Fiscal Year Ended September 30,	
	2020	2019
Service cost	\$ —	\$ —
Interest cost	195	171
MSP termination adjustments	—	985
Recognized actuarial gain adjustment	12	13
Total	<u>\$ 207</u>	<u>\$ 1,169</u>

The following provides a roll-forward of the MSP benefit obligation for the fiscal year ended September 30, 2020, the year in which all termination benefits were paid:

<i>(in thousands)</i>	September 30,
	2020
Change in projected benefit obligation:	
Benefit obligation at beginning of year	\$ 5,226
Interest cost	195
Benefits paid	(258)
MSP termination benefits payment	(5,175)
Recognized actuarial gain adjustment	12
Benefit obligation at end of year	<u>\$ —</u>
Funded status at end of year	<u>\$ —</u>

Effective September 30, 2018, the Company terminated the MSP. Under the MSP termination, payout for benefits covered utilizing the applicable Internal Revenue Code regulations were not able to be commenced until at least twelve months following plan termination decision and needed to be fully paid out within twenty-four (24) months following plan termination. During August 2020, the Company caused the MSP to pay the lump sum termination benefits of approximately \$5,175,000 to all MSP beneficiaries.

During the fiscal year ended September 30, 2019, the Company determined to pay out a lump sum under the equivalent annuity approach, whereby the payout under this approach was designed to mitigate participants tax burden. Under this approach, the Company would cover the amount needed to purchase an annuity providing the same after-tax benefit as if the plan was never terminated. As a result, the Company recorded an additional liability of approximately \$720,000.

The Company had established a "Rabbi Trust" to provide for the potential funding of accrued benefits under the MSP. According to the terms of the Rabbi Trust, funding was 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 would be triggered. As of September 30, 2018, date the Company terminated the MSP, the Rabbi Trust had no assets, and no change of control had occurred, and no funding had been triggered.

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 \$401,000, \$397,000 and \$380,000 for the fiscal years ended September 30, 2021, 2020 and 2019, respectively.

The Company also maintains a Profit Sharing Plan ("Plan") that 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 did not contribute to the Plan for the fiscal years ended September 30, 2021, 2020 and 2019, respectively.

Note 15. Related Party Transactions

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 previously served as the Executive Vice Chairman of the Company. 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. Effective December 31, 2019, Mr. Brokaw resigned his employment with the Company as Executive Vice Chairman. Mr. Slack and Mr. Brokaw continue 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 made 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 received an annual consulting fee of \$400,000. The Company recorded an expense of \$800,000, representing the full amount due under the agreement, in fiscal year 2019 upon the execution of the agreement. As of September 30, 2021, the Company has paid \$800,000 in consulting fees and no further payments are due under this Consulting Agreement.

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 Company expensed approximately \$0, \$0 and \$155,000 for the fiscal years ended September 30, 2021, 2020 and 2019, respectively. As of September 30, 2021 and 2020, the Company did not have any outstanding amounts with TBCM.

Capital Contribution

On September 10, 2020, all operating partners of Citree received a funding notice relating to an additional Cash Capital Contribution (“Contribution”) requirement of approximately \$600,000 as a result of trees producing limited revenue because they are still in early-stage development, a reduction in market price for citrus fruit for the 2019/20 harvest season due to excess inventories and the adoption of a more extensive caretaking plan focused on limiting the impact of citrus greening. The Company’s portion of the Contribution was approximately \$306,000 and was funded on September 24, 2020. The remaining portion of the Contribution of \$294,000 was funded by the noncontrolling parties.

Distribution of Shares by Alico’s Largest Stockholder

On November 12, 2019, 734 Investors, the Company’s largest stockholder at the time, distributed the 3,173,405 shares of Company common stock held by it, on a pro rata basis, to its members. The Company understands that this share distribution was made in anticipation of a subsequent dissolution of 734 Investors. 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 \$304,000, \$308,000 and \$450,000 for the fiscal years ended September 30, 2021, 2020 and 2019, respectively.

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

(in thousands)

2022	\$	324
2023		47
Total	\$	<u>371</u>

Purchase Commitments

The Company enters into contracts for the purchase of citrus trees during the normal course of its business. As of September 30, 2021, the Company had approximately \$2,405,000 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 \$336,000 and \$399,000 at September 30, 2021 and September 30, 2020, respectively, to secure its various contractual obligations.

Legal Proceedings

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 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. Selected Quarterly Financial Data (unaudited)

Summarized quarterly financial data for the fiscal years ended September 30, 2021, and 2020 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,	
	2020	2019	2021	2020	2021	2020	2021	2020
Total operating revenues	\$ 13,732	\$ 11,005	\$ 55,944	\$ 50,515	\$ 34,888	\$ 26,122	\$ 4,000	\$ 4,865
Total operating expenses	8,335	5,391	45,718	43,898	26,378	19,902	4,240	5,397
Gross profit (loss)	5,397	5,614	10,226	6,617	8,510	6,220	(240)	(532)
General and administrative expenses	2,528	2,760	2,653	2,953	1,911	2,556	2,361	2,729
Other income (expense), net	2,185	(1,595)	(1,104)	1,398	29,387	(1,405)	1,479	26,058
Income (loss) before income taxes	5,054	1,259	6,469	5,062	35,986	2,259	(1,122)	22,797
Income tax (benefit) expense	1,250	361	1,579	1,496	8,853	171	(115)	5,635
Net income (loss)	3,804	898	4,890	3,566	27,133	2,088	(1,007)	17,162
Net loss (income) attributable to noncontrolling interests	41	(107)	(23)	5	(14)	8	35	42
Net income (loss) attributable to Alico Inc. common stockholders	\$ 3,845	\$ 791	\$ 4,867	\$ 3,571	\$ 27,119	\$ 2,096	\$ (972)	\$ 17,204
Earnings (loss) per share:								
Basic	\$ 0.51	\$ 0.11	\$ 0.65	\$ 0.48	\$ 3.61	\$ 0.28	\$ (0.13)	\$ 2.29
Diluted	\$ 0.51	\$ 0.11	\$ 0.65	\$ 0.48	\$ 3.61	\$ 0.28	\$ (0.13)	\$ 2.29

Operating revenues and operating expenses for the fiscal quarter ended September 30, 2020 include approximately \$3,246,000 and approximately \$2,951,000, respectively, relating to the grove management services being provided to a third-party. Other income for the fiscal quarter ended September 30, 2020 includes a gain on sale of assets of approximately \$27,470,000 (see Note 4. "Assets Held for Sale" and Note 5. "Property and Equipment, Net" for further information). Operating revenues and operating expenses for the fiscal quarter ended December 31, 2020 include approximately \$2,869,000 and approximately \$2,631,000, respectively, relating to the grove management services being provided to a third-party. Operating revenues and operating expenses for the fiscal quarter ended March 31, 2021 include approximately \$4,685,000 and approximately \$4,150,000, respectively, relating to the grove management services being provided to a third-party. Operating revenues and operating expenses for the fiscal quarter ended June 30, 2021 include approximately \$5,114,000 and approximately \$4,545,000, respectively, relating to the grove management services being provided to a third-party. Other income for the fiscal quarter ended June 30, 2021 includes a gain on sale of assets of approximately \$30,288,000 (see Note 4. "Assets Held for Sale" and Note 5. "Property and Equipment, Net" for further information). General and administrative expenses for the fiscal quarter ended June 30, 2021 include the receipt of insurance proceeds for the reimbursement of legal fees in the amount of approximately \$658,000 relating to corporate legal matters. Operating revenues and operating expenses for the fiscal quarter ended September 30, 2021 include approximately \$3,083,000 and approximately \$3,015,000, respectively, relating to the grove management services being provided to a third-party.

Note 18. Subsequent Events

On October 15, 2021 and November 5, 2021, the Company awarded 2,500 and 2,224 restricted shares of the Company's common stock to certain executives and senior managers under the 2015 Plan at a weighted average fair value of \$35.77 per common share, with 2,500 vesting on January 1, 2022 and the remaining shares vesting on January 1, 2023.

On December 2, 2021, the Board of Directors of the Company declared a cash dividend for the first quarter of fiscal year 2022 of \$0.50 per share on its outstanding common stock to be paid to stockholders of record as of December 31, 2021, with payment expected on January 14, 2022.

On December 3, 2021, the State of Florida purchased, under the Florida Forever program, approximately 1,638 acres of the Alico Ranch for approximately \$5,675,000 pursuant to an option agreement entered into on September 21, 2021 between the State of Florida and the Company.

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 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, 2021, 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, 2021. 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, 2021. Management reviewed the results of their assessment with our Audit Committee.

Item 9B. Other Information

None.

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 2021 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 10 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 posted 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 the 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 as required by this Item 12 is hereby incorporated by reference to the 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, 2021:

Plan Category:	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity plans
Equity compensation plans approved by security holders	218,000	\$ 33.78	1,014,500
Equity compensation plans not approved by security holders	—	N/A	—
Total	218,000	\$ 33.78	1,014,500

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

In October 2019, the Company awarded 118,000 stock options to senior managers and certain other managers under the 2015 Plan. Additionally, in each of February 2020 and August 2020, one former senior executive forfeited 26,250 stock options, aggregating 52,500 in total, which were originally issued under the 2015 Plan and no replacement options were granted.

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.

On November 10, 2020, the Company awarded 5,885 restricted shares of the Company's common stock to certain executives and senior managers under the 2015 Plan at a weighted average fair value of \$31.20 per common share, vesting on January 1, 2022.

On October 15 and November 5, 2021, the Company awarded 2,500 and 2,224 restricted shares of the Company's common stock to certain executives and senior managers under the 2015 Plan at a weighted average fair value of \$35.77 per common share, with 2,500 vesting on January 1, 2022 and the remaining shares vesting on January 1, 2023.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information concerning relationships and related transactions as required by this Item 13 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 as required by this Item 14 is hereby incorporated by reference to the 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

Exhibit Number	Exhibit Index
2.1***	<u>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)</u>
2.2***	<u>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)</u>
3.1	<u>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)</u>
3.2	<u>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)</u>
3.3	<u>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)</u>
3.4	<u>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)</u>
3.5	<u>By-Laws of Alico, Inc., amended and restated (incorporated by reference to Exhibit 3.6 of Alico's filing on Form 8-K dated January 15, 2021)</u>
4.1	<u>Description of Securities</u>
10.1	<u>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)</u>
10.2	<u>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)</u>
10.3*	<u>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)</u>
10.4*	<u>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)</u>
10.5	<u>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)</u>
10.6***	<u>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)</u>
10.7***	<u>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)</u>

- 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 \(incorporated by reference to Exhibit 10.26 of Alico's filing on Form 10-K dated December 5, 2019\)](#)
- 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 \(incorporated by reference to Exhibit 10.27 of Alico's filing on Form 10-K dated December 5, 2019\)](#)
- 10.28 [Fifth Amendment to Amended and Restated Credit Agreement and Amended and Restated Notes. \(incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed with the SEC on May 5, 2021\)](#)
- 10.29 [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 \(incorporated by reference to Exhibit 10.34 of Alico's filing on Form 10-K dated December 6, 2016\)](#)

- 10.30 [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 \(incorporated by reference to Exhibit 10.39 of Alico's filing on Form 10-K dated December 11, 2017\)](#)
- 10.31 [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 \(incorporated by reference to Exhibit 10.40 of Alico's filing on Form 10-K dated December 6, 2018\)](#)
- 10.32* [Employment Agreement dated June 1, 2015 between Alico, Inc. and John Kiernan \(incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed with the SEC on June 1, 2015\)](#)
- 10.33* [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* [Employment Agreement dated December 2, 2019 between Alico, Inc. and Richard Rallo \(incorporated by reference to Exhibit 10.37 of Alico's filing on Form 10-K dated December 5, 2019\)](#)
- 10.37 [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 \(f/k/a Rabo Agrifinance, Inc.\) \(incorporated by reference to Exhibit 10.35 of Alico's filing on Form 10-K dated December 6, 2016\)](#)
- 10.38 [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 \(incorporated by reference to Exhibit 10.33 of Alico's filing on Form 10-K dated December 6, 2016\)](#)
- 10.39 [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 \(incorporated by reference to Exhibit 10.38 of Alico's filing on Form 10-K dated December 11, 2017\)](#)
- 10.40 [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 \(incorporated by reference to Exhibit 10.37 of Alico's filing on Form 10-K dated December 6, 2018\)](#)
- 10.41 [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 \(incorporated by reference to Exhibit 10.38 of Alico's filing on Form 10-K dated December 6, 2018\)](#)
- 10.42 [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 \(incorporated by reference to Exhibit 10.39 of Alico's filing on Form 10-K dated December 6, 2018\)](#)
- 10.43 [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 \(incorporated by reference to Exhibit 10.44 of Alico's filing on Form 10-K dated December 5, 2019\)](#)
- 10.44 [Ninth Amendment and Waiver 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 June 26, 2020 \(incorporated by reference to Exhibit 10.1 of Alico's filing on Form 10-Q dated August 6, 2020\)](#)
- 10.45 [Tenth Amendment and Waiver 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 25, 2020](#)
- 10.46 [Eleventh Amendment and Waiver 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 January 7, 2021 \(incorporated by reference to Exhibit 10.1 of Alico's filing on Form 10-Q dated February 4, 2021\)](#)
- 10.47 [Twelfth Amendment and Waiver 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 November 17, 2021](#)
- 10.48 [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 \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on February 11, 2019.\)](#)

10.49	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).
10.50	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).
10.51*	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).
10.52*	Form of Nonqualified Stock Option Agreement
10.53*	Form of Incentive Stock Option Agreement
10.54*	Form of Restricted Stock Agreement
10.55+	Alico, Inc. Orange Purchase Agreement R512 - May 20, 2020 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on May 21, 2019)
10.56+	Alico, Inc. Orange Purchase Agreement R514 - May 18, 2020 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on May 21, 2019)
10.57	Option Agreement for Sale and Purchase (incorporated by reference to Exhibit 10.4 of Alico's filing on Form 10-O dated August 6, 2020)
10.58	Option Agreement for Sale and Purchase (incorporated by reference to Alico's Current Report on Form 8-K filed with the SEC on April 15, 2021)
10.59	First Amendment to Option Agreement for Sale and Purchase (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on April 15, 2021)
10.60	Purchase Option Agreement dated August 13, 2021, between Alico, Inc., and 734 LMC Groves LLC
10.61	Option Agreement for Sale and Purchase dated September 21, 2021, between Alico, Inc., and the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida
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.INS**	Inline XBRL Instance Document
101.SCH**	Inline XBRL Taxonomy Extension Schema Document
101.CAL**	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF**	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page for the Company's Annual Report on Form 10-K for the year ended September 30, 2021, has been formatted in Inline XBRL

* 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 as 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 Item 601(b)(10)(iv) of Regulation S-K promulgated by the SEC, certain portions of this exhibit have been redacted. The Company hereby agrees to furnish supplementally to the SEC, upon its request, an unredacted copy of this exhibit.

Item 16. Form 10-K Summary

Not applicable.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

The following description sets forth certain material terms and provisions of Alico, Inc.'s (the "Company," "we," "us," and "our") securities that are registered under Section 12 of the Securities Exchange Act of 1934, as amended.

DESCRIPTION OF CAPITAL STOCK

The following description of our common stock and preferred stock summarizes the material terms and provisions of our common stock and preferred stock. It is subject to, and qualified in its entirety by reference to, our Restated Articles of Incorporation (the "Articles of Incorporation"), and our Amended and Restated Bylaws (our "Bylaws"), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part. The Florida Business Corporation Act (the "FBCA") may also affect the terms of these securities.

Authorized Capital Stock

Our authorized capital stock consists of

- 15,000,000 shares of common stock, \$1.00 par value per share; and
- 1,000,000 shares of preferred stock, no par value per share.

Common Stock

Dividends. Subject to preferential dividend rights of any other class or series of stock, the holders of shares of our common stock are entitled to receive dividends, including dividends of our stock. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition. The payment of any cash dividends is within the discretion of our board of directors. Further, our ability to declare dividends is limited by restrictive covenants contained in the agreements governing our indebtedness.

Registration Rights. On February 11, 2019, the Company entered into a Settlement Agreement and Release (the "Settlement Agreement") with Remy W. Trafelet, our former President and Chief Executive Officer, and certain other parties. The Settlement Agreement, via the registration rights agreement attached to the Settlement Agreement, grants registration rights to Remy W. Trafelet and his affiliates.

Liquidation. In the event we are liquidated, dissolved or our affairs are wound up, after we pay or make adequate provision for all of our known debts and liabilities, each holder of our common stock will be entitled to share ratably, in proportion to the number of shares of common stock held by such holder, in all assets that remain, subject to any rights that are granted to the holders of any class or series of preferred stock.

Voting Rights. For all matters submitted to a vote of shareholders, each holder of our common stock is entitled to one vote for each share registered in the holder's name. Holders of our common stock vote together as a single class. There is no cumulative voting in the election of our directors, which means that, subject to any rights to elect directors that are granted to the holders of any class or series of preferred stock, a majority of the votes cast at a meeting of shareholders at which a quorum is present is sufficient to elect a director.

Other Rights and Restrictions. Subject to the preferential rights of any other class or series of stock, all shares of our common stock have equal dividend, distribution, liquidation and other rights, and have no preference, appraisal or exchange rights, except for any appraisal rights provided by Florida law. Furthermore, holders of our common stock have no conversion, sinking fund or redemption rights, or preemptive rights to subscribe for any of our securities. Our Articles of Incorporation and Bylaws do not restrict the ability of a holder of our common stock to transfer the holder's

shares of our common stock and do not discriminate against any existing or prospective holder of our common stock as a result of such security holder owning a substantial amount of our securities.

The rights, powers, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of holders of shares of our outstanding preferred stock and of any series of preferred stock which we may designate and issue in the future.

Listing. Our common stock is listed on the Nasdaq under the symbol ALCO.

Transfer Agent and Registrar. The transfer agent for our common stock is Computershare Inc.

Preferred Stock

Under our Articles of Incorporation we have authority, subject to any limitations prescribed by law and without further shareholder approval, to issue from time to time, as “blank check preferred,” up to 1,000,000 shares of preferred stock.

The preferred stock is issuable in one or more series, each with such designations, preferences, rights, qualifications, limitations and restrictions as our board of directors may determine in resolutions providing for their issuance.

In particular, our board of directors, without further approval of the shareholders, is authorized to fix the dividend rights and terms, conversion rights, voting rights, redemption rights and terms, liquidation preferences, and any other rights, preferences, privileges and restrictions applicable to each series of the preferred stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes could, among other things, adversely affect the voting power or rights of the holders of our common stock and, under certain circumstances, make it more difficult for a third party to gain control of us, discourage bids for our common stock at a premium or otherwise adversely affect the market price of the common stock. Further, the issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of us without further action by the shareholders and may adversely affect the voting and other rights of the holders of our common stock. The issuance of preferred stock with voting and conversion rights may adversely affect the voting power of the holders of common stock, including loss of voting control to others.

As of December 1, 2020, all 1,000,000 shares of preferred stock remain unissued and no shares of preferred stock are authorized for any specific series.

The summaries above of selected provisions of our common stock and preferred stock are qualified entirely by the provisions of our Articles of Incorporation, our Bylaws and our debt agreements, all of which are included or incorporated by reference as exhibits to our Annual Report on Form 10-K. You should read our Articles of Incorporation, our Bylaws and our debt agreements.

Anti-Takeover Effects of Florida Law, Our Articles of Incorporation and Our Bylaws

Some provisions of Florida law, our Articles of Incorporation and our Bylaws contain provisions that could make the following transactions more difficult: acquisitions of us by means of a tender offer, a proxy contest or otherwise or removal of our incumbent officers and directors. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that shareholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Anti-Takeover Effects of Florida Law

The following summarizes certain anti-takeover effects of Florida Law.

Authorized but Unissued Stock. Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without shareholder approval. These additional shares may be used for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of stock may enable our board of directors to issue shares of stock to persons friendly to existing management. This may have the effect of discouraging attempts to obtain control of the Company. The perception in the market of a large number of authorized but unissued shares of our common and preferred stock could have a negative impact on the price of our common stock.

Evaluation of Impact of Acquisition Proposals on Non-Shareholder Constituencies. The FBCA expressly permits our board of directors, when evaluating any proposed tender or exchange offer, any merger, consolidation or sale of substantially all of our assets, or any similar extraordinary transaction, to consider in addition to shareholder interests all relevant factors, including, without limitation, the social, legal, and economic effects on our employees, customers and suppliers and our subsidiaries, on the communities and geographical areas in which they operate. Our board of directors may also consider the amount of consideration being offered in relation to the then current market price for outstanding shares of capital stock and our then current value in a freely negotiated transaction. Our board of directors believes that these provisions are in our long-term best interests and those of our shareholders.

The Company has sought to elect out of the provisions of Section 607.0901 of the FBCA, pertaining to affiliates transactions, and Section 607.0902 of the FBCA, pertaining to control-share acquisitions.

Our Articles of Incorporation and Our Bylaws

Provisions of our Articles of Incorporation and our Bylaws may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which shareholders might otherwise receive a premium for their shares, or transactions that our shareholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our common stock.

Among other things, our Articles of Incorporation and Bylaws:

- provide that all vacancies, including newly created directorships, may, except as otherwise required by law or, if applicable, the rights of holders of a series of preferred stock, be filled by a majority of directors then in office, even if less than a quorum, or by the sole remaining director;
- provide that our Bylaws (other than any Bylaw that is adopted by our shareholders) can be amended by our board of directors.

In addition, our Bylaws provide for advance notice and related requirements in connection with shareholder proposals and nominations of directors by shareholders. Shareholder proposals and nominations for directors at the annual meeting of shareholders must be received in writing not less than 120 days nor more than 150 days prior to the one-year anniversary of the preceding year's annual meeting. Shareholder proposals and nominations must also be in proper form which must include, among other things, the name and address of the proposing shareholder and the number of shares directly or indirectly beneficially owned by such shareholder and information regarding the proposals or director nominees. The Bylaws also provide additional eligibility and other requirements for director nominees, requirements to call special meetings of the shareholders, and requirements to take shareholder action by written consent in lieu of a meeting.

Indemnification Provisions

Florida law authorizes a Florida corporation to indemnify its directors and officers in certain instances against certain liabilities which they may incur by virtue of their relationship with the corporation. Additionally, a Florida

corporation is authorized to provide further indemnification or advancement of expenses to any of its directors, officers, employees, or agents, except for acts or omissions that constitute:

- a violation of the criminal law unless the individual had reasonable cause to believe his or her conduct was lawful or had no reasonable cause to believe his or her conduct was unlawful,
- a transaction in which the individual derived an improper personal benefit,
- in the case of a director, a circumstance under which certain liability provisions of the FBCA are applicable related to payment of dividends or other distributions or repurchases of shares in violation of the FBCA, or
- willful or intentional misconduct or a conscious disregard for the best interests of the corporation in a proceeding by or in the right of the corporation to procure a judgment in its favor or in a proceeding by or in the right of a corporation shareholder.

A Florida corporation also is authorized to purchase and maintain liability insurance for its directors, officers, employees and agent, which we have done.

Our Bylaws provide that we will indemnify our officers and directors for expenses, costs and liabilities actually and necessarily incurred in connection with the defense of any action, suit or proceeding in which an officer or director is made a party by reason of being or having been an officer or director of the Company except in relation to matters in which the officer or director shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of his or her duties as such officer or director. The indemnification rights provided in our Bylaws are not exclusive of any other rights to which our officers and directors may be entitled under any Bylaws, agreements, vote of shareholders or otherwise.

We are also a party to indemnification agreements with each of our directors and executive officers. These agreements are made in recognition that our directors and executive officers need substantial protection against personal liability and specific contractual assurance that the protection promised by the Bylaws will be available to them regardless of, among other things, any amendment thereto or revocation thereof, change in the composition of our board of directors, or business combination transaction.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, or persons controlling Alico pursuant to the foregoing provisions and/or agreements, we have been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Rule 144

Pursuant to Rule 144 of the Securities Act ("Rule 144"), a person who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell their securities, *provided* that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least three months before the sale and have filed all required reports under Section 13 or 15(d) of the Exchange Act during the 12 months (or such shorter period as we were required to file reports) preceding the sale.

Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or at any time during the three months preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of:

- one percent (1%) of the total number of shares of common stock then outstanding; or
 - the average weekly reported trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.
-

us. Sales by our affiliates under Rule 144 are also limited by manner of sale provisions and notice requirements and to the availability of current public information about

TENTH AMENDMENT TO CREDIT AGREEMENT

This **TENTH AMENDMENT TO CREDIT AGREEMENT** (this “*Amendment*”), is dated as of August 25, 2020, 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*”).

WITNESSETH:

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, that certain Seventh Amendment to Credit Agreement dated as of September 26, 2018, that certain Eighth Amendment and Waiver to Credit Agreement dated as of August 29, 2019 and that certain Ninth Amendment and Waiver to Credit Agreement dated as of June 26, 2020 (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, 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. Amendments to Credit Agreement.

(a) Section 1.1 of the Credit Agreement, **Defined Terms**, is hereby modified and amended by deleting the definition of “LIBO Rate” and “Revolving Credit Maturity Date” set forth therein in their entirety and inserting in lieu thereof, respectively, the following:

““**LIBO Rate**” means the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) and published in the “Money Rates” section of The Wall Street Journal (or if The Wall Street Journal is not available or does not publish that rate, any other authoritative source of that rate, selected by Lender from time to time

for purposes of providing quotations of interest rates applicable to dollar deposits in an amount equal to the Loans in the London interbank market at approximately 11:00 a.m., London time) on the Business Day immediately preceding the date of such determination, as the rate for dollar deposits with a one month maturity; provided, that (a) the LIBO Rate may be Adjusted from time to time in Lender's discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs, and (b) in no event shall the LIBO Rate be less than zero.

“**Revolving Credit Maturity Date**” means November 1, 2023.”

(b) Section 1.1 of the Credit Agreement, **Defined Terms**, is hereby further modified and amended by adding the following new defined term thereto in appropriate alphabetical order:

““**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the LIBO Rate:

(a) a public statement or publication of information by or on behalf of the administrator of the LIBO Rate announcing that such administrator has ceased or will cease to provide the LIBO Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBO Rate;

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBO Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the LIBO Rate, a resolution authority with jurisdiction over the administrator for the LIBO Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBO Rate, which states that the administrator of the LIBO Rate has ceased or will cease to provide the LIBO Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBO Rate; or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBO Rate announcing that the LIBO Rate is no longer representative.”

(c) Section 2.11 of the Credit Agreement, **Inability to Determine Rates**, is hereby modified and amended by deleting such section in its entirety and inserting in lieu thereof the following:

“2.11 Inability to Determine Rates; Alternative Rate.

(a) If, in connection with any Loan, no Benchmark Transition Event shall have occurred at such time but Lender determines that (i) United States dollar deposits are not being offered to banks in the London interbank market for the applicable amount of such Loan, (ii) adequate and reasonable means do not exist for determining the applicable LIBO Rate (including, without limitation, because the LIBO Rate is not available or published on a current basis), (iii) any Governmental Authority has made it illegal or imposed material restrictions on the ability of Lender to maintain or fund Loans based upon the LIBO Rate, or (iv) the applicable LIBO Rate does not adequately and fairly reflect the cost to Lender of making or maintaining that Loan, Lender will promptly so notify Administrative Borrower. Thereafter, the obligation of Lender to make or maintain any Loan bearing interest at the applicable LIBO Rate shall be suspended until Lender revokes such notice, and all Loans which would otherwise bear interest at the applicable LIBO Rate shall accrue interest at that rate, per annum, equal to a rate determined by Lender in Lender’s reasonable discretion.

(b) If a Benchmark Transition Event occurs, then Lender may, by notice to Administrative Borrower, select an alternate rate of interest for the LIBO Rate that gives due consideration to the then-evolving or prevailing market convention for determining a rate of interest for loans in Dollars at such time (the “*Alternate Rate*”), and each Borrower acknowledges that the Alternate Rate may include a mathematical adjustment using any then-evolving or prevailing market convention or method for determining a spread adjustment for the replacement of the LIBO Rate (it being the intent of the parties to this Agreement that the Alternate Rate, including any such spread adjustment, will be as comparable as reasonably possible to the LIBO Rate, in accordance with any prevailing market convention). For avoidance of doubt, all references to the LIBO Rate shall be deemed to be references to the Alternate Rate when the Alternate Rate becomes effective in accordance with this section. In addition, Lender will have the right, from time to time by notice to Administrative Borrower to make technical, administrative or operational changes (including, without limitation, changes to the timing and frequency of determining rates and making payments of interest and other administrative matters) that Lender decides in its reasonable discretion may be appropriate to reflect the adoption and implementation of the Alternate Rate. The Alternate Rate, together with all such technical, administrative and operational changes as specified in any notice, shall

become effective at the later of (i) the fifth Business Day after Lender has provided notice to Administrative Borrower (the “*Notice Date*”) and (ii) a date specified by Lender in the notice, without any further action or consent of the Borrowers, so long as Lender has not received, by 5:00 pm St. Louis, Missouri time on the Notice Date, written notice of objection to the Alternate Rate from the Borrowers. Any determination, decision, or election that may be made by Lender pursuant to this section, including any determination with respect to a rate or adjustment or the occurrence or non-occurrence of an event, circumstance or date, and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from the Borrowers. In no event shall the Alternate Rate be less than zero. Lender does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the LIBO Rate or the Alternate Rate or with respect to any alternative, successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of the LIBO Rate or have the same volume or liquidity as did the LIBO Rate prior to its discontinuance or unavailability.”

2. No Other Amendments or Waivers. 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 amendments 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. Representations and Warranties. 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;
- (b) the Fourth Renewal Promissory Note in the form attached hereto;
- (c) the written consent of each of MetLife and New England Life Insurance Company to the extension of the Revolving Credit Maturity Date;
- (d) payment to Lender of a renewal fee in the amount of \$15,000; and
- (e) 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

LENDER:

RABO AGRIFINANCE LLC,
a Delaware limited liability company

By: _____
Name:
Title:

TWELFTH AMENDMENT TO CREDIT AGREEMENT

This **TWELFTH AMENDMENT TO CREDIT AGREEMENT** (this “*Amendment*”), is dated as of November __, 2021, 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*”).

WITNESSETH:

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, that certain Seventh Amendment to Credit Agreement dated as of September 26, 2018, that certain Eighth Amendment and Waiver to Credit Agreement dated as of August 29, 2019, that certain Ninth Amendment and Waiver to Credit Agreement dated as of June 26, 2020, that certain Tenth Amendment to Credit Agreement dated as of August 25, 2020, and that certain Eleventh Amendment to Credit Agreement and Consent dated as of January 7, 2021 (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, 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. Amendments to Credit Agreement.

(a) Section 1.1 of the Credit Agreement, **Defined Terms**, is hereby modified and amended by deleting the definition of “*Capital Expenditure Exclusion*” as set forth therein in its entirety and inserting the following in lieu thereof:

““**Capital Expenditure Exclusion**” means expenditures in connection with any purchase of any citrus grove during Fiscal Years 2021 and 2022, solely to the extent such expenditures are made with the proceeds of non-citrus ranch land sales completed during Fiscal Years 2021 and 2022 to the extent permitted by Section 6.4.”

(b) Section 6.4 of the Credit Agreement, **Dispositions**, is hereby modified and amended by deleting clause (m) thereof in its entirety and inserting in lieu thereof the following:

“(m) Dispositions not otherwise permitted under this Section 6.4; **provided** that (i) at the time of such Disposition, no Event of Default shall exist or would result from such Disposition, and (ii) the aggregate fair market value of all property Disposed of in reliance on this clause shall not exceed (A) \$45,000,000 in the Fiscal Year ended September 30, 2018, (B) \$16,000,000 in the Fiscal Year ended September 30, 2019, (C) (1) if the State of Florida Land Sale 2020 is consummated during the Fiscal Year ended September 30, 2020, \$37,000,000 in such Fiscal Year, or (2) if the State of Florida Land Sale 2020 is not consummated during the Fiscal Year ended September 30, 2020, \$10,000,000 in such Fiscal Year, (D) \$65,000,000 in the Fiscal Year ended September 30, 2021 in connection with the sale of non-citrus ranch land, (E) for the Fiscal Year ended September 30, 2022, an aggregate amount equal to (1) \$10,000,000, *plus* (2) solely to the extent such Dispositions are for the sale of non-citrus ranch land, an additional \$50,000,000, and (F) \$10,000,000 in the Fiscal Year ended September 30, 2023 and each Fiscal Year thereafter.”

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 amendments 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. Representations and Warranties. 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

Twelfth Amendment to Credit Agreement

LENDER:

RABO AGRIFINANCE LLC,
a Delaware limited liability company

By: _____
Name:
Title:

Twelfth Amendment to Credit Agreement

**STOCK INCENTIVE PLAN OF 2015
NONQUALIFIED OPTION AGREEMENT**

THIS NONQUALIFIED OPTION AGREEMENT (this “*Agreement*”), dated as of _____ (the “*Grant Date*”), is made by and between Alico, Inc., a Florida corporation (the “*Company*”), and _____ (the “*Participant*”). Capitalized terms used herein without definition have the meanings ascribed to such terms in the Alico, Inc. Stock Incentive Plan of 2015 (the “*Plan*”).

WHEREAS, the Company has adopted the Plan to give the Company a competitive advantage in attracting, retaining, and motivating officers, employees, directors, and/or consultants and to provide the Company and its Subsidiaries and Affiliates with a long-term incentive plan providing incentives directly linked to shareholder value; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its shareholders to grant the Participant Nonqualified Options on the terms and subject to the conditions set forth in this Agreement and the Plan.

NOW, THEREFORE, in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves and their successors and assigns, hereby agree as follows:

1. *Grant of Option.*

(a) *Grant.* The Company hereby grants to the Participant a Nonqualified Option (the “*Option*” and any portion thereof, the “*Options*”) to purchase _____ Shares (such Shares, the “*Shares*”), on the terms and subject to the conditions set forth in this Agreement and as otherwise provided in the Plan. The Option is not intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(b) *Incorporation by Reference, Etc.* The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan. Notwithstanding the provisions of the Plan or this Agreement to the contrary (including, without limitation, Section 2(c) of the Plan), all determinations under this Agreement as to the following shall be subject to *de novo* review and shall not be final, binding and conclusive on the Participant or his beneficiaries or their respective successors or assigns: (i) determinations as to whether Cause (as defined below) or Good Reason (as defined below) exists and (ii) determinations made on or following a Change in Control.

2. *Option; Option Price.*

(a) *Option Price.* The option price, being the price at which the Participant shall be entitled to purchase the Shares upon the exercise of all or any of the Options, shall be \$ _____ per Share (the “*Option Price*”).

(b) *Payment of the Option Price.* The Option may be exercised only by written notice, substantially in the form provided by the Company, delivered in person or by mail in accordance with Section 12(b) and accompanied by payment of the Option Price. The aggregate Option Price shall be payable in cash or by any of the other methods permitted under Section 5(g)(i) through (iii) of the Plan.

3. *Vesting.* Except as may otherwise be provided herein, the Option shall become nonforfeitable (any Options that shall have become nonforfeitable pursuant to this Section 3, “*Vested Options*”) and shall become exercisable according to the following provisions:

(a) *General.* (i) ___% of the Options shall become Vested Options on the first date during the Measurement Period (as defined below) that the Trailing Minimum Stock Price (as defined below) exceeds \$____; (ii) ___% of the Options shall become Vested Options on the first date during the Measurement Period that the Trailing Minimum Stock Price exceeds \$____; and (iii) ___% of the Options shall become Vested Options on the first date during the Measurement Period that the Trailing Minimum Stock Price exceeds \$____ (each of the stock price hurdles set forth in clauses (i)–(iv), a “Stock Price Hurdle”). Any Options that have not become Vested Options as of the conclusion of the Measurement Period shall be forfeited as of such conclusion for no consideration.

(b) *Certain Definitions.* For purposes of this Agreement, the following terms have the meanings set forth below:

“*Cause*” shall mean (i) a material failure by the Participant to carry out, or malfeasance or gross insubordination in carrying out, any of his material duties under the Employment Agreement, (ii) the final conviction of the Participant of, or a plea by the Participant of guilty or *nolo contendere* to, a felony or crime involving moral turpitude, (iii) an egregious act of dishonesty by the Participant (including, without limitation, theft or embezzlement) in connection with his employment by the Company, or a malicious action by the Participant toward the customers or employees of the Company or any Affiliate, (iv) a material breach by the Participant of the Company’s Code of Business Ethics or Section 10 of the Employment Agreement, or (v) the failure of the Participant to cooperate fully with governmental investigations involving the Company or any Affiliate unless the Participant 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 (i), (iii), (iv), and (v) will not constitute a basis for the Company to terminate the Participant’s employment for Cause unless the Participant 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 that the Participant received the written notice from the Company. For purposes of this provision, any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company. The cessation of employment of the Participant shall not be deemed to be with Cause unless and until there shall have been delivered to the Participant a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board at a meeting of the Board called

and held for such purpose (after reasonable notice is provided to the Participant, and the Participant is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Participant is guilty of the conduct that constitutes Cause and specifying the particulars thereof in detail.

“*Employment Agreement*” shall mean that certain Employment Agreement, dated as of _____, by and between the Company and the Participant.

“*Good Reason*” shall mean (i) following a Change in Control, a material adverse change in the Participant’s authority, powers, functions, titles, reporting relationship, duties, or responsibilities; (ii) a reduction in the Participant’s base salary; (iii) a material breach of any employment agreement between the Company and the Participant; (iv) the reassignment of the Participant’s place of employment to an office location more than 50 miles from the Participant’s then-current place of employment; or (v) expiration of the Term (as defined in the Employment Agreement) of the Employment Agreement due to a notice of non-extension of the Term given by the Company to the Participant; *provided* that (A) the Participant has provided the Company with written notice of the occurrence of the event or circumstance believed to constitute Good Reason within 30 days of the Participant’s knowledge of the occurrence of such event or circumstance, (B) the Company has failed to cure such event or circumstance, if curable, within 30 days following its receipt of such notice, and (C) the Participant resigns within 90 days following the occurrence of the event or circumstance that constitutes Good Reason.

“*Measurement Period*” shall mean the period commencing on the Grant Date and concluding on (i) if the Participant’s Termination of Employment is due to the Participant’s death or Disability, the date that is 18 months following the date of such Termination of Employment, (ii) if the Participant’s Termination of Employment is by the Company without Cause or by the Participant with Good Reason, the date that is 12 months following the date of such Termination of Employment, or (iii) if the Participant’s Termination of Employment is for any reason not covered in clause (i) or (ii), the date of such Termination of Employment. Notwithstanding the foregoing, the Measurement Period shall automatically conclude on _____, if it has not previously concluded.

“*Termination of Employment*” shall mean a termination of Participant’s employment with the Company and its Subsidiaries, irrespective of whether Participant continues to serve the Company and its Subsidiaries following such termination in a non-employee capacity, including, without limitation, as a director or consultant.

“*Trailing Minimum Stock Price*” shall mean, with respect to any date, the lowest Fair Market Value of a Share during the 20 consecutive trading day period immediately preceding such date.

4. *Expiration* . The Options (to the extent not otherwise forfeited) shall automatically terminate and shall become null and void, be unexercisable and be of no further force and effect upon the earlier of:

(a) _____; and

(b) the date of the Participant's Termination of Employment, in the case of a Termination of Employment by the Company with Cause.

5. *Tax Withholding.* The Company's obligation to deliver the Shares upon exercise of any Options or any certificates evidencing such Shares (or to make a book-entry or other electronic notation indicating ownership of such Shares) is subject to the condition precedent that the Participant either pay or provide for the amount of any withholding obligations with respect to the exercise of the Option in such manner as may be authorized by the Committee or as may otherwise be permitted under Section 14(d) of the Plan. Notwithstanding anything in the Plan to the contrary, the Participant shall have the right to satisfy any tax withholding obligations (a) by paying cash equal to the amount of such tax withholding or (b) if approved in advance by the Committee, by settling such obligations with Common Stock, including Common Stock that is part of the Option that gives rise to the withholding requirement, having a Fair Market Value on the date of withholding equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes.

6. *Compliance with Legal Requirements.* The grant and exercise of the Option and any other obligations of the Company under this Agreement shall be subject to all applicable federal and state laws, rules, and regulations and to such approvals by any regulatory or governmental agency as may be required. The Committee may postpone the issuance or delivery of the Shares, and may require the Participant to make such representations and furnish such information, in each case, as required by applicable laws, rules, and regulations.

7. *Transferability.* The Option may not be assigned, alienated, pledged, attached, sold, or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution or pursuant to a transfer to the Participant's "family members" (as defined in General Instructions A.1(a)(5) to Form S-8 under the Securities Act of 1933, as amended, and any successor thereto), whether directly or indirectly or by means of a trust or partnership or otherwise, and any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance not in accordance with this Agreement shall be void and unenforceable against the Company, its Subsidiaries, and its Affiliates; *provided* that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer, or encumbrance. The Option and any Shares received upon exercise thereof shall be subject to the restrictions set forth in the Plan and this Agreement.

8. *Adjustment.* In the event of an event described in Section 3(d) of the Plan occurring after the Grant Date, the adjustment provisions of Section 3(d) of the Plan shall apply to the Option, including to authorize appropriate adjustments to the Stock Price Hurdles set forth in Section 3(a) and the Share disposal restrictions set forth in Section 9. Without limiting the foregoing, in the event of a Share Change that is an extraordinary cash dividend, the Committee or Board shall, in its sole discretion, adjust the Options either (a) by applying the adjustment mechanism set forth in Treas. Regs. § 1.424-1(a) or (b) by equitably reducing the Option Price to the extent permitted by applicable law and to the extent such reduction does not result in adverse tax consequences to the Participant, and, in either case, by reducing each applicable Stock Price Hurdle by the amount of such extraordinary cash dividend.

9. *Holding Period.* Shares acquired upon exercise of the Option may not be assigned, alienated, pledged, attached, sold, or otherwise transferred or encumbered by the Participant (or any Affiliate or other permitted transferee pursuant to Section 7) prior to the date that is six months following the vesting of the tranche of the Option pursuant to which such Shares were acquired. Additionally, the Participant shall not (and shall cause the Participant's Affiliates, or other permitted transferees pursuant to Section 7, not to) sell, transfer, or otherwise dispose of more than _____ Shares acquired upon exercise of the Option during any 30-day period. Notwithstanding the foregoing, the restrictions set forth in this paragraph shall not apply to Shares withheld to pay the Option Price, to Shares used to satisfy required tax withholding obligations, or to Shares transferred pursuant to the laws of descent and distribution, and shall cease to apply as of the Participant's death or Disability or upon a Change in Control.

10. *Change in Control.*

(a) *Inapplicability of the Plan Provisions.* The provisions of Sections 10(a)–10(d) of the Plan shall not apply to the Options.

(b) *Vesting.* Upon the occurrence of a Change in Control, (i) any unvested Options for which the applicable Stock Price Hurdle is less than or equal to the Fair Market Value of a Share as of immediately prior to such Change in Control shall become fully vested and exercisable (collectively, "*Accelerated Options*"), and (ii) any unvested Options for which the applicable Stock Price Hurdle is greater than the Fair Market Value of a Share as of immediately prior to such Change in Control (collectively, "*Unvested Options*") shall be treated as set forth in Section 10(c)(ii).

(c) *Settlement; Assumption .* Upon the occurrence of a Change in Control, (i) any Vested Options (including any Accelerated Options) shall be assumed or settled as provided under Section 3(d) of the Plan, as determined by the Board or the Committee, and (ii) any Unvested Options shall be treated as follows: (A) if Shares are converted to or otherwise purchased for cash in connection with such Change in Control, then any Unvested Options shall be forfeited without consideration as of the occurrence of such Change in Control; (B) if Shares are converted to securities of the surviving entity (or parent thereof) in connection with such Change in Control, then the Company shall use commercially reasonable efforts to cause any Unvested Options to be substituted for or assumed or continued by the surviving entity (or parent thereof) in the Change in Control and the Stock Price Hurdles with respect to the Unvested Options to be adjusted, in each case, in accordance with Section 3(d) of the Plan; and (C) if Shares are converted to a mix of cash and securities of the surviving entity (or parent thereof) in connection with such Change in Control, then (1) that percentage of any Unvested Options that is equal to the percentage of consideration received in respect of each Share in cash in such Change in Control shall be forfeited and (2) the Company shall use commercially reasonable efforts to cause any remaining Unvested Options to be substituted for or assumed or continued by the surviving entity (or parent thereof) in the Change in Control and the Stock Price Hurdles with respect to such Unvested Options to be adjusted, in each case, in accordance with Section 3(d) of the Plan.

11. *Clawback.* The Options and any Shares acquired upon exercise of the Options shall be subject to the terms of any Company recoupment, clawback, or similar policy as it may

be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Options or any Shares acquired upon exercise of the Options or other cash or property received with respect to the Options (including any gain realized from a disposition of the Shares acquired upon exercise of the Options). In addition, if the Participant incurs a Termination of Employment by the Company with Cause, the Committee may in its sole discretion require the Participant to forfeit any Shares previously acquired by the Participant upon exercise of the Options, repay any gain previously realized upon the disposition of any Shares acquired upon exercise of the Options, or both.

12. *Miscellaneous.*

(a) *Waiver and Amendment.* No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(b) *Notices.* All notices, demands, and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, facsimile, courier service, or personal delivery:

if to the Company, to:

Alico, Inc.
10070 Daniels Interstate Court, Suite 100
Fort Myers, Florida 33913
Facsimile: (239) 226-2004
Attention: Chairman, Compensation Committee

if to the Participant, to:

The address last on the records of the Company.

All such notices, demands, and other communications shall be deemed to have been duly given (i) when delivered by hand, if personally delivered; (ii) when delivered by courier, if delivered by commercial courier service; (iii) five business days after being deposited in the mail, postage prepaid, if mailed; and (iv) when receipt is mechanically acknowledged, if by facsimile.

(c) *Severability.* The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(d) *No Rights to Service.* Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant, or director of the Company or its Affiliates or shall interfere with or restrict in any

way the right of the Company or its Affiliates to remove, terminate, or discharge the Participant at any time and for any reason whatsoever.

(e) *Beneficiary.* The Participant may file with the Company a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, change or revoke such designation by filing a new designation with the Company. The last such designation received by the Company shall be controlling; *provided, however*, that no designation, or change or revocation thereof, shall be effective unless received by the Company prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by the Participant, the beneficiary shall be deemed to be his or her spouse or, if the Participant is unmarried at the time of death, his or her estate.

(f) *Successors.* The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and shall be binding upon and inure to the benefit of the Participant and the Participant's beneficiaries, executors, administrators, heirs, and successors.

(g) *Entire Agreement.* This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations, and negotiations with respect thereto.

(h) *Bound by the Plan.* By signing this Agreement, the Participant acknowledges that he or she has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

(i) *Governing Law.* This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Florida without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Florida.

(j) *Headings.* The headings of the Sections of this Agreement are provided for convenience only and are not to serve as a basis for interpretation or construction of and shall not constitute a part of this Agreement.

(k) *Counterparts.* This Agreement may be signed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

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

ALICO, INC.

By: _____

Name:

Title:

PARTICIPANT

[Signature Page to Nonqualified Option Agreement]

**STOCK INCENTIVE PLAN OF 2015
INCENTIVE STOCK OPTION AGREEMENT**

THIS INCENTIVE STOCK OPTION AGREEMENT (this “*Agreement*”), dated as of _____ (the “*Grant Date*”), is made by and between Alico, Inc., a Florida corporation (the “*Company*”), and _____ (the “*Participant*”). Capitalized terms used herein without definition have the meanings ascribed to such terms in the Company’s Stock Incentive Plan of 2015 (the “*Plan*”).

WHEREAS, the Company has adopted the Plan to give the Company a competitive advantage in attracting, retaining, and motivating officers, employees, directors, and/or consultants and to provide the Company and its Subsidiaries and Affiliates with a long-term incentive plan providing incentives directly linked to shareholder value; and

WHEREAS, the Compensation Committee (the “*Committee*”) has determined that it would be in the best interests of the Company and its shareholders to grant the Participant Incentive Stock Options on the terms and subject to the conditions set forth in this Agreement and the Plan.

NOW, THEREFORE, in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves and their successors and assigns, hereby agree as follows:

1. *Grant of Option.*

(a) *Grant.* The Company hereby grants to the Participant an option (the “*Option*” and any portion thereof, the “*Options*”) to purchase _____ shares (the “*Shares*”) of Common Stock, on the terms and subject to the conditions set forth in this Agreement and as otherwise provided in the Plan. The Options are being granted pursuant to the terms of the Plan. The Options are intended to be Incentive Stock Options within the meaning of Section 422 of the Code, although the Company makes no representation or guarantee that the Options will qualify as Incentive Stock Options. Accordingly, the Participant understands that in order to obtain the benefits of an Incentive Stock Option, no sale or other disposition may be made of shares for which Incentive Stock Option treatment is desired within one (1) year following the date of exercise of the Options or within two (2) years from the Grant Date. The Participant understands and agrees that the Company shall not be liable or responsible for any additional tax liability the Participant incurs in the event that the Internal Revenue Service for any reason determines that the Options do not qualify as Incentive Stock Options within the meaning of the Code. To the extent that the aggregate Fair Market Value (determined on the Grant Date) of the Shares with respect to which Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and its Affiliates) exceeds \$_____, the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as non-qualified stock options.

(b) *Incorporation by Reference, Etc.* The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan. Notwithstanding the provisions of the Plan or this Agreement to the contrary (including, without limitation, Section 2(c) of the Plan), all determinations under this Agreement as to the following shall be subject to *de novo* review and shall not be final, binding and conclusive on the Participant or his beneficiaries or their respective successors or assigns: (i) determinations as to whether Cause (as defined below) or Good Reason (as defined below) exists and (ii) determinations made on or following a Change in Control.

2. *Option; Option Price.*

(a) *Option Price.* The option price, being the price at which the Participant shall be entitled to purchase the Shares upon the exercise of all or any of the Options, shall be \$ _____ per Share (the "*Option Price*").

(b) *Payment of the Option Price.* The Options may be exercised only by written notice, substantially in the form provided by the Company, delivered in person or by mail in accordance with Section 13(b) hereto and accompanied by payment of the Option Price. The entire Option Price for the Options being exercised shall be payable in full at the time of exercise and, to the extent permitted by applicable statutes and regulations, shall be payable in cash or by any of the other methods permitted under Section 5(g)(i) through (iii) of the Plan. Notwithstanding the provisions of this Agreement and the Plan, certain methods permitting the exercise of the Options under the Plan may constitute an immediate sale of some or all of the Shares and shall cause some or all of the Options to be considered non-qualified stock options rather than Incentive Stock Options.

3. *Vesting.* Except as may otherwise be provided herein, the Options shall become vested and exercisable according to the following provisions:

(a) *General.* (i) _____ of the Options shall become vested (the "*Vested Options*") on the first date during the Measurement Period (as defined below) that the Trailing Minimum Stock Price (as defined below) exceeds \$ _____; (ii) _____ of the Options shall become Vested Options on the first date during the Measurement Period that the Trailing Minimum Stock Price exceeds \$ _____; (iii) _____ of the Options shall become Vested Options on the first date during the Measurement Period that the Trailing Minimum Stock Price exceeds \$ _____; and (iv) _____ of the Options shall become Vested Options on the first date during the Measurement Period that the Trailing Minimum Stock Price exceeds \$ _____ (each of the stock price hurdles set forth in clauses (i) - (iv), a "*Stock Price Hurdle*"). Any Options that have not become Vested Options as of the conclusion of the Measurement Period shall be forfeited as of such conclusion for no consideration.

(b) *Certain Definitions.* For purposes of this Agreement, the following terms have the meanings set forth below:

"*Cause*" shall mean (i) a material failure by the Participant to carry out, or malfeasance or gross insubordination in carrying out, any of his material duties, (ii) the final conviction of the Participant of, or a plea by the Participant of guilty or *nolo contendere* to, a felony or crime involving moral turpitude, (iii) an egregious act of dishonesty by the Participant (including, without limitation, theft or embezzlement) in connection with his employment by the Company, or a malicious action by the Participant toward the customers or employees of the Company or any Affiliate, (iv) a material breach by the Participant of the Company's Code of Business Ethics, or (v) the failure of the Participant to cooperate fully with governmental investigations involving the Company or any Affiliate unless the Participant 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 (i), (iii), (iv), and (v) will not constitute a basis for the Company to terminate the Participant's employment for Cause unless the Participant 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 that the Participant received the written notice from the Company. For purposes of this provision, any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company. The cessation of employment of the

Participant shall not be deemed to be with Cause unless and until there shall have been delivered to the Participant a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Participant, and the Participant is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Participant is guilty of the conduct that constitutes Cause and specifying the particulars thereof in detail.

“*Continuous Service*” means that the Participant's service with the Company or an Affiliate, whether as an employee, consultant or director, is not interrupted or terminated. The Participant's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or an Affiliate as an employee, consultant or director or a change in the entity for which the Participant renders such service, *provided that* there is no interruption or termination of the Participant's Continuous Service; *provided further that* if any award is subject to Section 409A of the Code, this sentence shall only be given effect to the extent consistent with Section 409A of the Code. For example, a change in status from an employee of the Company to a director of an Affiliate will not constitute an interruption of Continuous Service. The Committee or its delegate, in its sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal or family leave of absence. The Committee or its delegate, in its sole discretion, may determine whether a Company transaction, such as a sale or spin-off of a division or subsidiary that employs a Participant, shall be deemed to result in a termination of Continuous Service for purposes of affected awards, and such decision shall be final, conclusive and binding.

“*Good Reason*” shall mean (i) following a Change in Control, a material adverse change in the Participant's authority, powers, functions, titles, reporting relationship, duties, or responsibilities; (ii) a reduction in the Participant's base salary; (iii) a material breach of any employment agreement between the Company and the Participant; or (iv) the reassignment of the Participant's place of employment to an office location more than 50 miles from the Participant's then-current place of employment.

“*Measurement Period*” shall mean the period commencing on the Grant Date and concluding on (i) if the Participant's termination of Continuous Service is due to the Participant's death or Disability, the date that is 18 months following the date of such termination of Continuous Service, (ii) if the Participant's termination of Continuous Service is by the Company without Cause or by the Participant with Good Reason, the date that is 12 months following the date of such termination of Continuous Service, or (iii) if the Participant's termination of Continuous Service is for any reason not covered in clause (i) or (ii), the date of such termination of Continuous Service. Notwithstanding the foregoing, the Measurement Period shall automatically conclude on _____, if it has not previously concluded.

“*Trailing Minimum Stock Price*” shall mean, with respect to any date, the lowest Fair Market Value of a Share, based on closing price, during the 20 consecutive trading day period immediately preceding such date.

4. *Expiration* . The Options (to the extent not otherwise forfeited) shall automatically terminate and shall become null and void, be unexercisable and be of no further force and effect upon the earlier of

(a) _____

(b) *Termination for Reasons Other Than Cause, Death, Disability* . If the Participant's Continuous Service is terminated for any reason other than Cause, death or Disability, the Participant may exercise the vested portion of the Options, but only within such period of time ending on the earlier of: (a)

the date three months following the termination of the Participant's Continuous Service or (b) _____ (the "Expiration Date").

(c) *Termination for Cause.* If the Participant's Continuous Service is terminated for Cause, the Options (whether vested or unvested) shall immediately terminate and cease to be exercisable.

(d) *Termination due to Disability.* If the Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise the vested portion of the Options, but only within such period of time ending on the earlier of: (a) the date 12 months following the Participant's termination of Continuous Service or (b) the Expiration Date.

(e) *Termination due to Death.* If the Participant's Continuous Service terminates as a result of the Participant's death, the vested portion of the Options may be exercised by the Participant's estate, by a person who acquired the right to exercise the Options by bequest or inheritance or by the person designated to exercise the Options upon the Participant's death, but only within the time period ending on the earlier of: (a) the date 12 months following the Participant's termination of Continuous Service or (b) the Expiration Date.

5. *Tax Withholding.* If the Company, in its discretion, determines that it is obligated to withhold any tax in connection with the exercise of the Options, the Participant must make arrangements satisfactory to the Company to pay or provide for any applicable federal, state and local withholding obligations of the Company. The Participant may satisfy any federal, state or local tax withholding obligation relating to the exercise of the Options by (i) tendering a cash payment, (ii) authorizing the Company to withhold shares of Common Stock from the Shares, provided, however, that no shares of Common Stock are withheld with a value exceeding the maximum amount of tax required to be withheld by law, or (iii) delivering to the Company previously owned and unencumbered shares of Common Stock. The Company has the right to withhold from any compensation paid to a Participant.

6. *Compliance with Legal Requirements.* The grant and exercise of the Options and any other obligations of the Company under this Agreement shall be subject to all applicable federal and state laws, rules, and regulations and to such approvals by any regulatory or governmental agency as may be required. The Committee may postpone the issuance or delivery of the Shares, and may require the Participant to make such representations and furnish such information, in each case, as required by applicable laws, rules, and regulations.

7. *Transferability.* The Options are not transferable by the Participant other than to a designated beneficiary upon the Participant's death or by will or the laws of descent and distribution, and are exercisable during the Participant's lifetime only by him or her. No assignment or transfer of the Options, or the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise (except to a designated beneficiary, upon death, by will or the laws of descent or distribution) will vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Options will terminate and become of no further effect.

8. *Adjustment.* In the event of an event described in Section 3(d) of the Plan occurring after the Grant Date, the adjustment provisions of Section 3(d) of the Plan shall apply to the Options, including to authorize appropriate adjustments to the Stock Price Hurdles set forth in Section 3 and the Share disposal restrictions set forth in Section 9. Without limiting the foregoing, in the event of a Share Change that is an extraordinary cash dividend, the Committee or Board shall, in its sole discretion, adjust the Options either (a) by applying the adjustment mechanism set forth in Treas. Regs. § 1.424-1(a) or (b) by equitably reducing the Option Price to the extent permitted by applicable law and to the extent such reduction does not result in adverse tax consequences to the Participant, and, in either case, by reducing each applicable Stock Price Hurdle by the amount of such extraordinary cash dividend.

9. *Holding Period.* Shares acquired upon exercise of the Options may not be assigned, alienated, pledged, attached, sold, or otherwise transferred or encumbered by the Participant (or any Affiliate or other permitted transferee pursuant to Section 7) prior to the date that is six months following the vesting of the tranche of the Options pursuant to which such Shares were acquired. Additionally, the Participant shall not (and shall cause the Participant's Affiliates, or other permitted transferees pursuant to Section 7, not to) sell, transfer, or otherwise dispose of more than _____ Shares acquired upon exercise of the Options during any 30-day period. Notwithstanding the foregoing, the restrictions set forth in this paragraph shall not apply to Shares withheld to pay the Option Price, to Shares used to satisfy required tax withholding obligations, or to Shares transferred pursuant to the laws of descent and distribution, and shall cease to apply as of the Participant's death or Disability or upon a Change in Control. If the Participant disposes of the Shares prior to the expiration of either two (2) years from the Grant Date or one (1) year from the date the Shares are transferred to the Participant pursuant to the exercise of the Options, the Participant shall notify the Company in writing within thirty (30) days after such disposition of the date and terms of such disposition. The Participant also agrees to provide the Company with any information concerning any such dispositions as the Company requires for tax purposes.

10. *Change in Control.*

(b) *Inapplicability of the Plan Provisions.* The provisions of Sections 10(a) - 10(d) of the Plan shall not apply to the Options.

(c) *Vesting.* Upon the occurrence of a Change in Control, (i) any unvested Options for which the applicable Stock Price Hurdle is less than or equal to the Fair Market Value of a Share as of immediately prior to such Change in Control shall become fully vested and exercisable (collectively, "*Accelerated Options*"), and (ii) any unvested Options for which the applicable Stock Price Hurdle is greater than the Fair Market Value of a Share as of immediately prior to such Change in Control (collectively, "*Unvested Options*") shall be treated as set forth in Section 10(c)(ii).

(d) *Settlement; Assumption .* Upon the occurrence of a Change in Control, (i) any Vested Options (including any Accelerated Options) shall be assumed or settled as provided under Section 3(d) of the Plan, as determined by the Board or the Committee, and (ii) any Unvested Options shall be treated as follows: (A) if Shares are converted to or otherwise purchased for cash in connection with such Change in Control, then any Unvested Options shall be forfeited without consideration as of the occurrence of such Change in Control; (B) if Shares are converted to securities of the surviving entity (or parent thereof) in connection with such Change in Control, then the Company shall use commercially reasonable efforts to cause any Unvested Options to be substituted for or assumed or continued by the surviving entity (or parent thereof) in the Change in Control and the Stock Price Hurdles with respect to the Unvested Options to be adjusted, in each case, in accordance with Section 3(d) of the Plan; and (C) if Shares are converted to a mix of cash and securities of the surviving entity (or parent thereof) in connection with such Change in Control, then (1) that percentage of any Unvested Options that is equal to the percentage of consideration received in respect of each Share in cash in such Change in Control shall be forfeited and (2) the Company shall use commercially reasonable efforts to cause any remaining Unvested Options to be substituted for or assumed or continued by the surviving entity (or parent thereof) in the Change in Control and the Stock Price Hurdles with respect to such Unvested Options to be adjusted, in each case, in accordance with Section 3(d) of the Plan. In the event of a cash-out payment the Options shall be disqualified from being treated as Incentive Stock Options and shall be treated as non-qualified stock options.

11. *Covenants.*

(a) The Participant covenants and agrees that, during the term of this contract and for a period of one year after he ceases being an employee of the Company, the Participant will not, directly or indirectly, own, manage, operate or control, or participate in the ownership, management, operation or control of, any business competing directly with the business conducted on the date of termination hereof by the Company; provided, however, that the Participant may own not more than 1% of the outstanding securities of any class of any corporation engaged in any such business, if such securities are listed on a national securities exchange or regularly traded in the over-the-counter market by a member of a national securities association.

(b) The Participant covenants and agrees that, throughout the term of this contract and for a period of one year after he ceases being an employee of the Company, he will not directly or indirectly induce any person associated with or employed by the Company or any subsidiary of the Company to leave the employ of or terminate his association with the Company, or any subsidiary of the Company, or solicit the employment of any such person on his own behalf or on behalf of any other business enterprise.

(c) If any term of this Section 11 is found by any court having jurisdiction to be too broad, then and in that case, such term shall nevertheless remain effective, but shall be considered amended (as to the time or area or otherwise, as the case may be) to a point considered by said court as reasonable, and as so amended shall be fully enforceable.

(d) The Participant hereby covenants and agrees that hereinafter the Participant will not, and will not cause, suffer or permit any family member or other affiliate of the Participant to, directly or indirectly, under any circumstance: (i) disclose in any way any Confidential Information (as hereinafter defined) to any other person; (ii) act or fail to act so as to reveal any Confidential Information or otherwise impair the confidential or proprietary nature of any Confidential Information; (iii) use any Confidential Information other than at the direction and for the benefit of the Company; or (iv) offer or agree to, or cause or assist in the inception or continuation of, any such disclosure, impairment or use. For the purposes of the foregoing, "Confidential Information" shall mean any and all information pertaining to the assets, business, creditors, customers, data, employees, financial condition or affairs, operations, procedures, reports and suppliers of the Company, including (without limitation) the contracts and customer lists acquired by the Company during his employment by the Company; provided, however, that Confidential Information shall exclude any information that is or becomes publicly available other than through disclosure by the Participant or any of his family members or other affiliates.

(e) In the event that the Participant shall violate any provision of this contract (including but not limited to the provisions of this Section 11), then the Participant hereby consents to the granting of a temporary or permanent injunction against him by any court of competent jurisdiction prohibiting him from violating any provision of this contract. In any proceeding for an injunction and upon any motion for a temporary or permanent injunction, the Participant agrees that his ability to answer in damages shall not be a bar or interposed as a defense to the granting of such temporary or permanent injunction against the Participant. The Participant further agrees that the Company will not have an adequate remedy at law in the event of any breach by the Participant hereunder and that the Company will suffer irreparable damage and injury if the Participant breaches any of the provisions of this contract.

(f) If Participant violates any provision of this Section 11, the Options shall be cancelled immediately. Further, any profit realized from the grant of the Options, or its exercise, or from the sale of Shares, shall be forfeited by Participant to the Company, and the Participant shall be liable to the Company to return any such profit upon demand by the Company.

12. *Clawback.* The Options and any Shares acquired upon exercise of the Options shall be subject to the terms of any Company recoupment, clawback, or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Options or any Shares acquired upon exercise of the Options or other cash or property received with respect to the Options (including any gain realized from a disposition of the Shares acquired upon exercise of the Options). In addition, if the Participant incurs a termination of Continuous Service by the Company with Cause, the Committee may in its sole discretion require the Participant to forfeit any Shares previously acquired by the Participant upon exercise of the Options, repay any gain previously realized upon the disposition of any Shares acquired upon exercise of the Options, or both.

13. *Miscellaneous.*

(b) *Waiver and Amendment.* No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(c) *Notices.* All notices, demands, and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, facsimile, courier service, or personal delivery:

if to the Company, to:

Alico, Inc.
10070 Daniels Interstate Court, Suite 100
Fort Myers, Florida 33913
Facsimile: (239) 226-2004
Attention: Chairman, Compensation Committee
if to the Participant, to:

The address last on the records of the Company.

All such notices, demands, and other communications shall be deemed to have been duly given (i) when delivered by hand, if personally delivered; (ii) when delivered by courier, if delivered by commercial courier service; (iii) five business days after being deposited in the mail, postage prepaid, if mailed; and (iv) when receipt is mechanically acknowledged, if by facsimile.

(d) *Severability.* The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(e) *No Rights to Service.* Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant, or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates to remove, terminate, or discharge the Participant at any time and for any reason whatsoever.

(f) *Beneficiary.* The Participant may file with the Company a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, change or revoke such designation by filing a new designation with the Company. The last such designation received

by the Company shall be controlling; *provided, however*, that no designation, or change or revocation thereof, shall be effective unless received by the Company prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by the Participant, the beneficiary shall be deemed to be his or her spouse or, if the Participant is unmarried at the time of death, his or her estate.

(g) *Successors.* The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and shall be binding upon and inure to the benefit of the Participant and the Participant's beneficiaries, executors, administrators, heirs, and successors.

(h) *Entire Agreement.* This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations, and negotiations with respect thereto.

(i) *Bound by the Plan.* By signing this Agreement, the Participant acknowledges that he or she has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

(j) *Governing Law.* This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Florida without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Florida.

(k) *Headings.* The headings of the Sections of this Agreement are provided for convenience only and are not to serve as a basis for interpretation or construction of and shall not constitute a part of this Agreement.

(l) *Counterparts.* This Agreement may be signed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

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

ALICO, INC.

By: _____

Name: _____

Title: _____

PARTICIPANT

By: _____

Name: _____

[Signature Page to Incentive Stock Option Agreement]



**STOCK INCENTIVE PLAN OF 2015
RESTRICTED STOCK AWARD AGREEMENT**

THIS RESTRICTED STOCK AWARD AGREEMENT (this "*Agreement*"), dated as of _____, 20__ (the "*Grant Date*"), is made by and between Alico, Inc., a Florida corporation (the "*Company*"), and _____ (the "*Participant*"). Capitalized terms used herein without definition have the meanings ascribed to such terms in the Alico, Inc. Stock Incentive Plan of 2015 (the "*Plan*").

WHEREAS, the Company has adopted the Plan to give the Company a competitive advantage in attracting, retaining, and motivating officers, employees, directors, and/or consultants and to provide the Company and its Subsidiaries and Affiliates with a long-term incentive plan providing incentives directly linked to shareholder value; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its shareholders to grant the Participant a number of restricted shares of Common Stock on the terms and subject to the conditions set forth in this Agreement and the Plan.

NOW THEREFORE, in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves and their successors and assigns, hereby agree as follows:

1. *Grant of Restricted Stock Award.*

(a) *Grant.* The Company hereby grants to the Participant an award of Restricted Stock with respect to an aggregate of _____ restricted shares of Common Stock (the "*Restricted Shares*"), on the terms and subject to the conditions set forth in this Agreement and as otherwise provided in the Plan.

(b) *Incorporation by Reference, Etc.* The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan.

2. *Vesting.*

(a) *General.* Except as may otherwise be provided herein, the restricted shares shall vest on _____, 20__, subject to the Participant not having incurred a Termination of Service as of the Vesting Date.

(b) *Vesting upon a Termination of Service without Cause or for Good Reason.* If, prior to the Vesting Date, the Participant incurs a Termination of Service by the Company without Cause or, following a Change in Control, due to a resignation by the Participant for Good Reason, any unvested Restricted Shares shall fully vest and be free of any restrictions as of the date of Termination of Service.

(c) *Vesting upon Death or Disability.* If the Participant incurs a Termination of Service due to the Participant's death or Disability, any unvested Restricted Shares shall fully vest and be free of restrictions as of the date of the Termination of Service.

(d) *Other Termination of Service.* If the Participant incurs a Termination of Service for any reason other than death, Disability, a termination without Cause, or, following a Change in Control, a resignation for Good Reason, any unvested Restricted Shares shall be forfeited by the Participant without consideration.

3. *Tax Withholding.* The Company shall reasonably determine the amount of any federal, state, local, or other income, employment, or other taxes that the Company or any of its Subsidiaries may reasonably be obligated to withhold with respect to the grant, vesting, or other event with respect to the Restricted Shares. The Company's obligation to deliver the Restricted Shares or any certificates evidencing the Restricted Shares (or to make a book-entry or other electronic notation indicating ownership of the Restricted Shares), or otherwise remove the restrictive notations or legends on such Restricted Shares or certificates that refer to nontransferability as set forth in Section 5, is subject to the condition precedent that the Participant either pay or provide for the amount of any such withholding obligations in such manner as may be authorized by the Committee or as may otherwise be permitted under Section 14(d) of the Plan.

4. *Section 83(b) Election; Independent Tax Advice.* The Participant acknowledges that it is the Participant's sole responsibility, and not the Company's, to file a timely election under Section 83(b) of the Code, even if the Participant requests that the Company or its representative assist the Participant in making this filing. The Participant shall promptly notify the Company of any election made pursuant to Section 83(b) of the Code. The Participant acknowledges that the tax laws and regulations applicable to the Restricted Shares and the disposition of the Restricted Shares following vesting are complex and subject to change, and it is the sole responsibility of the Participant to obtain the Participant's own advice as to the tax treatment of the terms of this Agreement.

5. *Issuance of Restricted Stock.* The Restricted Shares shall be issued by the Company and shall be registered in the Participant's name on the stock transfer books of the Company promptly after the Grant Date. Any certificates representing the Restricted Shares shall remain in the physical custody of the Company or its designee at all times prior to, in the case of any particular Restricted Share, the date on which such Restricted Share vests. Any certificates representing the Restricted Shares shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Alico, Inc. Stock Incentive Plan of 2015 and an Award Agreement. Copies of such Plan and Agreement are on file at the offices of Alico, Inc., 10070 Daniels Interstate Court, Suite 100, Fort Myers, FL 33913.

As soon as practicable following the vesting of any Restricted Share, the Company shall ensure that its stock transfer books reflect the vesting. If certificates for the Restricted Share exist, such certificates for such vested Restricted Share shall be delivered to the Participant or to the Participant's legal representative along with the stock powers relating thereto.

6. *Dividend and Voting Rights.* After the Grant Date, the Participant shall be the record owner of the Restricted Shares, unless and until such Restricted Shares are forfeited pursuant to the Participant's Termination of Service or sold or otherwise disposed of, and as record owner shall be entitled to all rights of a common shareholder of the Company, including, without limitation, voting rights and rights to payment of cash dividends, if any, with respect to the Restricted Shares; *provided* that extraordinary dividends shall be subject to the provisions of Section 3(d) of the Plan; and *provided, further*, that the Restricted Shares shall be subject to the limitations on transfer and encumbrance set forth in this Agreement and Section 6(b)(iii) of the Plan.

7. *Transferability.* The Restricted Shares may not, at any time prior to becoming vested, be assigned, alienated, pledged, attached, sold, or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance shall be void and unenforceable against the Company, its Subsidiaries, and its Affiliates; *provided* that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer, or encumbrance. The Restricted Shares shall be subject to the restrictions set forth in the Plan and this Agreement.

8. *Change in Control.* In the event of a Change in Control occurring after the Grant Date, the Restricted Shares shall be treated in accordance with Section 10 of the Plan.

9. *Miscellaneous.*

(a) *Waiver and Amendment.* The Committee may waive any conditions or rights under, or amend any terms of, this Agreement and the Restricted Shares granted hereunder; *provided* that any such waiver or amendment that would impair the rights of the Participant or any holder or beneficiary of the Restricted Shares granted hereunder shall not to that extent be effective without the consent of the Participant. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(b) *Notices.* All notices, demands, and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, facsimile, courier service, or personal delivery:

If to the Company to:

Alico, Inc.
10070 Daniels Interstate Court, Suite 100
Fort Myers, Florida 33913
Attention: Chief Financial Officer

if to Participant to:

The address last on the records of the Company.

All such notices, demands, and other communications shall be deemed to have been duly given (i) when delivered by hand, if personally delivered; (ii) when delivered by courier, if delivered by commercial courier service; (iii) five business days after being deposited in the mail, postage prepaid, if mailed; and (iv) when receipt is mechanically acknowledged, if by facsimile.

(c) *Severability.* The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(d) *No Rights to Service.* Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant, or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which is hereby expressly reserved, to remove, terminate, or discharge the Participant at any time and for any reason whatsoever.

(e) *Beneficiary.* The Participant may file with the Company a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, change or revoke such designation by filing a new designation with the Company. The last such designation received by the Company shall be controlling; *provided, however,* that no designation, or change or revocation thereof, shall be effective unless received by the Company prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by the Participant, the beneficiary shall be deemed to be his or her spouse or, if the Participant is unmarried at the time of death, his or her estate.

(f) *Successors.* The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and shall be binding upon and inure to the benefit of the Participant and the Participant's beneficiaries, executors, administrators, heirs, and successors.

(g) *Entire Agreement.* This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations, and negotiations with respect thereto.

(h) *Bound by the Plan.* By signing this Agreement, the Participant acknowledges that he or she has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

(i) *Governing Law.* This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Florida without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Florida.

(j) *Headings.* The headings of the Sections of this Agreement are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(k) *Counterparts.* This Agreement may be signed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]



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

ALICO, INC.

By: _____
Name:
Title:

PARTICIPANT

By: _____
Name:

PURCHASE OPTION AGREEMENT

THIS PURCHASE OPTION AGREEMENT (this “Agreement”) is made and entered into as of this 13th day of August, 2021 (the “Effective Date”), by and between **ALICO, INC.**, a Florida corporation (“Alico”) and 734 LMC Groves LLC, a Florida limited liability company (“734 LMC” and together with Alico, collectively, “Seller”), and **VULCAN LANDS, INC.**, a New Jersey corporation (“Purchaser”), as follows:

Recitals

A. Seller is the owner of approximately 1,178 acres of real property located in Polk County, Florida, as more particularly described or depicted on **Exhibit A** attached hereto and made a part hereof (the “Land”) (together with structures, buildings, facilities and other improvements located thereon and all easements, reversions, rights, privileges, rights-of-way and other appurtenances belonging or appertaining thereto, collectively with the Land, the “Real Property”).

B. Seller may own certain mineral and non-mineral substances lying on or under the Land, if any, including, but not limited to, all stone, limestone, granite, gravel, clay, sand, rock, sandstone and shale, and all mining and other rights pertaining the Land, if any (the “Mineral Rights”). The Real Property and the Mineral Rights shall hereinafter be referred to herein as the “Property”).

C. Seller is in the business of growing, cultivating and harvesting citrus trees located on the Land (“Citrus Trees”). All citrus fruit crops grown or to be grown on the Citrus Trees, as well as all equipment, engines and power units (including all gear heads, filters, fuel tanks, injection pumps and other associated apparatus necessary for the operation of such engines and power units), machinery, well-heads, pumps, power and other irrigation equipment presently on the Land and specifically described on **Exhibit B** attached hereto (collectively, the “Excluded Property”) are expressly excluded from the Property, are not the subject of the Option (defined below) and shall not be sold or transferred to Purchaser pursuant to this Agreement but shall at all times remain wholly owned by and belong to Seller after Closing (as defined below).

D. Seller desires to grant to Purchaser a purchase option for the Property, pursuant to the terms and conditions of this Agreement.

Agreement

NOW, THEREFORE, in consideration of the above Recitals and other good and valuable consideration, including the mutual covenants and promises herein contained the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser hereby agree as follows:

1. Option to Purchase the Property; Option Deposits. Subject to the terms and conditions of this Agreement, Purchaser shall have the exclusive option (the “Option”) to purchase the Property from Seller for a purchase price of \$21,793,000.00 (the “Purchase Price”) for a period of time beginning on the Effective Date and continuing until the date that is one hundred eighty (180) days thereafter (the “Option Period”). Following the Effective Date, Purchaser will remit to Seller, within five (5) business days after receiving Seller’s IRS Form W-9, a check or wire transfer in the amount of \$120,000.00 (the “Initial Option Deposit”). Purchaser shall have the right, but

not the obligation, to extend the Option Period for an additional ninety (90) days by giving the Seller written notice thereof (the "Extension Notice") any time prior to the expiration date of the initial 180-day Option Period and by the payment of an additional option deposit in the amount of \$50,000.00 (the "Extended Option Deposit") within five (5) business days following the delivery of the Extension Notice. The Initial Option Deposit and the Extended Option Deposit are collectively referred to herein as the "Option Deposits". In the event Purchaser fails to timely pay to Seller the Initial Option Deposit or the Extended Option Deposit, Seller may terminate this Agreement by providing written notice to Purchaser. The Option Deposits will be completely non-refundable to Purchaser upon receipt by Seller, except in the event that Seller shall fail to consummate the transaction as contemplated herein for any reason other than Purchaser's default, but applicable to the Purchase Price to be paid by Purchaser at Closing (as hereinafter defined). Purchaser may, in its sole discretion, exercise the Option at any time during the Option Period by giving Seller written notice that Purchaser has elected to exercise the Option (the "Option Purchase Notice").

2. Closing.

- (a) During the Inspection Period (as hereinafter defined), Purchaser shall order and deliver to Seller a title insurance commitment (the "Title Commitment") for the issuance by Stewart Title Guaranty Company (the "Title Company") of an owner's title insurance policy (the "Title Policy"), covering title to the Real Property and in the amount of the Purchase Price. Purchaser's delivery of the Title Commitment to Seller shall include copies of all exception documents referenced in Schedule B-2 of the Title Commitment. Should Purchaser determine that, based on the Title Commitment, title to the Real Property is unsatisfactory to Purchaser for reasons other than the existence of exceptions which are required to be discharged by the Seller at or before Closing as provided herein, then Purchaser shall notify Seller within the Inspection Period of those liens, encumbrances, exceptions, or qualifications to title which either are unsatisfactory to Purchaser or are not contemplated by this Agreement to be discharged by Seller at or before the Closing, and any such liens, encumbrances, exceptions, or qualifications shall be hereinafter referred to as "Title Defects." Within fifteen (15) days after receipt of such written notice from Purchaser, Seller shall respond in writing, informing Purchaser whether Seller has elected, in its sole discretion, to attempt to cure such Title Defects. Seller's failure to respond to Purchaser within the foregoing 15-day time period shall be deemed an election by Seller not to attempt to cure the Title Defects. If Seller decides not to cure, or is deemed to have not elected to cure, the Title Defects, then Purchaser may elect to terminate this Agreement by giving written notice of termination to Seller, or, alternatively, Purchaser may elect to close the Purchaser's purchase of the Property, accepting the conveyance of the Property subject to the Title Defects (without any adjustment of the Purchase Price) in which event, the Closing shall take place on the date specified in this Agreement. If Seller decides to attempt to cure the Title Defects, Seller shall use commercially reasonable efforts, at no cost to Seller, to effectuate such a cure by the Closing Date. If Seller is unable to cure the Title Defects on or before the Closing Date, then Purchaser may either terminate this Agreement or alternatively, Purchaser may elect to close the Purchaser's purchase of the Property, accepting the conveyance of the Property subject to the Title Defects, which shall be deemed Permitted Exceptions hereunder. Any title defect to which Purchaser does not timely object shall be deemed a Permitted Exception hereunder. Notwithstanding the
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foregoing, Seller shall be obligated to remove at Closing any mortgage or monetary liens affecting the Property and created or caused by Seller utilizing the Seller's proceeds from Closing, and Purchaser shall not be required to object to such liens. The cost of the Title Policy to be issued in the amount of the Purchase Price shall be paid by Purchaser. Any additional title insurance coverage and any title endorsements or special coverages required by Purchaser shall be paid for solely by Purchaser.

- (b) For the purposes of this Agreement, the term "Permitted Exceptions" shall mean: (A) current city, state and county ad valorem and non-ad valorem taxes and assessments not yet due and payable; (B) easements for the installation or maintenance of public utilities serving only the Property and which are not the subject of a title objection (or which are the subject of a title objection, but are cured or waived); (C) oil, gas and mineral rights not owned directly or indirectly by Seller, any beneficiary or trustee of Seller, or any person or entity controlling or controlled by or under common control with Seller or any such beneficiary or trustee; (D) all applicable laws, including zoning, building ordinances and land use regulations; (E) all matters that may be revealed by a current and accurate survey of the Land which are not the subject of a title objection (or which are the subject of a title objection, but are not cured or waived); (F) the Lease Agreement (hereinafter defined); and (G) and those matters described in Section 2(c) below. Seller covenants and agrees that it will not cause or allow any actions to be taken after the effective date of the Title Commitment which would result in the addition of any exceptions to the final title insurance policy issued pursuant to the Title Commitment which are not set forth as exceptions on the Title Commitment.
- (c) Any easement, right-of-way, encumbrance, matter of record or other matter (other than a lien securing indebtedness) which is reflected as a non-standard exception (which is an exception related to a specific instrument recorded in the applicable public registry) in the Title Commitment and which is not the subject of a title objection (or which is the subject of a title objection, but is cured or waived as described above) shall become a "Permitted Exception."
- (d) During the Inspection Period, Purchaser shall, at Purchaser's sole cost and expense, obtain a current boundary or ALTA survey of the Property (the "Survey"). The Survey shall depict the Land by metes and bounds description, which description shall be consistent with and accurately describe the area of land depicted in the aerial photograph of the Land attached hereto as **Exhibit A**. The Survey shall be certified by the Surveyor to Purchaser, Seller and the Title Company and shall otherwise be in a form satisfactory to the Title Company, Seller and Purchaser. Upon completion of the Survey, Purchaser shall furnish Seller with two (2) signed and sealed original prints and one electronic copy thereof. Subject to the forgoing provisions, the Survey shall be used as the basis for the preparation of a legal description to be included in the Deed (hereinafter defined) to be delivered by Seller to Purchaser at Closing. Purchaser shall notify Seller in writing within the Inspection Period specifying any matters shown on the Survey which adversely affect the title to the Land and the same shall be deemed to be Title Defects which shall be dealt with within the same time, manner, and subject to the limitations provided in Sections 2(a), 2(b) and 2(c) above.
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- (e) During the period of time beginning on the Effective Date and ending at 5:00 p.m. Eastern Standard/Daylight Savings Time on the 30th day after the date of the Option Purchase Notice (the “Inspection Period”), Purchaser and Purchaser’s agents, employees, contractors, consultants and other representatives shall have the right, at Purchaser’s sole cost and expense, to enter upon the Property and conduct or perform such examinations, tests, studies, evaluations, investigations, inspections and explorations on, of and with respect to the Property as Purchaser deems necessary or appropriate (collectively, the “Inspections”). Without limiting the generality of the foregoing, the Inspections may include coring, augering, drilling and otherwise testing and sampling stone, rock, gravel, sand, soil, earth and any other construction material in, on and under the Property and bringing thereon, operating and removing such tools, machinery and equipment as are necessary or appropriate in connection therewith, reviewing the Title Commitment, preparing and reviewing the Survey, reviewing all applicable title matters affecting any portion of the Property, seeking to obtain the Approvals (as hereinafter defined), evaluating and/or conducting all engineering, topographical, geological, floodway, soil, surface, subsurface and environmental testing, and otherwise conducting and performing all other tests and evaluations affecting the Property as Purchaser may require; provided, however, that (i) all such tests, investigations and studies on the Property shall be conducted during normal business hours and shall not damage the Property or interfere with Seller’s use, occupancy or operation of the Property and (ii) Seller or Seller’s agent may accompany Purchaser at all times during any site inspection or testing. Purchaser does hereby indemnify, agree to defend and hold Seller harmless from and against any and all claims, costs, expenses and liabilities, including reasonable attorneys’ fees, suffered, paid or incurred by Seller arising out of or by virtue of (i) any injury or damage to person (including death) or property caused by any act or omission of Purchaser, its agents, employees or contractors in conducting or performing any of the Inspections and (ii) Purchaser’s failure to pay all bills, invoices, costs and other charges relating to the Inspections. Purchaser shall maintain adequate insurance to cover its indemnification obligations hereunder. Specifically, prior to any entry on the Property by Purchaser or its agents, employees or contractors, Purchaser shall obtain and maintain, at Purchaser’s sole cost and expense, and shall deliver to Seller evidence of, the following insurance coverage, and shall cause each of its agents, consultants and contractors to obtain and maintain and deliver to Seller evidence of, the following insurance coverage: general liability insurance, from an insurer reasonably acceptable to Seller, in the amount of One Million Dollars (\$1,000,000) combined single limit for personal injury and property damage per occurrence and Two Million Dollars (\$2,000,000) aggregate, such policy to name Seller as an additional insured party, which insurance shall provide coverage against any claim for personal liability or property damage caused by Purchaser or its agents, consultants, employees or contractors in connection with such inspections and tests. Before the entry onto the Property by Purchaser or any of its agents, Purchaser must furnish Seller with a certificate of insurance, evidencing the above coverage, which certificate must provide that such insurance shall not be cancelled or changed until at least 10 days’ written notice is given to Seller. Neither Purchaser nor Purchaser’s agents, employees or contractors shall contact or communicate with any tenant or occupant of the Property without Seller’s prior written consent, and without the opportunity of Seller to be present. Notwithstanding anything to the contrary set forth in this Agreement, however, Purchaser will not make or
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cause to be made any coring, augering, drilling or borings in the Property without Seller's prior written consent, which consent may be granted, conditioned, or withheld by Seller in its reasonable discretion, and which may require submission to Seller of a proposed work plan in a form reasonably acceptable to Seller and its engineering consultants prior to the initiation of any such testing. Purchaser agrees that the information obtained pursuant to its due diligence investigations and studies or inspections shall be kept in confidence and shall not be revealed to outside parties other than to Purchaser's agents, representatives, lenders, investors, principals, affiliates, or as otherwise required by law, which obligation shall survive termination of this Agreement. Purchaser further agrees to: (1) promptly pay or cause to be removed any liens filed against any of the Property as a result of any actions taken above by or on behalf of Purchaser; (2) promptly repair and restore the Property and all improvements thereon to its condition existing immediately prior to the conduct of Purchaser's entry thereon; and (3) assume all risks involved in entering upon the Property. The terms and provisions of this Section 2(e) shall survive the Closing and any earlier termination of this Agreement.

- (f) If, at any time on or before the expiration of the Inspection Period, Purchaser determines, in its sole and absolute discretion, that any of the Inspections are unacceptable to Purchaser, then Purchaser shall have the unqualified right, at its option, to terminate this Agreement upon written notice to Seller given at any time on or before the expiration of the Inspection Period, and upon provision of such notice, this Agreement shall be deemed terminated and, except for the indemnification, repair and restore obligations of Purchaser set forth hereinabove, neither party shall have any further obligation or liability to the other hereunder. After expiration of the Inspection Period, Purchaser shall have no further right to terminate this Agreement pursuant to the provisions of this Section 2(f).
 - (g) Promptly upon request by Purchaser, Seller covenants and agrees to provide to Purchaser any and all documents, instruments and agreements in Seller's possession or control relating to the Property, including, without limitation, Seller's vesting deed, surveys, title insurance commitments and policies, environmental studies, soils reports and topographic surveys, documentation relating to the current zoning of the Property, and information concerning floodways affecting the Property. Purchaser hereby acknowledges, covenants, and agrees that any information provided by Seller to Purchaser based upon any reports, studies, surveys, permits, plans, approvals, and all other information and documentation obtained by or for Seller and delivered to Purchaser either before the Effective Date or pursuant to this Section 2(e) are provided to Purchaser for informational purposes only and are without representation or warranty of any kind whatsoever, either express or implied and is without recourse to Seller with respect to the accuracy of any information or statements contained therein. Purchaser further acknowledges that Purchaser has been advised not to rely upon such documents without making an independent investigation or inquiry as to the accuracy of the information or statements contained in the information provided by Seller. Purchaser hereby releases Seller from any and all claims Purchaser might otherwise have based upon any reports, studies, surveys, permits, plans, approvals, and all other information and documentation obtained by or for Seller and delivered to Purchaser, except for claims arising from or related to fraud committed by Seller or a willful and intentional misrepresentation made by Seller.
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- (h) Intentionally Deleted.
- (i) Seller represents and warrants to Purchaser, as of the Effective Date and as of the Closing Date (as hereinafter defined), that:
- (i) Seller owns fee simple title to the Real Property, free and clear of all liens and encumbrances except for the Permitted Exceptions;
 - (ii) Subject to the Lender's Consents and Approvals the Tropicana Consent and Release, Seller has the lawful right, power, authority and capacity to sell the Property in accordance with the terms, provisions and conditions of this Agreement. Furthermore, no person or entity now has, or as of the Closing Date shall have, any possessory interest in the Property, under a lease or otherwise;
 - (iii) To Seller's knowledge, there are no actions, suits or proceedings pending or threatened against, by or affecting Seller or the Property or which question the validity or enforceability of this Agreement or of any action taken or to be taken by Seller under this Agreement, in any court or before any governmental authority, domestic or foreign;
 - (iv) Seller has received no written notice from any governmental agency that the Property is in violation of any zoning or other laws, rules, ordinances, codes or regulations of any governmental agency;
 - (v) Notwithstanding anything herein to the contrary, Seller expressly affirms and Purchaser acknowledges that the Real Property has been used historically for agricultural purposes, and may be subject to environmental issues related to such agricultural uses, including without limitation, the use of agricultural chemicals and other Hazardous Substances (as defined herein below) commonly used in and for the purpose of agricultural operations. Subject to the foregoing disclosures and except to the extent disclosed in any reports that are provided by Seller to Purchaser pursuant to Section 2(e) above, to Seller's knowledge, Seller has not received any written notice of any claim, demand, action or proceeding of any kind relating to any past or present Release of any Hazardous Substances in, on or under the Real Property. As used in this Agreement, the following definitions shall apply: "Environmental Laws" shall mean all federal, state and local laws, ordinances, rules and regulations now or hereinafter in force, as amended from time to time, and all federal and state court decisions, consent decrees and orders interpreting or enforcing any of the foregoing, in any way relating to or regulating human health or safety, or industrial hygiene or environmental conditions, or protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, and includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., and the Clean Water Act, 33 U.S.C. §1251, et seq. For purposes of this Agreement, the term "Hazardous Substances" shall mean any substance or material that is described as a toxic or hazardous substance, waste or material or a pollutant
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or contaminant, or words of similar import, in any of the Environmental Laws, and includes asbestos, petroleum (including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof), petroleum products, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive matter, medical waste, and chemicals which may cause cancer or reproductive toxicity. “Release” shall mean any spilling, pumping, pouring, emitting, emptying, discharging, injecting, leaching, dumping or disposing into the environment of Hazardous Substances onto or through soil, surface water or groundwater;

- (vi) From and after Seller’s receipt of the Initial Option Deposit and continuing until the Closing Date, without obtaining Purchaser’s prior written consent, Seller shall not convey the Property, or enter into any agreement that will be binding on the Property or Purchaser after the Closing; and
- (vii) Other than the Lender Consents and Approvals and the Tropicana Consent and Release, Seller has the full right and authority and has obtained all consents required to enter into this Agreement and consummate the purchase and sale transaction contemplated hereby. This Agreement and all the documents to be entered into by Seller at the Closing have been and will be duly authorized and properly executed and will constitute the valid and binding obligations of Seller. The persons signing this Agreement on behalf of Seller are authorized to do so and this Agreement constitutes a valid and binding obligation of Seller. All of the documents to be delivered by Seller at the Closing will be duly authorized and properly executed and will constitute the valid and binding obligations of Seller.

Any representation made to Seller’s “knowledge” will not be deemed to imply any duty of inquiry or investigation. For purposes of this Agreement, the term “Seller’s knowledge” means the current, actual knowledge of Daniel Sutton without any independent investigation or inquiry whatsoever and will not be construed to refer to the knowledge of any other officer, director, agent, employee or representative of Seller, or any affiliate of Seller, or to impose upon such party any duty to investigate the matter to which such actual knowledge or the absence thereof pertains, or to impose upon such party any individual personal liability. Daniel Sutton shall not be deemed to be a party to this Agreement nor to have made any representations or warranties hereunder, and no recourse shall be had to such individual for any of Seller’s representations and warranties hereunder (and Purchaser hereby waives any liability of or recourse against such individuals).

The representations and warranties made in this Agreement by Seller shall be continuing and shall be deemed remade in all material respects by Seller as of the Closing Date, with the same force and effect as if made on, and as of, such date. All representations and warranties made in this Agreement by Seller shall survive the Closing for a period of one (1) year.

PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, SELLER IS TRANSFERRING THE PROPERTY IN “AS IS, WHERE IS CONDITION AND WITH ALL FAULTS” AS OF THE CLOSING DATE AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTEES, EITHER EXPRESS OR

IMPLIED, AS TO THEIR CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY, OR ANY OTHER WARRANTY OF ANY KIND, NATURE, OR TYPE WHATSOEVER FROM OR ON BEHALF OF SELLER. PURCHASER AGREES THAT THEY WILL PERFORM SUCH EXAMINATIONS AND INVESTIGATIONS OF THE PROPERTY AND THE FINANCIAL AND PHYSICAL CONDITION THEREOF AS NEEDED AND NECESSARY. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT AND ANY DOCUMENTS DELIVERED BY SELLER AT CLOSING, SELLER SPECIFICALLY DISCLAIMS, AND PURCHASER IS NOT RELYING ON ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, MADE BY SELLER, OR ANY AGENT, AFFILIATE, REPRESENTATIVE, EMPLOYEE OR PRINCIPAL OF SELLER WITH RESPECT TO THE PROPERTY (INCLUDING, BUT NOT LIMITED TO, THE PRESENCE OF ANY HAZARDOUS SUBSTANCES AT, ON, UPON OR UNDER THE PROPERTY). EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER SHALL HAVE NO LIABILITY TO PURCHASER WITH RESPECT TO THE CONDITION OF THE PROPERTY UNDER COMMON LAW, OR ANY FEDERAL, STATE, OR LOCAL LAW OR REGULATION.

PURCHASER REPRESENTS TO SELLER THAT PURCHASER WILL CONDUCT PRIOR TO CLOSING, SUCH INVESTIGATIONS OF THE PROPERTY AS PURCHASER DEEMS NECESSARY OR DESIRABLE TO SATISFY ITSELF AS TO ANY MATTER RELATING TO THE PROPERTY AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT) PROVIDED BY OR ON BEHALF OF SELLER, SELLER'S AGENTS, EMPLOYEES OR THIRD PARTIES REPRESENTING, OR PURPORTING TO REPRESENT SELLER, WITH RESPECT THERETO. UPON CLOSING, PURCHASER SHALL ASSUME THE RISK THAT ADVERSE MATTERS REGARDING THE PROPERTY MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INVESTIGATIONS, AND PURCHASER, UPON CLOSING, SHALL BE DEEMED, ON BEHALF OF ITSELF AND ON BEHALF OF ITS TRANSFEREES AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, TO WAIVE, RELINQUISH, RELEASE AND FOREVER DISCHARGE SELLER AND SELLER'S AFFILIATES FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, BY REASON OF OR ARISING OUT OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT DEFECT OR OTHER PHYSICAL CONDITION WHETHER PURSUANT TO STATUTES IN EFFECT IN THE STATE OF FLORIDA OR ANY FEDERAL OR LOCAL ENVIRONMENTAL OR HEALTH AND SAFETY LAW OR REGULATION, THE EXISTENCE OF ANY HAZARDOUS SUBSTANCES WHATSOEVER, ON, AT, TO, IN, ABOVE, ABOUT, UNDER, FROM OR IN THE VICINITY OF THE PROPERTY.

PURCHASER'S RELEASE OF SELLER AS SET FORTH IN THIS SECTION SHALL NOT PERTAIN TO ANY CLAIM OR CAUSE OF ACTION BY ANY PURCHASER AGAINST SELLER FOR A BREACH BY A SELLER OF A (1) REPRESENTATION OR WARRANTY EXPRESSLY SET FORTH IN SECTION 2(g) OF THIS AGREEMENT, OR (2) WARRANTY

EXPRESSLY SET FORTH IN ANY DOCUMENTS DELIVERED PURSUANT TO THE TERMS HEREOF BY SELLER TO PURCHASER AT CLOSING, INCLUDING THE WARRANTY OF TITLE INCLUDED IN THE DEED.

- (j) Purchaser represents and warrants to Seller, as of the Effective Date and as of the Closing Date, that:
- (i) Purchaser has the full right and authority and has obtained all consents required to enter into this Agreement and consummate the purchase and sale transaction contemplated hereby;
 - (ii) this Agreement and all the documents to be entered into by Purchaser at the Closing have been and will be duly authorized and properly executed and will constitute the valid and binding obligations of Purchaser;
 - (iii) the person signing this Agreement on behalf of Purchaser is authorized to do so and this Agreement constitutes a valid and binding obligation of the Purchaser;
 - (iv) all of the documents to be delivered by Purchaser at the Closing will be duly authorized and properly executed and will constitute the valid and binding obligations of Purchaser;
 - (v) neither the execution, delivery or performance of this Agreement by Purchaser, nor compliance with the terms and provisions hereof, will result in any breach of the terms, conditions or provisions of, or conflict with or constitute a default under the terms of any indenture, deed to secure debt, mortgage, deed of trust, note, evidence of indebtedness or any other agreement or instrument by which Purchaser is bound;
 - (vi) no investigation, action or proceeding is pending or, to Purchaser's knowledge, threatened, which questions the validity of this Agreement or any action taken or to be taken pursuant hereto;
 - (vii) Purchaser is not insolvent and is not in the hands of a receiver nor is an application for the appointment of a receiver pending; Purchaser has not made an assignment for the benefit of creditors, nor has Purchaser filed, or had filed against it, any petition in bankruptcy; and
 - (viii) none of the funds to be used for payment by Purchaser of the Purchase Price will be subject to 18 U.S.C. §§ 1956-1957 (Laundering of Money Instruments), 18 U.S.C. §§ 981-986 (Federal Asset Forfeiture), 18 U.S.C. §§ 881 (Drug Property Seizure), Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001, or the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56 (the "USA Patriot Act").
- In addition, Purchaser is not, and will not become, a person or entity with whom U.S. persons are restricted from doing business with under the regulations of the Office of Foreign Asset Control ("OFAC") of the Department of Treasury (including those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), the USA Patriot Act, or other governmental action.

The representations and warranties made in this Agreement by Purchaser shall be continuing and shall be deemed remade in all respects by Purchaser as of the Closing Date, with the same force and effect as if made on, and as of, such date. All representations and warranties made in this Agreement by Purchaser shall survive the Closing.

- (k) The consummation of the sale by Seller and the purchase by Purchaser of the Property (the "Closing") shall be effected by means of a "mail-away" closing through escrow with the Title Company (pursuant to escrow instruction letters or a separate escrow agreement entered into between Seller, Purchaser and the Title Company to govern such
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escrow arrangement), at 10:00 a.m. Eastern Standard/Daylight Savings Time on the date (the “Closing Date”) which is fifteen (15) days following the expiration of the Inspection Period (i.e., 45 days following the date of the Option Purchase Notice, notifying Seller that Purchaser has elected to exercise the Option), or at such other time and place as may be mutually agreed upon by the parties.

- (l) At the Closing, Seller shall deliver to Purchaser the following:
 - (i) A Special Warranty Deed (the “Deed”) conveying good and marketable fee simple title to the Real Property to Purchaser free and clear of all liens and encumbrances except for the Permitted Exceptions;
 - (ii) An owner’s affidavit in the form reasonably required by the Title Company and acceptable to Seller;
 - (iii) Such authorization as the Title Company may deem reasonably necessary to evidence the authorization of Seller to deliver the Deed and the other Closing documents;
 - (iv) A certificate executed by Seller reaffirming and updating to the Closing Date all of the representations and warranties given by Seller as herein provided;
 - (v) A non-foreign transferor affidavit in compliance with the provisions of the Foreign Investment in Real Property Tax Act (Section 1445 of the Internal Revenue Code of 1986, as amended);
 - (vi) The Lease Agreement (as such term is defined in Section 3(t)), as executed by Seller;
 - (vii) A settlement statement setting forth the amounts paid by or on behalf of and/or credited to each of Purchaser and Seller pursuant to this Agreement (the “Settlement Statement”); and
 - (viii) Such other instruments of transfer and documents as may be reasonably necessary or appropriate to the sale and delivery of the Property or as may be otherwise required by this Agreement.
 - (m) At the Closing, Purchaser shall deliver to Seller (i) by wire transfer to an account designated by Seller, currently available federal funds in an amount equal to the Purchase Price and subject to such credits, prorations and adjustments as are provided herein; (ii) the Lease Agreement, as executed by Purchaser; (iii) a certificate executed by Purchaser reaffirming and updating to the Closing Date all of the representations and warranties given by Purchaser as herein provided, (iv) the Settlement Statement, and (iv) such other documents as may be reasonably required to properly consummate the purchase and sale transaction contemplated herein.
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- (n) At the Closing, the Title Company shall be required to issue a proforma title insurance policy for the Property in the amount of the Purchase Price insuring good and marketable fee simple title to the Property free and clear of all liens and encumbrances other than the Permitted Exceptions.
- (o) All real estate ad valorem taxes applicable to the Property for the year of Closing shall be prorated as of the Closing Date on the basis of the most recent tax bill or valuation notice received for the Property. In the event that, after the Closing Date, any additional real estate taxes or assessment are levied, imposed or assessed against the Property for periods after the Closing Date, Purchaser shall be responsible for payment of such taxes and assessments in full within the time fixed for payment thereof and before the same become delinquent. Without limiting the obligations of Purchaser pursuant to the immediately preceding sentence, Purchaser shall, and does hereby, indemnify, defend and hold harmless Seller from and against any such taxes and assessments (including all interest and penalties assessed or imposed in connection therewith) relating to periods after the Closing Date.
- (p) Purchaser shall pay the costs of the Title Commitment, title search and the title insurance premium for the Title Policy, including all endorsements thereto, as well as the Survey, appraisal and environmental audits. Seller shall pay the costs of all taxes and other charges on the Deed and fees associated with the recording of the Deed. Seller and Purchaser shall split evenly the cost of any escrow fee charged by the Title Company. Purchaser and Seller shall each pay their respective costs for their own attorney's fees for services related to the negotiation and preparation of this Agreement and the sale and purchase of the Property. Any costs or expenses which have not been specifically addressed herein shall be borne by such party who customarily bears such costs or expenses in commercial real estate transactions in the Polk County, Florida area.
- (q) In the event that Seller shall fail to consummate the transaction as contemplated herein for any reason other than Purchaser's default, then Purchaser shall have the right to either: (i) terminate this Agreement and receive an immediate refund of the Option Deposits; or (ii) enforce this Agreement and the purchase and sale transaction contemplated herein by specific performance; provided, however, that Purchaser must file suit for specific performance within sixty (60) days after the scheduled date of Closing, failing which Purchaser shall automatically be deemed to have waived the right to seek specific performance and shall only be entitled to the remedy described in item (i) of above. The remedies provided in this Section 2(q) are Purchaser's exclusive remedies for Seller's defaults and Purchaser waives and releases all other remedies available at law or in equity including claims for damages allegedly resulting from the Seller defaults. Notwithstanding anything to the contrary stated herein, nothing in this Section 2(o) is intended to nor shall limit the remedies available to Purchaser at law or in equity relating to a default of any obligation of Seller which is expressly provided to survive Closing or termination of this Agreement. The provisions of this Section 2(o) shall survive the Closing or the earlier termination of this Agreement.
- (r) If (i) any representation or warranty of Purchaser set forth in this Agreement shall prove to be untrue or incorrect in any respect, or (ii) Purchaser shall fail to keep,
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observe, perform, satisfy or comply with, fully and completely, any of the terms, covenants, conditions, agreements, requirements, restrictions or provisions required by this Agreement to be kept, observed, performed, satisfied or complied with by Purchaser, or

(iii) the purchase and sale of the Property is otherwise not consummated in accordance with the terms and provisions of this Agreement due to circumstances or conditions which constitute a default by Purchaser under this Agreement, the Option Deposits shall be accepted by Seller as full liquidated damages for such default. Seller and Purchaser acknowledge that Seller's actual damages in the event of a default by Purchaser under this Agreement will be difficult to ascertain, that such liquidated damages represent the Seller's and Purchaser's best estimate of such damages, and that Seller and Purchaser believe such liquidated damages are a reasonable estimate of such damages. Seller and Purchaser expressly acknowledge that the foregoing liquidated damages are intended not as a penalty, but as full liquidated damages in the event of Purchaser's default and as compensation for Seller's taking the Property off the market during the term of this Agreement. Subject to the provisions of the second-to-last sentence in this Section 2(p), the Option Deposits shall be the sole and exclusive remedy of Seller by reason of Purchaser's defaults, and Seller hereby waives and releases any right to sue Purchaser or to assert that Seller's actual damages exceed the Option Deposits, which is herein provided to Seller as full liquidated damages. Notwithstanding anything to the contrary stated herein, nothing in this Section 2(p) is intended to nor shall limit the remedies available to Seller at law or in equity relating to a default of any repair, indemnification, hold harmless and defend obligations of Purchaser set forth in this Agreement or any other obligation of Purchaser which is expressly provided to survive Closing or termination of this Agreement. The provisions of this Section 2(o) shall survive the Closing or the earlier termination of this Agreement.

- (s) Seller shall remain in possession of the Property after Closing pursuant to the Lease Agreement (hereinafter defined). Other than Seller's rights under the Lease Agreement, on the Closing Date, the Property shall be free of any other tenancy, leases or rights of occupancy other than any such rights arising out of the Permitted Exceptions.
- (t) During the period of time beginning on the Effective Date and continuing until the Closing Date, Purchaser shall have the right, but not the obligation, at Purchaser's expense, to undertake (i) to obtain rezoning for all of the Property to a heavy industrial and agricultural zoning classification under any applicable zoning ordinances, or to obtain a special use permit issued by the appropriate governmental authority (as applicable, the "Rezoning"), which, in either event, will unconditionally allow (or will allow with conditions, exceptions or variances acceptable to Purchaser in its sole, absolute discretion) Purchaser to use the entire Property for Purchaser's proposed sand mining, processing, sales and related operations ("Purchaser's Intended Use") and Seller's agricultural use of the Property pursuant to the Lease Agreement; (ii) to subdivide the Property from the tax parcel of which it is a part, as and to the extent required by applicable law (the "Subdivision"); and (iii) to obtain all licenses, permits and approvals (including environmental and utilities permits and approvals) necessary or desirable for Purchaser to use the Property for Purchaser's Intended Use (the "Permitting", and collectively with the Rezoning and the Subdivision, the "Approvals"). Purchaser shall provide Seller with the opportunity to review and approve Purchaser's proposed applications and supporting documents with respect to the Approvals prior to submitting same to the appropriate
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governmental authority solely in order for Seller to confirm whether such proposed applications are (1) consistent with Purchaser's Intended Use and Seller's agricultural use of the Property pursuant to the Lease Agreement, and (2) in compliance with terms of this Section 2(t). Notwithstanding anything in this Agreement to the contrary, in no event shall any of the Approvals from the appropriate governmental authorities sought to be obtained by Purchaser (A) be binding on Seller or the Property prior to the Closing, without Seller's prior written consent, (B) affect Seller's ability to use the Property (during the pendency of this Agreement and, if applicable, during the term of the Lease Agreement) for agricultural uses and such other related uses as currently conducted on the Property, (C) cause the Property and Seller's use thereof to be in violation of any zoning, subdivision, setback and any other requirements imposed by any and all applicable laws, rules, regulations, ordinances, easements and encumbrances applicable to the Property, or (D) interfere or negatively affect Seller's access, drainage or irrigation to or from the Property. Subject to the foregoing, Seller hereby covenants and agrees that Seller will, at no expense to Seller, promptly (i) sign all applications, consents and other documents necessary to obtain the Approvals, and (ii) cooperate with Purchaser's efforts to obtain the Approvals, including by signing applications, consents or other documents as may be required by applicable law or governmental authorities. Seller agrees that, in no event, will Seller oppose such efforts of Purchaser or cause opposition to such efforts unless the same are inconsistent with the provisions of this Section 2(t), in which event Seller shall be entitled to withdraw any and all authorizations provided to a governmental authority in connection with the Approvals. Seller shall be responsible for and shall promptly pay any and all costs and expenses relating to the Approvals, including, but not limited to, any and all fees, expenses or contributions required by any applicable governmental entity in connection with the Approvals, and all other expenses relating to or incurred by Seller or Purchaser in connection with the Approvals, and Seller shall indemnify, defend and hold harmless Purchaser from any and all such costs, expenses or contributions incurred or payable in connection with the Approvals. Seller shall be entitled to attend all meetings that Purchaser, its agents or consultants, may have with any governing jurisdiction. Purchaser shall provide Seller with at least 48-hours advance written notice of such meetings; provided, however, if any such meeting is scheduled to occur within a 48-hour period, Purchaser will provide advance written notice to Seller of any such meeting as soon as practicable after it is scheduled. In the event this Agreement is terminated prior to Closing, Purchaser shall promptly, at Seller's option, and at Purchaser's expense, either withdraw any applications for the Approvals from the applicable governing jurisdiction or assign to Seller all of Purchaser's non-proprietary interests in and to the applications for the Approvals. The foregoing provisions of this Section 2(t) shall survive the Closing or termination, as applicable, of this Agreement.

3. Miscellaneous.

- (a) Notices. All notices required or permitted hereunder shall be in writing and shall be served on all of the parties hereto at the following addresses:

If to Seller:	Alico, Inc. 734 LMC Groves LLC Attn: John E. Kiernan, President and CEO
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10070 Daniels Interstate Court, Suite 100 Ft.
Myers, FL 33913
Email: jkiernan@alicoinc.com

With a copy to:

Trenam Law
Attn: Timothy M. Hughes, Esq. 200
Central Ave., Suite 1600 St.
Petersburg, FL 33701 Email:
thughes@trenam.com

If to Purchaser:

Vulcan Lands, Inc.
c/o Vulcan Materials Company 1200
Urban Center Drive Birmingham,
Alabama 35242 Attention: Jason
Nabors Phone: (205) 298-3626
Email: naborsj@vmcmail.com

With a copy to:

Bradley Arant Boult Cummings LLP One
Federal Place
1819 5th Avenue North Birmingham,
Alabama 35203 Attention: C. Jason
Avery, Esq. Phone: (205) 521-8618
Fax: (205) 488-6618
Email: javery@bradley.com

All such notices shall be (i) delivered by hand, (ii) sent by registered or certified mail, postage prepaid, return receipt requested, (iii) sent by nationally recognized commercial courier for next business day delivery, in each such case described in (i), (ii) and (iii) to the addresses set forth above for the respective signers hereof or to such other addresses as are specified by written notice given in accordance herewith, (iv) transmitted by facsimile to the number for each party set forth below or to such other facsimile number as is specified by written notice given in accordance herewith or (v) sent by electronic mail (email) to the electronic mail (email) address for each party set forth below or to such other electronic mail (email) address as is specified by written notice given in accordance herewith. Any notice or other communication (i) mailed as hereinabove provided shall be deemed effectively given or received on the third (3rd) business day following the postmark date of such notice or other communication, (ii) sent by overnight courier or by hand shall be deemed effectively given or received upon receipt, and (iii) sent by facsimile or email transmission shall be deemed effectively given or received on the day of transmission of such notice and electronic confirmation of such transmission is received by the transmitting party (such as "Delivery Receipt" generated by Microsoft Outlook). Any notice or other communication given in the manner provided above by counsel for either party shall be deemed to be notice or such other communication from the party represented by such counsel. Any notice sent as required hereby and refused by recipient shall be deemed delivered as of the date of such refusal. The above addresses may be changed by written notice to the other parties given in the manner set forth above.

- (b) Assignment of Agreement. Purchaser may not assign this Agreement without Seller's prior written consent, which consent may be withheld or granted in Seller's reasonable discretion, provided, however, that Purchaser may assign this Agreement to an entity owned and controlled by Purchaser and formed by Purchaser for the purpose of taking title to the Property without Seller's prior written consent, provided that written notice of such assignment shall be given by Purchaser to Seller no later than 5 (five) business days prior to the Closing Date, and no such assignment shall relieve Purchaser of any obligations or liabilities hereunder. Subject to the foregoing, this Agreement shall be binding upon and enforceable against, and shall inure to the benefit of, Purchaser and Seller and their respective heirs, successors and permitted assigns.
- (c) Modification. Neither this Agreement nor any provision hereof may be waived, modified or amended, except by a written instrument, signed by the party against whom the enforcement of such waiver, modification or amendment is sought, and then only to the extent set forth in such instrument.
- (d) Captions. The captions or headings used herein are included for convenience and general reference only and shall not be construed to describe, define or limit the scope, intent or construction of this Agreement.
- (e) Exhibits. Each exhibit which is referred and attached to this Agreement is incorporated herein as if set out fully in the body hereof.
- (f) Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
- (g) Time. Time is of the essence in the performance of all obligations of each party to this Agreement.
- (h) Brokerage Commissions. Seller and Purchaser represent and warrant to each other that they have not dealt with any broker or sales agent in connection with this transaction. Seller and Purchaser each hereby agree to indemnify, defend and hold the other harmless from and against any and all claims, suits, liabilities, judgments and expenses, including reasonable attorneys' fees, suffered or incurred by the other party as a result of any claim or claims for brokerage commissions, finder's fees or other compensation asserted by any person, firm or corporation in connection with the execution of this Agreement and the consummation of the transactions contemplated by this Agreement. The provisions of this Section 3(h) shall survive the Closing.
- (i) Entire Agreement. This Agreement constitutes the entire and complete agreement between the parties hereto with respect to the Property and supersedes any prior oral or written agreements or understandings between the parties with respect to the Property. It is expressly agreed that there are no verbal understandings or agreements which in any way change the terms, covenants and conditions herein set forth, and that no modification of this Agreement and no waiver of any of its terms and conditions shall be effective unless made in writing and duly executed by the parties hereto.
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- (j) Partial Invalidity. If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each provision shall be valid and enforceable to the fullest extent permitted by law.
- (k) Attorneys' Fees. In the event of any litigation between Purchaser and Seller arising under or in connection with this Agreement, the prevailing party shall be entitled to recover from the other party the expenses of litigation in original and appellate jurisdiction (including reasonable attorneys' fees, paralegal fees, expenses, and disbursements) incurred by the prevailing party. It is the express intent of the Parties that recovery hereunder is not limited by the Statewide Uniform Guidelines for Taxation of Costs in Civil Action. This provision is separate and several and shall survive the termination of this Agreement.
- (l) Tax-Free Exchange Transaction. Seller and Purchaser shall each have the right, by written notice to the other party, to assign its legal interests in this Agreement to a qualified tax-deferred exchange intermediary for the purpose of effecting a tax-deferred, like-kind exchange or to otherwise effect an exchange of real property in accordance with the provisions of Section 1031 of the Internal Revenue Code of 1986, as amended. Each party shall reasonably cooperate with the other in this regard; provided, however, that the non-exchanging party shall not be required to incur any additional costs, liabilities or delays in connection with this assignment, and the exchanging party shall not be released from any of its obligations or liabilities under this Agreement as a result thereof.
- (m) Non-Waiver. Failure by any party to complain of any action, non-action or breach of any other party shall not constitute a waiver of any aggrieved party's rights hereunder. Waiver by any party of any right arising from any breach by any other party shall not constitute a waiver of any other right arising from a subsequent breach of the same obligation or for any other default, past, present or future.
- (n) Successors and Assigns. The words "Seller" and "Purchaser" as hereinabove used in this Agreement shall mean Seller and Purchaser as mentioned herein, and also, where not inhibited by the context of this Agreement, shall mean their respective successors and permitted assigns.
- (o) Authority. Each party hereto warrants and represents that such party has full and complete authority to enter into this Agreement and each person executing this Agreement on behalf of a party warrants and represents that he/she has been fully authorized to execute this Agreement on behalf of such party and that such party is bound by the signature of such representative.
- (p) Counsel. Each party hereto warrants and represents that each party has been afforded the opportunity to be represented by counsel of its choice in connection with the execution of this Agreement and has had ample opportunity to read, review, and understand the provisions of this Agreement.
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- (q) Dates and Times. If any date set forth in this Agreement shall fall on, or any time period set forth in this Agreement shall expire on, a day which is a Saturday, Sunday, federal or state holiday, or other non-business day, such date shall automatically be extended to, and the expiration of such time period shall automatically be extended to, the next day which is not a Saturday, Sunday, federal or state holiday or other non-business day. The final day of any time period under this Agreement or any deadline under this Agreement shall be the specified day or date, and shall include the period of time through and including such specified day or date. All references to the "Effective Date" shall be deemed to refer to the later of the date of Purchaser's or Seller's execution of this Agreement, as indicated below their executions hereon. Any action required to be taken by a specified date may be taken at or before 11:59 p.m., daylight or standard time (as applicable) in the time zone where the Land is located.
- (r) Governing Law. This Agreement is governed by, and must be interpreted under, the laws of the State of Florida.
- (s) Multiple Counterparts; Execution. This Agreement may be executed in a number of identical counterparts which, taken together, shall constitute collectively one (1) agreement; but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart executed by the party to be charged. A facsimile, electronic or digitally executed copy of this Agreement and any signatures thereon shall be considered for all purposes as originals.
- (t) Interpretation. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any such party.
- (u) Lease Agreement. At the Closing, Purchaser and Alico. shall enter into a lease agreement (the "Lease Agreement"), pursuant to which Purchaser shall lease a portion of the Property containing orange groves (the "Groves") to Alico, at a rental rate of \$500 per net tree acre (as determined by the Survey) per year, for an initial term of ten (10) years, with Seller having the right to extend the term of the Lease Agreement for an additional 2-year period. The Lease Agreement shall contain such other terms and conditions to be mutually agreed by Purchaser and Alico prior to the Closing, but shall expressly provide Purchaser's right to access, use or permit the entirety of Property for Purchaser's Intended Use and shall further provide that Purchaser shall have the right to provide 12-month written notice to Seller, following the 8th anniversary of the Lease Agreement, of its intent to use the Groves for Purchaser's Intended Use, and upon such notice, Seller shall have the option to modify the Lease Agreement to substitute another portion of the Property outside of Purchaser's mining plan for Seller's agricultural use so long as such portion of the Property does not impact or impair Purchaser's Intended Use. Seller shall provide Purchaser with a draft of the Lease Agreement within thirty (30) days after receipt of receipt of the Option Purchase Notice and the parties shall use good faith, best efforts to agree on the final form of the Lease Agreement prior to Closing. Notwithstanding anything to the contrary contained in this Agreement, Seller's obligation to close on the Property pursuant to this Agreement is expressly conditioned upon the parties entering into the Lease Agreement at Closing, failing which Seller may terminate
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this Agreement in which event the parties shall have no further liabilities or obligations under this Agreement, except for those liabilities and obligations that survive termination of this Agreement.

(v) Intentionally Deleted.

(w) Lender Consents and Approvals. Purchaser understands that the Property and/or Seller's transfer of the Property to Purchaser as contemplated herein may be subject to or require the prior approval of Seller's lender(s). As such, and notwithstanding anything to the contrary contained within this Agreement, the obligation of Seller to close on the sale and purchase of the Property pursuant to this Agreement shall be and hereby is expressly conditioned upon Seller obtaining the prior written consent, approval and/or partial release from Seller's lender(s) on or before the Closing Date (collectively, "Lender Consents and Approvals"). Seller shall use commercially reasonable efforts to seek to obtain the Lender Consents and Approvals on or before the expiration of the Closing Date. If the foregoing condition precedent shall not have occurred or been satisfied on or before the Closing Date due to any contractual rights or discretion granted to Seller's lender(s), then Seller shall be entitled to terminate this Agreement by delivering written notice to Purchaser and in such event the parties shall have no further liabilities or obligations under this Agreement, except for such liabilities and obligations that are expressly intended to survive termination of this Agreement. Notwithstanding anything to the contrary stated herein, in the event Seller is unable to obtain the Lender Consents and Approvals on or before the Closing Date, Seller shall have the right to extend the Closing Date for a period of up to thirty (30) days by delivering written notice to Purchaser on or before the expiration of such date.

(x) Tropicana Consent and Release. Purchaser acknowledges and agrees that the Property is subject to certain supply agreements ("Supply Agreements") by and between Seller (or its affiliates) and Tropicana Manufacturing Company, Inc. ("Tropicana"). Purchaser and Seller acknowledge and agree that no part of the Supply Agreements will be assumed or assigned to Purchaser at Closing. As such, and notwithstanding anything to the contrary contained within this Agreement, the obligation of Seller to close on the sale and purchase of the Property pursuant to this Agreement shall be and hereby is expressly conditioned upon Seller obtaining the prior written consent and/or partial release from Tropicana with respect to the removal of the Property from the effect of the Supply Agreements, or Tropicana's consent to Seller's lease of the Property from Purchaser pursuant to the Lease Agreement prior to the Closing Date (in each case, the "Tropicana Consent and Release"). Seller shall use commercially reasonable efforts to seek to obtain the Tropicana Consent and Release prior to the Closing Date. If the foregoing condition precedent shall not have occurred or been satisfied on or before the Closing Date due to any contractual rights or discretion granted to Tropicana under the Tropicana Agreement, then Seller shall be entitled to terminate this Agreement by the terminating party delivering written notice to the Purchaser and in such event the parties shall have no further liabilities or obligations under this Agreement, except for such liabilities and obligations that are expressly intended to survive termination of this Agreement. Notwithstanding anything to the contrary stated herein, in the event Seller is unable to obtain the Tropicana Consent and Release on or before the Closing Date, Seller

shall have the right to extend the Closing Date for a period of up to thirty (30) days by delivering written notice to Purchaser on or before the expiration of such date.¹

(y) Radon Gas: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county health department. This Agreement is not contingent upon Purchaser's approval of any testing relating to radon.

(z) Water Use Permit(s) and/or Drainage Permits. Purchaser understands and acknowledges that Seller may have one or more water use permits and/or drainage permits that affect the Property (individually, a "Permit" and collectively, the "Permits"). After Closing, Purchaser understands and acknowledges that, if applicable, Seller will modify the Permits such that they continue to recognize Seller as the permittee thereunder. If applicable, Purchaser shall cooperate with Seller in such efforts and agrees that Purchaser shall have no right to modify or utilize the Permits after Closing during the term of the Lease Agreement. Purchaser will indemnify and hold harmless Seller from and against any and all loss, damage, fines, liability, costs and expenses (including, but not limited to, attorneys' fees) and other sums that Seller may pay or may become obligated to pay on account of any demand, claim, liability or action in law or equity, relating to, arising from any actions or omissions of Purchaser, its agents or employees, resulting from Purchaser's failure to perform its obligations under this Section 3(z). The provisions of this Section 3(z) shall survive the Closing.

(aa) Exculpation. Purchaser agrees that it does not have and will not have any claims or causes of action against any disclosed or undisclosed officer, director, employee, trustee, shareholder, member, manager, partner, principal, parent, subsidiary or other affiliate of Seller, or any officer, director, employee, trustee, shareholder, partner or principal of any such parent, subsidiary or other affiliate (collectively, "Seller's Affiliates"), arising out of or in connection with this Agreement or the transactions contemplated hereby. Purchaser agrees to look solely to Seller and its assets for the satisfaction of any liability or obligation arising under this Agreement or the transactions contemplated hereby, or for the performance of any of the covenants, warranties or other agreements contained herein, and further agrees not to sue or otherwise seek to enforce any personal obligation against any of Seller's Affiliates with respect to any matters arising out of or in connection with this Agreement or the transactions contemplated hereby. The provisions of this paragraph shall survive the termination of this Agreement and the Closing.

(bb) No Recording. Neither this Agreement nor any memorandum thereof may be recorded by Purchaser in the Public Records of any County of any State.

(cc) Waiver of Jury Trial. PURCHASER AND SELLER WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR

¹ NTD: Seller to confirm if Property is subject to Supply Agreements.

RELATED TO, THE SUBJECT MATTER OF THIS AGREEMENT. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY EACH PARTY AND EACH PARTY EXPRESSLY ACKNOWLEDGES THAT NEITHER THE OTHER PARTY NOR ANY PERSON ACTING ON BEHALF OF THE OTHER PARTY HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. EACH PARTY ACKNOWLEDGES TO THE OTHER THAT IT HAS READ AND UNDERSTANDS THE MEANING AND EFFECT OF THIS WAIVER PROVISION.

[the remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives as of the day and year first above written.

SELLER:

ALICO, INC.

By:
Name:
Title:

PURCHASER:

DocuSigned by:

1F1E8B204FE947D... **VULCAN LANDS, INC.**

By:
Name: Todd Vencil
Title: VPGM

By:
Name:
Title:

EXHIBIT A
The Property²

Polk County Property Appraiser Parcel Numbers

28323600000021010
293231000000033000
293231000000033010
283226000000011000
283236000000011010
293230000000044000
283236000000011020
283225000000011000
283226000000023010

² NTD: Seller to confirm parcel id nos.

EXHIBIT B

The Excluded Property

Certificate Of Completion

Envelope Id: 3E1DB5B1C1C64A25916838702A9E09D8

Purchase Agr_Alico Inc._Polk County, FL Source Envelope:

Document Pages: 23 1

Certificate Pages: 5 0

AutoNav: Enabled Envelopeld Stamping: Enabled Time Zone: (UTC-06:00) Central Time (US & Canada)

Status: Completed Subject: Option to

Signatures:

Initials:

Envelope Originator:

Tressilyn Perry

1200 Urban Center Dr Vestavia, AL 35242-2545 perryt@vmcmail.com IP Address: 104.129.204.66

Record Tracking

Status: Original 8/11/2021 1:41:56 PM

Holder: Tressilyn Perry perryt@vmcmail.com

Location: DocuSign

Signer Events

Signature

Timestamp

DocuSigned by:

Todd Vencil

1F1E8B204FE947D... Todd Vencil vencil@vmcmail.com VPGM

Security Level: Email, Account Authentication (None)

Signature Adoption: Pre-selected Style

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Sent: 8/11/2021 1:45:11 PM Viewed: 8/13/2021 6:28:25 AM Signed: 8/13/2021 6:30:25 AM

Electronic Record and Signature Disclosure: Accepted: 8/13/2021 6:28:25 AM ID: da5b5414-2280-48a0-8f22-6f0bf6dbc28e

In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

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Certified Delivery Events

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Carbon Copy Events

Status

Timestamp

Matt Arbuckle arbucklem@vmcmail.com Vulcan Materials Company Security Level: Email, Account Authentication (None)

Sent: 8/11/2021 1:45:12 PM Viewed: 8/11/2021 1:59:32 PM

Electronic Record and Signature Disclosure: Not Offered via DocuSign

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Tressilyn Perry

perryt@vmcmail.com Land Specialist-SED, SGC & CEN perryt@vmcmail.com Security Level: Email, Account Authentication (None)

Sent: 8/11/2021 1:45:12 PM Resent: 8/13/2021 6:30:27 AM Viewed: 8/11/2021 1:59:50 PM

Electronic Record and Signature Disclosure: Not Offered via DocuSign

**Witness
Events**

Signature

Timestamp

Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	8/11/2021 1:45:12 PM
Certified Delivered	Security Checked	8/13/2021 6:28:25 AM
Signing Complete	Security Checked	8/13/2021 6:30:25 AM
Completed	Security Checked	8/13/2021 6:30:25 AM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

CONSUMER DISCLOSURE

From time to time, Vulcan Materials Company (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign, Inc. (DocuSign) electronic signing system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after signing session and, if you elect to create a DocuSign signer account, you may access them for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Vulcan Materials Company:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: badgettma@vmcmail.com

To advise Vulcan Materials Company of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at badgettma@vmcmail.com and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc. to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in the DocuSign system.

To request paper copies from Vulcan Materials Company

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to badgettma@vmcmail.com and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Vulcan Materials Company

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to badgettma@vmcmail.com and in the body of such request you must state your e-mail, full name, US Postal Address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows® 2000, Windows® XP, Windows Vista®; Mac OS® X
Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (Mac only)
PDF Reader:	Acrobat® or similar software may be required to view and print PDF files
Screen Resolution:	800 x 600 minimum

Enabled Security Settings:	Allow per session cookies
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** These minimum requirements are subject to change. If these requirements change, you will be asked to re-accept the disclosure. Pre-release (e.g. beta) versions of operating systems and browsers are not supported.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC CONSUMER DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify Vulcan Materials Company as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by Vulcan Materials Company during the course of my relationship with you.

OPTION AGREEMENT FOR SALE AND PURCHASE

THIS OPTION AGREEMENT FOR SALE AND PURCHASE (the "Option Agreement") is made this 21st day of September, 2021, between **ALICO, INC.**, a Florida corporation, whose address is 10070 Daniels Interstate Court, Suite 100, Ft. Myers, FL 33913 as "Seller" and the **BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND OF THE STATE OF FLORIDA** ("Trustees"), whose address is Florida Department of Environmental Protection, Division of State Lands, 3900 Commonwealth Blvd., Mail Station 115, Tallahassee, Florida 32399-3000, as "Buyer". Buyer's agent in all matters shall be the Division of State Lands of the Florida Department of Environmental Protection ("DSL").

1. **GRANT OF OPTION.** Seller hereby grants to Buyer the exclusive option to purchase the real property located in Hendry County, Florida, described in Exhibit "A" and depicted as the "Subject Parcels" in Exhibit "A-1", each attached hereto, which real property comprises approximately 1,638 acres, together with all timber, transferable development rights, improvements, easements, appurtenances, hereditaments, and riparian and littoral rights, if any (the "Property"), in accordance with the provisions of this Option Agreement. This Option Agreement becomes legally binding on execution of this Option Agreement, but exercise of the option is subject to approval by Buyer and is effective only if DSL gives written notice of exercise to Seller.

2. **OPTION TERMS.** The consideration for the option granted by this Option Agreement is \$100.00 ("Option Payment"). Upon execution of this Option Agreement by DSL, DSL will apply to the Chief Financial Officer for a state warrant in the amount of the Option Payment, which, will be forwarded to the escrow agent to hold for the benefit of Seller. The Option Payment is non-refundable such that Seller shall be entitled to retain the Option Payment regardless of whether Buyer exercises the Option; provided, however, the Option Payment shall be credited toward the purchase price at closing if Buyer timely exercises the option as discussed below. The option may be exercised during the period beginning with Buyer's approval of this Option Agreement at a regularly scheduled meeting of the Governor and Cabinet sitting as the Trustees, and ending 120 days after Buyer's approval of this Option Agreement ("Option Expiration Date"), unless extended by other provisions of this Option Agreement. If Buyer's funds in the amount of the purchase price (as hereinafter defined in paragraph 3.A.) are not available by the Option Expiration Date the period of exercise of the option may be extended until such funds become available, not to exceed 60 days after the Option Expiration Date, by written notice to Seller. If Buyer's funds are not available at the end of the 60-day extension then this Option Agreement shall terminate and neither party shall have further obligations under the provisions of this Option Agreement. If Buyer does not exercise its option by the Option Expiration Date, as extended if applicable, then the escrow agent is directed to release and disburse the Option Payment to Seller the following day. If Buyer does timely exercise its option, then escrow agent shall credit the Option Payment toward the purchase price paid by Buyer at closing.

3.A. **PURCHASE PRICE.** The purchase price for the Property is **FIVE MILLION SIX HUNDRED SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$5,675,000.00)** ("Initial Purchase Price") which, after credit for the Option Payment, will be paid at closing. Seller hereby authorizes Buyer to issue a state warrant for the Purchase Price directly to an escrow agent who is authorized by law to receive such payment, and who is acceptable to Buyer, and to require the escrow agent to pay Seller's expenses of sale and real estate taxes. The Initial Purchase Price is subject to adjustment in accordance with paragraph 3.B. This Option Agreement is contingent upon approval of the Final Adjusted Purchase Price, hereinafter defined, by Buyer and upon confirmation that the Final Adjusted Purchase Price is not in excess of the maximum value of the Property as determined in accordance with Section 253.025(8), Florida Statutes ("DSL Approved Value"). The determination of the DSL Approved Value and the Final Adjusted Purchase Price can only be made after the completion and DSL's approval of the survey required in paragraph 6.

3.B. **ADJUSTMENT OF PURCHASE PRICE.** If, prior to closing, DSL determines that the Initial Purchase Price exceeds the DSL Approved Value of the Property, the Initial Purchase Price will be reduced to the DSL Approved Value of the Property (herein the "Final Adjusted Purchase Price"). If the Final Adjusted Purchase Price is less than 100% of the Initial Purchase Price because of the adjustment provided for in this paragraph, Seller shall, in Seller's sole discretion, have the right to terminate this Option Agreement and neither party shall have any further obligations under this Option Agreement. If Seller elects to terminate this Option Agreement, Seller shall provide written notice

to DSL of Seller's election to terminate this Option Agreement within 10 days after Seller's receipt of written notice from DSL of the Final Adjusted Purchase Price. If Seller fails to give Buyer a written notice of termination within the aforesaid time period from receipt of DSL's written notice, then Seller shall be deemed to have waived any right to terminate this Option Agreement based upon a reduction in the Initial Purchase Price pursuant to the provisions of this paragraph 3.B. The Final Adjusted Purchase Price as calculated in this paragraph 3.B. is subject to further adjustment in accordance with the provisions of this Option Agreement. The Initial Purchase Price and the Final Adjusted Purchase Price, whichever is applicable depending on whether or not an adjustment has occurred under the provisions of this paragraph 3.B. are hereinafter referred to as the "Purchase Price".

4. ENVIRONMENTAL SITE ASSESSMENT. Buyer, prior to the exercise of the option and at its sole cost and expense, may conduct an environmental site assessment of the Property to determine the existence and extent, if any, of any Hazardous Materials on the Property. Further investigations, testing, monitoring or environmental site assessments are required by DSL to determine the existence or extent of Hazardous Materials on the Property, Buyer, at its sole option may elect to extend the Option Expiration Date to conduct such procedures at the Buyer's sole cost and expense. For purposes of this Option Agreement "Hazardous Materials" shall mean any hazardous or toxic substance, material or waste of any kind or any other substance which is regulated by any Environmental Law (as hereinafter defined in paragraph 5).

5. HAZARDOUS MATERIALS. If the environmental site assessment provided for in paragraph 4 confirms the presence of Hazardous Materials on the Property, Buyer, at its sole option, may elect to terminate this Option Agreement and neither party shall have any further obligations under this Option Agreement. Should Buyer elect not to terminate this Option Agreement, Seller shall (subject to the terms of this Section 5), at Seller's sole cost and expense and prior to the exercise of the option and closing, promptly commence and diligently pursue any assessment, clean up and monitoring of the Property necessary to bring the Property into full compliance with Environmental Law to DSL's satisfaction in its sole discretion. "Environmental Law" shall mean all federal, state and local laws, including statutes, regulations, ordinances, codes, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to the protection of the environment or human health, welfare or safety, or to the emission, discharge, seepage, release or threatened release of any contaminant, solid waste, hazardous waste, pollutant, irritant, petroleum product, waste product, radioactive material, flammable or corrosive substance, carcinogen, explosive, polychlorinated biphenyl, asbestos, hazardous or toxic substance, material or waste of any kind into the environment, including, without limitation, ambient air, surface water, ground water, or land including, but not limited to, the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource and Conservation and Recovery Act of 1976, the Hazardous and Solid Waste Amendments of 1984, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Superfund Amendments and Reauthorization Act of 1986, Chapters 161, 253, 373, 376 and 403, Florida Statutes, Rules of the U.S. Environmental Protection Agency, Rules of the Florida Department of Environmental Protection, and the rules of the Florida water management districts now or at any time hereafter in effect. However, should the estimated cost to Seller of clean up of Hazardous Materials exceed a sum which is equal to 0% of the Initial Purchase Price as stated in paragraph 3.A. Seller may elect to terminate this Option Agreement and neither party shall have any further obligations under this Option Agreement.

6. SURVEY. Buyer may have the Property surveyed at its expense. If the survey ("Survey"), certified by professional surveyor and mapper licensed by the State of Florida, shows any reduction in acreage from the appraised acreage to the surveyed acreage, any encroachment on the Property or that improvements intended to be located on the Property encroach on the land of others, the same shall be treated as a title defect. Buyer shall notify Seller in writing within the time period for Buyer to notify Seller of any title defects, specifying any matters shown on the Survey which adversely affect the title to the Property and the same shall be deemed to be title defects which shall be dealt with within the same time, manner, and subject to the limitations provided in paragraph 8.

7. TITLE INSURANCE. Buyer may provide a marketable title insurance commitment, to be followed by an owner's marketable title insurance policy (ALTA Form "B" with Florida revisions) from a title insurance company approved by DSL, insuring marketable title to the Property in the amount of the Purchase Price at Buyer's expense.

8. DEFECTS IN TITLE. Within sixty (60) days after this Option is executed by both parties, Buyer shall give written notice to Seller of any matters set forth in the title commitment obtained by Buyer pursuant to paragraph 7 above that are objectionable to, or deemed a title defect, by Buyer ("Notice of Title Objections"). Buyer's delivery of the Notice of Title Objections to Seller shall include therewith copies of all exception documents referenced in Schedule B, Section 2 of the title insurance commitment. Notwithstanding anything in this Option Agreement to the

contrary, Seller shall be obligated to cure the following defects to the extent that and only to the extent that the same are specified in the Title Commitment and in Buyer's Notice of Title Objections (collectively, the "Mandatory Cure Defects"): (1) mortgages and any other secured interests arising through Seller (subject to the secured parties' consent), (2) construction liens arising through Seller, (3) back taxes on the Property that are due and payable, (4) judgment liens arising through Seller, and (5) other liens or encumbrances arising through Seller and securing a specific dollar amount. As to any defects other than Mandatory Cure Defects, Seller shall have fifteen (15) days from receipt of the Notice of Title Objections in which to elect either to (i) notify Buyer that it intends to cure the identified objections and defects on or before the Closing Date (the "Title Cure Period") and Seller shall use reasonable efforts to cure such objections and defects; or (ii) notify Buyer that Seller elects not to cure the objections or alleged defects. In the event Seller fails to deliver a response within fifteen (15) days after receipt from Buyer of the Notice of Title Objections, Seller shall be deemed to have elected not to cure or eliminate said objections and alleged title defects. Buyer shall have until the expiration of the Option Expiration Date of Seller's election (or deemed election) not to cure Buyer's objections and alleged title defects, in which to elect either (1) to terminate the Option Agreement, (2) to require Seller to deliver title in its then existing condition (with no reduction in the purchase price) and to proceed to Closing notwithstanding the objections to title raised by Buyer, yet still subject to Seller's obligation to cure the Mandatory Cure Defects, (3) extend the amount of time Seller has to remove the title defect(s), or (aa) by mutual agreement with Seller, cut out the affected parcel of the Property and reduce the value of the Property by an amount equal to the product of the per acre value of the Property, multiplied by the acreage cut out.

9. INTEREST CONVEYED. At closing, Seller shall execute and deliver to Buyer a statutory warranty deed in accordance with the provisions of Section 689.02, Florida Statutes, conveying marketable title to the Property in fee simple free and clear of all liens, reservations, restrictions, easements, leases, tenancies and other encumbrances, except for the Permitted Exceptions. No interest in (or any allocation of water permitted by) Water Use Permit 26-01112-W (the "WUP") is being conveyed to Buyer. Buyer acknowledges and agrees that Seller will, either before or after closing, cause the WUP to be modified with SFWMD such that the allocation of any and all water allocated to the Property pursuant to the WUP will be reallocated to other lands owned by Seller and that after such modification the WUP will no longer apply to the Property. At closing, Seller shall disclaim any and all interest Seller may have in and to any other permits pertaining to the Property. For purposes of this Option Agreement, the term "Permitted Exceptions" shall mean: (i) applicable zoning and building ordinances and land use regulations; (ii) the lien of any and all taxes and assessments not yet due and payable; (iii) easements, licenses, covenants, conditions, restrictions, leases, reservations, exceptions and other encumbrances referenced in the Title Commitment and not specifically objected to by Buyer in the Notice of Title Objections (defined below); (iv) any exceptions caused by Buyer, its agents, representatives or employees; (v) any matters accepted or deemed accepted by Buyer pursuant to the terms and conditions of this Option Agreement, and (vi) any matters agreed to by the parties in writing. Seller agrees to attempt to have the Property removed from the affect of that certain Water Control Easement from Alico Land Development Company, a Florida corporation, to the Devils Garden Water Control District, a public corporation, dated June 25, 1973 and recorded March 8, 1974 in Official Records Book 177, Page 246; Partial Release of Easement as set forth in Official Records Book 544, Page 1589; Official Records Book 579, Page 1725; Official Records Book 961, Page 729, all of the Public Records of Hendry County, Florida (collectively, the "WCD Easement"), prior to closing. In the event Seller is unable to obtain a partial release of the WCD Easement with respect to the Property prior to the closing date, (a) Seller may extend the closing date for a reasonable amount of time necessary to obtain the partial release by providing written notice to Buyer, (b) Buyer may elect to close without the partial release by providing written notice to Seller, or (c) the parties may agree in writing that Seller shall seek to obtain the partial release after closing.

10. PREPARATION OF CLOSING DOCUMENTS. Upon execution of this Option Agreement, Seller shall submit to Buyer a properly completed and executed beneficial interest affidavit and disclosure statement as required by Sections 286.23, 375.031(1) and 380.08(2), Florida Statutes. Buyer shall prepare the deed described in paragraph 9 of this Option Agreement, Buyer's and Seller's closing statements and the title, possession and lien affidavit certified to Buyer and title insurer and an environmental affidavit on DSL forms provided by DSL and acceptable to Seller.

11. DSL REVIEW FOR CLOSING. DSL will approve or reject each item required for closing under this Option Agreement. If DSL rejects an item for closing which was submitted by the Seller, Seller will have 30 days thereafter to remove and resubmit any rejected item. If Seller fails to timely deliver any items required of Seller, or DSL rejects any item after delivery, the Option Expiration Date shall be extended until DSL approves Seller's documents or until Buyer elects to terminate the Option Agreement.

12. EXPENSES. Seller will pay the documentary revenue stamp tax and all other taxes or costs associated with the conveyance, including the cost of recording the deed described in paragraph 9 of this Option Agreement and any other recordable instruments that DSL deems necessary to assure good and marketable title to the Property.

13. TAXES AND ASSESSMENTS. At closing, Seller shall satisfy all real estate taxes and assessments that are or may become a lien against the Property. If Buyer acquires fee title to the Property between January 1 and November 1, Seller shall in accordance with Section 196.295, Florida Statutes, place in escrow with the county tax collector an amount equal to the current taxes prorated to the date of transfer based upon the current assessment and millage rates on the Property. If Buyer acquires fee title to the Property on or after November 1, Seller shall pay to the county tax collector an amount equal to the taxes that are determined to be legally due and payable by the county tax collector.

14. CLOSING PLACE AND DATE. The closing shall be on or before 15 days after Buyer exercises the option; provided, however, that if a defect exists in the title to the Property, title commitment, Survey, environmental site assessment, or any documents required to be provided or completed and executed, the closing shall occur either on the original closing date or within 60 days after receipt of documentation removing the defects, whichever is later. Buyer shall set the date, time and place of closing and closing may be conducted as a "mail-away" closing.

15. RISK OF LOSS AND CONDITION OF REAL PROPERTY. Seller assumes all risk of loss or damage to the Property prior to the date of closing and warrants that the Property shall be transferred and conveyed to Buyer in the same or essentially the same condition as of the date of Seller's execution of this Option Agreement, ordinary wear and tear excepted. Except as specifically set forth in the Option Agreement, Buyer acknowledges and agrees that Seller is transferring and Buyer accepts the Property AS IS, WHERE IS CONDITION AND WITH ALL FAULTS, as of the date of closing and specifically and expressly without any warranties, representation or guaranties, either express or implied, as to its condition, fitness for any particular purpose, merchantability, or any other warranty of any kind, nature or type whatsoever from or on behalf of Seller. If, prior to closing, the condition of the Property is altered by an act of God or other natural force beyond the control of Seller, however, Buyer may elect, at its sole option, to terminate this Option Agreement and neither party shall have any further obligations under this Option Agreement. Seller warrants that there are no facts known to Seller materially affecting the value of the Real Property which are not readily observable by Buyer or which have not been disclosed to Buyer.

Seller represents and warrants that on the date of closing there will be no parties other than Seller in occupancy or possession of any part of the Property, with the exception of the current tenant, Grace Ag Consulting, Inc. It is understood and agreed that the current lease, with regards to this Property, with Grace Ag Consulting, Inc., will be issued a termination notice at or prior to closing. It is also understood and agreed that the Seller will remove all livestock, personal property, refuse, garbage, junk, rubbish, trash and debris associated with activities of the tenant, or cause tenant to remove, and surrender possession within one hundred twenty (120) days after the lease termination date, subject to closing. After closing, Seller will continue to be entitled to receive all payments due from Grace Ag Consulting, Inc., under, and to enforce the terms of, Seller's current lease with Grace Ag Consulting, Inc. The parties agree that \$175,000.00 of the Initial Purchase Price (or the Final Adjusted Purchase, whichever is applicable) will be held in escrow by American Government Services Corporation pursuant to an escrow agreement to be entered into at closing by and among Seller, Buyer and American Government Services to ensure Seller's performance of all obligations to be performed within one hundred twenty (120) days after the lease termination date, subject to closing. Should Seller fail to perform same, the amount held in escrow shall immediately be paid to Buyer as agreed upon liquidated damages. If Seller performs, the \$175,000 held in escrow shall immediately be paid to Seller.

In consideration of the privileges herein granted, for as long as Seller remains in possession after closing, Seller hereby covenants and agrees to investigate all claims of every nature at its own expense, and to indemnify, protect, defend, save and hold harmless Buyer from any and all claims, costs, expense, including attorney's fees, actions, lawsuits and demands of any kind or nature arising out of Seller's possession. Seller shall contact Buyer regarding the legal action deemed appropriate to remedy such damage or claims. Buyer shall have the absolute right to choose its own legal counsel in connection with all matters indemnified for and defended against herein at Seller's expense.

Seller to maintain, or cause tenant to maintain, liability insurance of no less than \$1,000,000.00 on the Property at all times during its post-closing possession.

The foregoing provisions of this paragraph 15 shall survive the closing.

All wells located on the Property shall be duly abandoned at the Seller's sole cost and expense prior to closing unless this requirement is waived by DSL in writing. Seller warrants that any billboards on the property shall be removed prior to closing.

Except as provided above in regards to livestock and Seller's current tenant, Seller agrees to clean up and remove all abandoned personal property, refuse, garbage, junk, rubbish, trash and debris (hereafter, "trash and debris") from the Property to the satisfaction of DSL prior to closing. Except as provided above, if the Seller does not remove all trash and debris from the Property prior to closing, Buyer at its sole option, may elect to: (a) deduct the expense necessary to remove trash and debris from the Seller's proceeds of sale up to but not to exceed 5% of the Initial Purchase Price and proceed to close, with the Buyer incurring any additional expenses necessary to remove all trash and debris and clean up the Property subsequent to closing, (b) extend the amount of time the Seller has to remove all trash and debris from the Property, (c) terminate this Option Agreement, and neither party shall have any further obligations under this Option Agreement.

16. RIGHT TO ENTER PROPERTY AND POSSESSION. Seller agrees that from the date this Option Agreement is executed by Seller, Buyer and its agents, upon reasonable notice, shall have the right to enter the Property for all lawful purposes in connection with this Option Agreement. Prior to any third-party surveyor or ESA contractor for DEP entering the Property, Buyer shall provide Seller with assurance of no less than \$1,000,000 of liability insurance. Buyer shall be liable for all damages arising from its presence on the Property under the provisions of this Option Agreement for which it is found legally responsible. Seller shall deliver possession of the Property to Buyer at closing, subject to all other provisions of this Option Agreement.

17. ACCESS. Except for the portion of the Property contiguous with real property owned or controlled by Buyer or agencies of the State of Florida, Seller warrants that there is legal and practical ingress and egress for the Property over public roads or valid, recorded easements for the use and benefit of and as an appurtenance to the Property.

18. DEFAULT. If Seller defaults under this Option Agreement, Buyer may waive the default and proceed to closing, seek specific performance, or refuse to close and elect to receive the return of any money paid, each without waiving any action for damages, or any other remedy permitted by law or in equity resulting from Seller's default.

19. BROKERS. Seller warrants that no persons, firms, corporations or other entities are entitled to a real estate commission or other fees as a result of this Option Agreement or subsequent closing, except as accurately disclosed on the disclosure statement required in paragraph 10. Seller shall indemnify and hold Buyer harmless from any and all such claims, whether disclosed or undisclosed.

20. RECORDING. Buyer may record this Option Agreement, or notice of it, in the appropriate county or counties.

21. ASSIGNMENT. This Option Agreement may be assigned by Buyer to another state or federal agency, in which event Buyer will provide written notice of assignment to Seller. Seller may not assign this Option Agreement without the prior written consent of Buyer.

22. TIME. Time is of essence with regard to all dates or times set forth in this Option Agreement.

23. SEVERABILITY. If any of the provisions of this Option Agreement are deemed to be unenforceable and the unenforceability of said provisions does not adversely affect the purpose and intent of this Option Agreement, in Buyer's sole discretion, the enforceability of the remaining provisions of this Option Agreement shall not be affected.

24. SUCCESSORS IN INTEREST. This Option Agreement shall bind and inure to the benefit of Seller and Buyer and their respective heirs, legal representatives and successors. Whenever used, the singular shall include the plural and one gender shall include all genders.

25. ENTIRE AGREEMENT. This Option Agreement contains the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment to this Option Agreement shall be binding unless executed in writing by the parties. Notwithstanding the foregoing, the parties acknowledge that the legal description contained in Exhibit "A" was prepared based upon historic chain of title information, without the benefit of a current survey of the Property. The parties agree that if, in the opinion of DSL,

it becomes necessary to amend the legal description of the Property to correct errors, to more properly describe the Property, to cut out portions of the Property affected by title defects unacceptable to Buyer or which cannot be timely cured by the Seller, or to otherwise revise the legal description of the Property, the legal description to be used in the Survey (if any) and in the closing instruments required by this Option Agreement shall be revised by or at the direction of DSL, and shall be subject to the final approval of DSL. Anything to the contrary hereinabove notwithstanding, such a revision of the legal description of the Property shall not require a written amendment to this Option Agreement. In such event, the Seller's execution and delivery of the closing instruments containing the revised legal description and the Buyer's acceptance of said instruments and of the final Survey (if any) containing the revised legal description shall constitute a full and complete ratification and acceptance of the revised legal description of the Property by the parties. Seller acknowledges that the Trustees have made various delegations of power for the purpose of land acquisition, and not all representatives of the Trustees or the DSL have authority to act in all situations. Consequently, this Option Agreement may be terminated by the Trustees pursuant to any provision therefor contained in this Option Agreement only in writing signed by the person or persons who signed this Option Agreement on behalf of the Trustees or that person's successor.

26. WAIVER. Failure of Buyer to insist upon strict performance of any covenant or condition of this Option Agreement, or to exercise any right herein contained, shall not be construed as a waiver or relinquishment for the future of any such covenant, condition or right; but the same shall remain in full force and effect.

27. COUNTERPARTS. This Option Agreement may be executed in one or more counterparts, but all such counterparts, when duly executed, shall constitute one and the same Option Agreement. To facilitate execution and delivery of this Option Agreement, the parties may execute and exchange counterparts of the signature pages by scanned image (e.g., PDF file extension) as an attachment to an email and the signature page of either party to any counterpart may be appended to any other counterpart.

28. ADDENDUM. Any addendum attached hereto that is signed by the parties shall be deemed a part of this Option Agreement.

29. NOTICE. Whenever either party desires or is required to give notice unto the other, it must be given by written notice, and either delivered personally, transmitted via facsimile transmission, mailed postage prepaid, or sent by overnight courier to the appropriate address indicated on the first page of this Option Agreement, or such other address as is designated in writing by a party to this Option Agreement.

30. CERTIFICATION REGARDING TERRORISM. Seller hereby certifies that to the best of Seller's knowledge, after making all appropriate inquiries, Seller is in compliance with, and shall use all funds derived from the sale of the Property in compliance with all applicable anti-terrorism laws, regulations, rules and executive orders, including but not limited to, the USA Patriot Act of 2001, 18 U.S.C. sections 2339A-C, and U.S. Presidential Executive Orders 12947 and 13224.

31. SURVIVAL. The covenants, warranties, representations, indemnities and undertakings of Seller set forth in this Option Agreement shall survive the closing, the delivery and recording of the deed described in paragraph 9 of this Option Agreement and Buyer's possession of the Property.

32. 1031 EXCHANGE. Seller shall have the right, by written notice to Buyer, to assign the legal interests in this Option Agreement to a qualified tax deferred exchange intermediary for the purpose of effectuating a tax deferred, like-kind exchange or to otherwise effect an exchange of real property in accordance with the provisions of Section 1031 of the Internal Revenue Code of 1986, as amended. Each party shall reasonably cooperate with the other in this regard; provided, however, that Buyer shall not be required to incur any additional costs, liabilities or delays in connection with this assignment, and Seller shall not be released from any of its obligations or liabilities under this Option Agreement as a result thereof.

33. NONCASH CHARITABLE CONTRIBUTION. Notwithstanding anything in this Agreement to the contrary, it is understood between the parties that it is Seller's intent to claim a noncash charitable contribution to the State of Florida. Buyer acknowledges that the Seller intends to claim a noncash charitable contribution to the State of Florida. Buyer's acknowledgement, however, does not represent any concurrence in the Seller's claimed fair market value. Upon receipt of the Property, Buyer agrees to complete Part IV of Internal Revenue Service form 8283 for Seller or any other document required to effectuate the charitable contribution to the extent applicable to Buyer.

IF THIS OPTION AGREEMENT IS NOT EXECUTED BY THE SELLER, ON OR BEFORE MAY 17, 2021, BUYER SHALL BE UNDER NO OBLIGATION TO ACCEPT THIS OPTION AGREEMENT. BUYER'S EXECUTION OF THIS OPTION AGREEMENT IS SUBJECT TO APPROVAL BY THE BOARD OF TRUSTEES OF THE INTERNAL

IMPROVEMENT TRUST FUND OF THE STATE OF FLORIDA. THE EXERCISE OF THE OPTION PROVIDED FOR HEREIN IS SUBJECT TO: (1) CONFIRMATION THAT THE PURCHASE PRICE IS NOT IN EXCESS OF THE DSL APPROVED VALUE OF THE PROPERTY, AND (2) DSL APPROVAL OF ALL DOCUMENTS TO BE FURNISHED HEREUNDER. THE STATE OF FLORIDA'S PERFORMANCE AND OBLIGATION TO PAY UNDER THIS OPTION AGREEMENT IS CONTINGENT UPON AN ANNUAL APPROPRIATION BY THE LEGISLATURE AND UPON THE FUNDING OF THE APPROPRIATION THROUGH THE ISSUANCE OF FLORIDA FOREVER BONDS BY THE STATE OF FLORIDA OR OTHER FUNDING AS PROVIDED BY THE LEGISLATURE.

THIS IS INTENDED TO BE A LEGALLY BINDING OPTION AGREEMENT WHEN DULY EXECUTED. IF NOT FULLY UNDERSTOOD, SEEK THE ADVICE OF AN ATTORNEY PRIOR TO SIGNING.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE TO FOLLOW]

SELLER

Alico, Inc., a Florida corporation

Witness as to Seller

BY: _____
John E. Kiernan, President and CEO

Witness as to Seller

Date signed by Seller

Phone No. _____
8 a.m. – 5 p.m.

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me by means of __ physical presence or __ online notarization; this _____ day of _____, 2021 by John E. Kiernan, President and CEO, of Alico, Inc., a Florida corporation. Such person(s) (Notary Public must check applicable box):

is/are personally known to me.
 produced a current driver license(s).
 produced _____ as identification.

(NOTARY PUBLIC SEAL)

Notary Public

(Printed, Typed or Stamped Name of Notary Public)

Commission No.: _____

My Commission Expires: _____

BUYER

BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND OF THE STATE OF FLORIDA

BY DIVISION OF STATE LANDS OF THE FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

Witness as to Buyer

Witness as to Buyer

BY: _____
NAME: Callie DeHaven
AS ITS: Director

Date signed by Buyer

Approved as to Form and Legality

By: _____

Date: _____

STATE OF FLORIDA

COUNTY OF LEON

The foregoing instrument was acknowledged before me by means of ___ physical presence or ___ online notarization; this _____ day of _____, 2021 by Callie DeHaven, Director, Division of State Lands, Department of Environmental Protection, as agent for and on behalf of the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida. She is personally known to me.

(NOTARY PUBLIC SEAL)

Notary Public

(Printed, Typed or Stamped Name of Notary Public)

Commission No.: _____

My Commission Expires: _____

EXHIBIT "A"

All of Section 36, Township 44 South, Range 30 East, Hendry County, Florida, Lying North of C. R. 832. Less and Except that part recorded in Official Records Book 962, Page 1440, of the Public Records of Hendry County, Florida.

AND

All of Sections 1, 2, 11, and 12, Township 45 South, Range 30 East, Hendry County, Florida, Lying North of C. R. 832. Less and Except that part recorded in Official Records Book 962, Page 1440, of the Public Records of Hendry County, Florida.

AND

As to Parcel ID No./Alt. Key No.: 1-30-45-25-A00-0001.0000/17700

ALL EXC BEG SW COR SEC 25 AS POB- N 00 DEG 24M 25S W 278.49 FT- S 99 DEG 20M 47S E 541.18 FT- N 80 DEG 29M 10S E 803.28 FT- S 48 DEG 55M 47S E 199.87 FT TO S/L SEC 25-S 09 DEG 50M 10S W 1406.90 FT TO POB 658.65.

All lying and being in Section 25, Township 45 South, Range 30 East, Hendry County, Florida.

AND ALSO

As to Parcel ID No./Alt. Key No.: 1-30-45-26-A00-0001.0000/17702

ALL EXC BEG NW COR SEC 26 AS POB- S 89 DEG 55M 31S E 3669.24 FT- S 38 DEG 13M 26S E 38.16 FT- S 26 DEG 23M 49S E 1778.32 FT- S 19 DEG 05M 48S E 827.90 FT- S 27 DEG 22M 15S E 419.77 FT- S 01 DEG 36M 34S E 1004.39 FT- S 02 DEG 32M 57S W 538.46 FT- S 12 DEG 14M 41S W 463.37 FT- S 49 DEG 59M 54S E 235.25 FT- S 73 DEG 25M 32S E 255.78 FT- S 59 DEG 20M 47S E 88.19 FT TO E/L SEC 26-S 00 DEG 24M 25S E ALG E/L 278.49 FT TO SE COR SEC 26- N 89 DEG 56M 34S W 5323.5 2 FT- N 00 DEG 21M 19S W 5319.95 FT TO POB 83.26 AC.

All lying and being in Section 23, Township 45 South, Range 30 East, Hendry County, Florida.

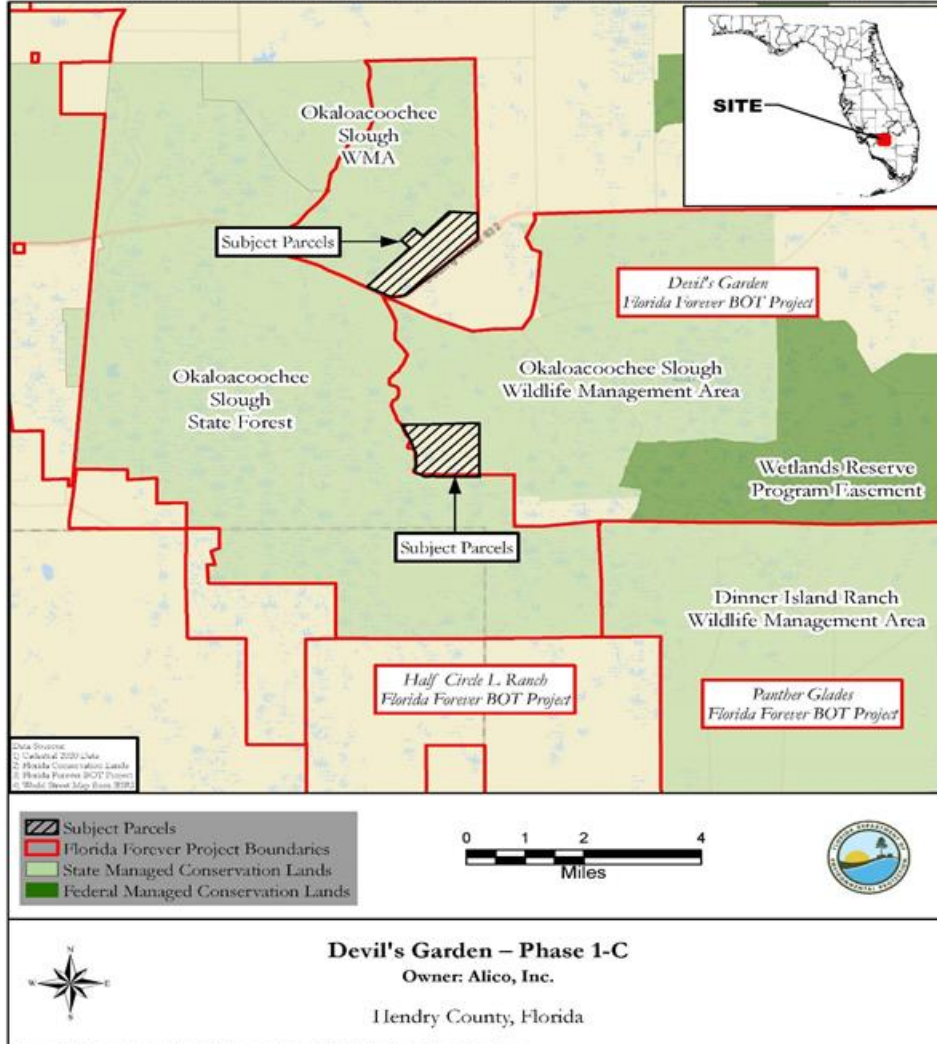
NOTE: This legal description is for contract purposes. There may be revisions based on a boundary survey and title insurance commitment of the property.

Devils Garden - Parcel 1C
Ailco, Inc.
Hendry County

BSM APPROVED
By: Date: 01/06/2021

EXHIBIT "A-1"

THIS PAGE AND ANY FOLLOWING PAGES ARE ATTACHED ONLY FOR STATE OF FLORIDA TRACKING PURPOSES AND FORM NO PART OF THE INSTRUMENT AND ARE NOT TO BE RELIED ON BY ANY PARTY.



ADDENDUM
BENEFICIAL INTEREST AND DISCLOSURE AFFIDAVIT
(CORPORATION/PARTNERSHIP)

Before me, the undersigned authority, personally appeared John E. Kiernan ("affiant"), this _____ day of _____, 2021, who, first being duly sworn, deposes and says:

1) That affiant is the President and CEO of Alico, Inc., a Florida corporation as "Seller", whose address is 10070 Daniels Interstate Court, Suite 100, Ft. Myers, FL 33913, and in such capacity has personal knowledge of the matters set forth herein and has been duly authorized by Seller to make this affidavit on Seller's behalf. That Seller is the record owner of the Property. As required by Section 286.23, Florida Statutes, and subject to the penalties prescribed for perjury, the following is a list of every "person" (as defined in Section 1.01(3), Florida Statutes) holding 5% or more of the beneficial interest in the disclosing entity: (if more space is needed, attach separate sheet)

<u>Name</u>	<u>Address</u>	<u>Interest</u>
-------------	----------------	-----------------

Not applicable. Seller is a publicly traded company registered with the Federal Securities Exchange Commission, and thereby, is exempt from making this disclosure pursuant to section 286.23(3)(a), Florida Statutes.

2) That to the best of the affiant's knowledge, all persons who have a financial interest in this real estate transaction or who have received or will receive real estate commissions, attorney's or consultant's fees or any other fees, costs, or other benefits incident to the sale of the Property are: **(if non-applicable, please indicate "None" or "Non-Applicable")**

<u>Name</u>	<u>Address</u>	<u>Reason for Payment</u>	<u>Amount</u>
<i>Trenam Law</i>	<i>101 E. Kennedy Blvd. Suite 2700 Tampa, FL 33602</i>	<i>Legal Services</i>	<i>TBD</i>

3) That, to the best of the affiant's knowledge, the following is a true history of all financial transactions (including any existing option or purchase agreement in favor of affiant) concerning the Property which have taken place or will take place during the last five years prior to the conveyance of title to the State of Florida: **(if non-applicable, please indicate "None" or "Non-Applicable")**

Name and Address Of Parties Involved	Date	Type of Transaction	Amount of Transaction
---	------	------------------------	--------------------------

None, except for existing lease.

This affidavit is given in compliance with the provisions of Sections 286.23, 375.031(1), and 380.08(2), Florida Statutes.

AND FURTHER AFFIANT SAYETH NOT.

AFFIANT

John E. Kiernan

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me by means of ___ physical presence or ___ online notarization; this _____ day of _____, 2021 by John E. Kiernan, President and CEO, of Alico, Inc., a Florida corporation. Such person(s) (Notary Public must check applicable box):

is/are personally known to me.
 produced a current driver license(s).
 produced _____ as identification.

(NOTARY PUBLIC SEAL)

Notary Public

(Printed, Typed or Stamped Name of Notary Public)

Commission No.: _____

My Commission Expires: _____

SUBSIDIARIES OF ALICO, INC.

<u>Name of Subsidiary</u>	<u>State of Organization</u>
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

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 7, 2021, 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, 2021.

/s/ RSM US LLP

Orlando, Florida
December 7, 2021

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 7, 2021

By: _____
/s/ John E. Kiernan
John E. Kiernan
President and Chief Executive Officer
(Principal Executive Officer)

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 7, 2021

By: _____
/s/ Richard Rallo
Richard Rallo
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

**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, 2021 (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 7, 2021

By: _____
/s/ John E. Kiernan
John E. Kiernan
President and Chief Executive Officer
(Principal Executive Officer)

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, 2021 (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 7, 2021

By: _____ /s/ Richard Rallo
Richard Rallo
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)