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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2020

or

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

For the transition period

from____________________ to_________________________

Commission File Number: 0-261

ALICO, INC.

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

Florida	**59-0906081**
(*State or other jurisdiction of incorporation or organization*)	(*I.R.S. Employer Identification No.*)
10070 Daniels Interstate Court Suite 100 Fort Myers FL	**33913**
(Address of principal executive offices)	*(Zip Code)*

(239) 226-2000

(Registrant's telephone number, including area code)

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

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

Indicate by check mark 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" and "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

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

There were 7,491,642 shares of common stock outstanding at August 5, 2020.

ALICO, INC.
FORM 10-Q
For the three and nine months ended June 30, 2020 and 2019
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PART I

Item 1. Condensed Consolidated Financial Statements

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

	June 30, 2020 (Unaudited)	September 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 80,426	$ 18,630
Accounts receivable, net	909	713
Inventories	29,253	40,143
Assets held for sale	1,366	1,442
Prepaid expenses and other current assets	1,645	1,049
Total current assets	113,599	61,977
Restricted cash	784	5,208
Property and equipment, net	351,077	345,648
Goodwill	2,246	2,246
Other non-current assets	2,226	2,309
Total assets	$ 469,932	$ 417,388
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,503	$ 4,163
Accrued liabilities	5,803	7,769
Long-term debt, current portion	5,130	5,338
Deferred retirement obligations	5,226	5,226
Income taxes payable	2,802	5,536
Other current liabilities	1,139	919
Total current liabilities	24,603	28,951
Long-term debt:		
Principal amount, net of current portion	145,810	158,111
Less: deferred financing costs, net	(1,195)	(1,369)
Long-term debt less current portion and deferred financing costs, net	144,615	156,742
Lines of credit	64,380	—
Deferred income tax liabilities, net	31,353	32,125
Other liabilities	246	172
Total liabilities	265,197	217,990
Commitments and Contingencies (Note 12)		
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 7,486,108 and 7,476,513 shares outstanding at June 30, 2020 and September 30, 2019, respectively	8,416	8,416
Additional paid in capital	20,181	19,781
Treasury stock, at cost, 930,037 and 939,632 shares held at June 30, 2020 and September 30, 2019, respectively	(31,539)	(31,943)
Retained earnings	202,488	198,049
Total Alico stockholders' equity	199,546	194,303
Noncontrolling interest	5,189	5,095
Total stockholders' equity	204,735	199,398
Total liabilities and stockholders' equity	$ 469,932	$ 417,388

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Operating revenues:				
Alico Citrus	$ 25,360	$ 56,819	$ 85,336	$ 118,539
Water Resources and Other Operations	762	746	2,306	2,326
Total operating revenues	26,122	57,565	87,642	120,865
Operating expenses:				
Alico Citrus	19,508	31,141	67,866	73,597
Water Resources and Other Operations	394	420	1,325	1,768
Total operating expenses	19,902	31,561	69,191	75,365
Gross profit	6,220	26,004	18,451	45,500
General and administrative expenses	2,556	2,682	8,269	10,786
Income from operations	3,664	23,322	10,182	34,714
Other (expense) income, net:				
Interest expense	(1,603)	(1,745)	(4,599)	(5,625)
Gain on sale of real estate, property and equipment and assets held for sale	154	114	3,017	137
Change in fair value of derivatives	—	—	—	(989)
Other (expense) income	44	8	(20)	18
Total other (expense) income, net	(1,405)	(1,623)	(1,602)	(6,459)
Income before income taxes	2,259	21,699	8,580	28,255
Income tax provision	171	5,483	2,028	7,082
Net income	2,088	16,216	6,552	21,173
Net loss (income) attributable to noncontrolling interests	8	28	(94)	151
Net income attributable to Alico, Inc. common stockholders	$ 2,096	$ 16,244	$ 6,458	$ 21,324
Per share information attributable to Alico, Inc. common stockholders:				
Earnings per common share:				
Basic	$ 0.28	$ 2.17	$ 0.86	$ 2.85
Diluted	$ 0.28	$ 2.17	$ 0.86	$ 2.85
Weighted-average number of common shares outstanding:				
Basic	7,486	7,470	7,481	7,470
Diluted	7,493	7,471	7,493	7,494
Cash dividends declared per common share	$ 0.09	$ 0.06	$ 0.27	$ 0.18

See accompanying notes to the condensed consolidated financial statements

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

For the Three Months Ended June 30, 2020

	Common stock		Additional Paid In Capital	Treasury Stock	Retained Earnings	Total Alico, Inc. Equity	Non-controlling Interest	Total Equity
	Shares	Amount						
Balance at March 31, 2020	8,416	$ 8,416	$ 20,174	$ (31,784)	$ 201,065	$ 197,871	$ 5,197	$ 203,068
Net income (loss)	—	—	—	—	2,096	2,096	(8)	2,088
Dividends ($0.09/share)	—	—	—	—	(673)	(673)	—	(673)
Stock-based compensation:								
Directors	—	—	(70)	245	—	175	—	175
Executives and Managers	—	—	77	—	—	77	—	77
Balance at June 30, 2020	**8,416**	**$ 8,416**	**$ 20,181**	**$ (31,539)**	**$ 202,488**	**$ 199,546**	**$ 5,189**	**$ 204,735**

For the Nine Months Ended June 30, 2020

	Common stock		Additional Paid In Capital	Treasury Stock	Retained Earnings	Total Alico, Inc. Equity	Non-controlling Interest	Total Equity
	Shares	Amount						
Balance at September 30, 2019	8,416	$ 8,416	$ 19,781	$ (31,943)	$ 198,049	$ 194,303	$ 5,095	$ 199,398
Net income	—	—	—	—	6,458	6,458	94	6,552
Dividends ($0.27/share)	—	—	—	—	(2,019)	(2,019)	—	(2,019)
Treasury stock purchases	—	—	—	(238)	—	(238)	—	(238)
Stock-based compensation:								
Directors	—	—	(112)	642	—	530	—	530
Executives and Managers	—	—	512	—	—	512	—	512
Balance at June 30, 2020	**8,416**	**$ 8,416**	**$ 20,181**	**$ (31,539)**	**$ 202,488**	**$ 199,546**	**$ 5,189**	**$ 204,735**

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

For the Three Months Ended June 30, 2019

	Common stock		Additional Paid In Capital	Treasury Stock	Retained Earnings	Total Alico, Inc. Equity	Non-controlling Interest	Total Equity
	Shares	Amount						
Balance at March 31, 2019	8,416	$ 8,416	$ 19,733	$ (32,496)	$ 166,193	$ 161,846	$ 5,355	$ 167,201
Net income (loss)	—	—	—	—	16,244	16,244	(28)	16,216
Dividends ($0.06/share)	—	—	—	—	(448)	(448)	—	(448)
Stock-based compensation:								
Directors	—	—	(91)	291	—	200	—	200
Executives	—	—	114	—	—	114	—	114
Balance at June 30, 2019	**8,416**	**$ 8,416**	**$ 19,756**	**$ (32,205)**	**$ 181,989**	**$ 177,956**	**$ 5,327**	**$ 183,283**

For the Nine Months Ended June 30, 2019

	Common stock		Additional Paid In Capital	Treasury Stock	Retained Earnings	Total Alico, Inc. Equity	Non-controlling Interest	Total Equity
	Shares	Amount						
Balance at September 30, 2018	8,416	$ 8,416	$ 20,126	$ (7,536)	$ 151,111	$ 172,117	$ 5,478	$ 177,595
Net income (loss)	—	—	—	—	21,324	21,324	(151)	21,173
Dividends ($0.18/share)	—	—	—	—	(1,343)	(1,343)	—	(1,343)
Treasury stock purchases	—	—	—	(25,576)	—	(25,576)	—	(25,576)
ASC 610-20 adoption	—	—	—	—	10,897	10,897	—	10,897
Stock-based compensation:								
Directors	—	—	(231)	907	—	676	—	676
Executives	—	—	684	—	—	684	—	684
Executive forfeiture	—	—	(823)	—	—	(823)	—	(823)
Balance at June 30, 2019	**8,416**	**$ 8,416**	**$ 19,756**	**$ (32,205)**	**$ 181,989**	**$ 177,956**	**$ 5,327**	**$ 183,283**

See accompanying notes to the condensed consolidated financial statements

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

	Nine Months Ended June 30,	
	2020	**2019**
Net cash provided by operating activities:		
Net income	$ 6,552	$ 21,173
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	10,847	10,441
Deferred income tax (benefit) expense	(772)	454
Loss on disposal of long-lived assets	48	—
Gain on sale of real estate, property and equipment and assets held for sale	(3,065)	(137)
Change in fair value of derivatives	—	989
Impairment of long-lived assets	723	244
Impairment of right-of-use asset	87	—
Stock-based compensation expense	1,042	537
Other	15	(160)
Changes in operating assets and liabilities:		
Accounts receivable	(196)	(3,741)
Inventories	10,890	10,327
Prepaid expenses and other assets	(758)	(480)
Accounts payable and accrued liabilities	(1,852)	(2,587)
Income tax payable	(2,734)	4,250
Other liabilities	294	376
Net cash provided by operating activities	21,121	41,686
Cash flows from investing activities:		
Purchases of property and equipment	(17,007)	(14,567)
Net proceeds from sale of real estate, property and equipment and assets held for sale	3,322	419
Change in deposits on purchase of citrus trees	53	(256)
Deposit on purchase of citrus grove	(25)	—
Advances on notes receivables, net	91	56
Net cash used in investing activities	(13,566)	(14,348)
Cash flows from financing activities:		
Repayments on revolving lines of credit	(46,187)	(86,123)
Borrowings on revolving lines of credit	110,567	83,438
Principal payments on term loans	(12,509)	(8,169)
Treasury stock purchases	(238)	(25,576)
Payment on termination of sugarcane agreement	—	(11,300)
Dividends paid	(1,793)	(1,343)
Deferred financing costs	(23)	—
Net cash provided by (used in) financing activities	49,817	(49,073)
Net increase (decrease) in cash and cash equivalents and restricted cash	57,372	(21,735)
Cash and cash equivalents and restricted cash at beginning of the period	23,838	32,260
Cash and cash equivalents and restricted cash at end of the period	$ 81,210	$ 10,525

See accompanying notes to the condensed 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 110,000 acres of land throughout Florida, including approximately 90,000 acres of mineral rights. The Company manages its land based upon its primary usage, and reviews its performance based upon two primary classifications: (i) Alico Citrus and (ii) Water Resources and Other Operations. Financial results are presented based upon these two business segments.

Basis of Presentation

The Company has prepared the accompanying financial statements on a condensed consolidated basis. These accompanying unaudited condensed consolidated interim financial statements, which are referred to herein as the "Financial Statements", have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to Article 10-01 of Regulation S-X of the U.S. Securities and Exchange Commission ("SEC") for interim financial information. These Financial Statements do not include all of the disclosures required for complete annual financial statements and, accordingly, certain information, footnotes and disclosures normally included in annual financial statements, prepared in accordance with U.S. GAAP, have been condensed or omitted in accordance with SEC rules and regulations. Accordingly, the Financial Statements should be read in conjunction with the Company's audited Consolidated Financial Statements and Notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2019, as filed with the SEC on December 5, 2019.

The Financial Statements presented in this Quarterly Report on Form 10-Q are unaudited. However, in the opinion of management, such Financial Statements include all adjustments, consisting solely of normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP applicable to interim periods.

Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the current fiscal year ending September 30, 2020.

Segments

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

Principles of Consolidation

The Financial Statements include the accounts of Alico and the accounts of all the subsidiaries in which a controlling interest is held by the Company. Under U.S. GAAP, consolidation is generally required for investments of more than 50% of the outstanding voting stock of an investee, except when control is not held by the majority owner. The Company's subsidiaries include: Alico Land Development, Inc., Alico-Agri, Ltd., Alico Plant World, LLC, Alico Fruit Company, LLC, Alico Citrus Nursery, LLC, Alico Chemical Sales, LLC, 734 Citrus Holdings, LLC and subsidiaries, Alico 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.

Restricted Cash

Restricted cash is comprised of cash received from the sale of certain assets in which the use of funds is restricted and 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.

For certain sales transactions, the Company sells property which serves as collateral for specific debt obligations. As a result, the sale proceeds are only permitted to be used to purchase like-kind citrus groves acceptable to the debt holder or to pay down existing debt obligations and thus are included in restricted cash. During the fiscal year ended September 30, 2019, the Company utilized restricted cash of $1,800,000 towards the purchase of citrus groves. Such purchases are included as part of the collateral under certain debt obligations. Additionally, in November 2019, the Company utilized restricted cash to pay down existing debt, including outstanding interest on such debt, in the amount of $4,489,000. In July 2020, the remaining restricted cash of approximately $720,000, including interest earned in the account, was released without further obligation to the Company.

In March 2020, the Company sold certain sections of the East Ranch, from which the Company received net cash proceeds (through its qualified intermediary) of approximately $2,952,000. 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 remaining net proceeds held by the qualified intermediary of approximately $64,000 were reimbursed to the Company in July 2020.

Revenue Recognition

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

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

Receivables under contracts, whereby pricing is based on contractual and market prices, are primarily paid at the floor amount and are collected within seven days after the harvest week. Any adjustments to pricing as a result of changes in market prices are collected or paid thirty to sixty days after final market pricing is published. Receivables under contracts, whereby pricing is based off a cost-plus structure methodology, are paid at the final prior year rate. Any adjustments to pricing as a result of the cost-plus calculation are collected or paid upon finalization of the calculation and agreement by both parties. As of June 30, 2020, and September 30, 2019, the Company had total receivables relating to sales of citrus of approximately $280,000 and $160,000, respectively, recorded in Accounts Receivable, net, in the Condensed Consolidated Balance Sheets.

Disaggregated Revenue

Revenues disaggregated by significant products and services for the three and nine months ended June 30, 2020 and 2019 are as follows:

(in thousands)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Alico Citrus				
Early and Mid-Season	$ —	$ —	$ 31,303	$ 39,574
Valencias	24,250	54,734	50,060	73,480
Fresh Fruit	478	1,052	2,015	3,629
Other	632	1,033	1,958	1,856
Total	$ 25,360	$ 56,819	$ 85,336	$ 118,539
Water Resources and Other Operations				
Land and other leasing	$ 711	$ 706	$ 2,053	$ 2,098
Other	51	40	253	228
Total	$ 762	$ 746	$ 2,306	$ 2,326
Total Revenues	$ 26,122	$ 57,565	$ 87,642	$ 120,865

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 a net loss of approximately $16,000 and $57,000 for the three months ended June 30, 2020 and 2019, respectively, and had net income of approximately $192,000 and a net loss of $308,000 for the nine months ended June 30, 2020 and 2019, respectively, of which 51% is attributable to the Company. The shift from a net loss to net income for the nine months ended June 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 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. This guidance will become effective for us in the fiscal years beginning after December 15, 2019, including interim periods within those reporting periods. We will adopt this guidance using a prospective approach. The Company does not expect the adoption of ASU 2017-04 will have a material impact on its consolidated financial statements and will adopt the standard effective October 1, 2020.

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

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

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. If LIBOR ceases to exist, the Company may need to renegotiate its loan agreements and the Company cannot predict what alternative index would be negotiated with its lenders. ASU 2020-04 is currently effective and upon adoption may be applied prospectively to contract modifications made on or before December 31, 2022. 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 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 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 Condensed 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 Condensed Consolidated Financial Statements.

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

(in thousands)

Operating lease components	Classification	June 30, 2020
Right-of-use assets	Other non-current assets	$ 290
Current lease liabilities	Other current liabilities	$ 168
Non-current lease liabilities	Other liabilities	$ 214

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

(in thousands)

Operating lease components	Classification	Three Months Ended June 30, 2020	Nine Months Ended June 30, 2020
Operating lease costs	General and administrative expenses	$ 42	$ 146
Operating lease right-of-use asset impairment	Other expense	$ —	$ 87

Future maturities of our operating lease obligations as of June 30, 2020 by fiscal year are as follows:

(in thousands)	
2020	$ 41
2021	169
2022	175
2023	15
Total noncancelable future lease obligations	$ 400
Less: Interest	(18)
Present value of lease obligations	$ 382

The weighted-average remaining lease term and weighted-average discount rate for our operating leases are as follows:

	June 30, 2020
Weighted-average remaining lease term	2.33 years
Weighted-average discount rate	3.89 %

(in thousands)	Nine Months Ended June 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 142
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	$ 511

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.

Seasonality

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

Note 2. Inventories

Inventories consist of the following at June 30, 2020 and September 30, 2019:

(in thousands)	**June 30, 2020**	**September 30, 2019**
Unharvested fruit crop on the trees	$ 28,462	$ 39,276
Other	791	867
Total inventories	$ 29,253	$ 40,143

The Company records its inventory at the lower of cost or net realizable value. For the three and nine months ended June 30, 2020 and 2019, the Company did not record any adjustments to reduce inventory to net realizable value.

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

The Company is eligible for Hurricane Irma federal relief programs for block grants that are being administered through the State of Florida. During the fiscal year ended September 30, 2019, the Company received approximately $15,597,000 under the Florida Citrus Recovery Block Grant ("CRBG") program. This represented Part 1 and a portion of Part 2 reimbursement under the three-part program. During the nine months ended June 30, 2020, the Company received additional proceeds of approximately $4,629,000 under the Florida CRBG program. This represented the remaining portion of Part 2 reimbursement under the three-part program. The timing and amount to be received under Part 3 of the program, if any, has not been finalized. These federal relief proceeds are included as a reduction to operating expenses in the Condensed Consolidated Statements of Operations.

Note 3. 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 at June 30, 2020 and September 30, 2019:

(in thousands)	Carrying Value	
	June 30, 2020	September 30, 2019
East Ranch	$ 1,366	$ 1,442
Total Assets Held for Sale	$ 1,366	$ 1,442

On March 27, 2020, the Company sold certain sections at the East Ranch for approximately $2,952,000 and realized a gain of approximately $2,838,000. 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.

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

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

Note 4. Property and Equipment, Net

Property and equipment, net consists of the following at June 30, 2020 and September 30, 2019:

(in thousands)	June 30, 2020	September 30, 2019
Citrus trees	$ 293,382	$ 281,149
Equipment and other facilities	55,466	54,622
Buildings and improvements	8,133	8,224
Total depreciable properties	356,981	343,995
Less: accumulated depreciation and depletion	(112,535)	(104,169)
Net depreciable properties	244,446	239,826
Land and land improvements	106,631	105,822
Property and equipment, net	$ 351,077	$ 345,648

During the nine months ended June 30, 2020 and fiscal year ended September 30, 2019, the Company recorded impairments of approximately $723,000 and $244,000, respectively, relating to the loss of citrus trees.

During the fiscal year ended September 30, 2019, the Company purchased 203 acres of citrus blocks for approximately $1,950,000. These purchases were made from grove owners from within the Company's existing grove locations. In April 2019, the lender, PGIM Real Estate Finance, LLC ("Prudential"), agreed to accept those purchases completed through April 2019 as substitute collateral and release $1,800,000 from restricted cash, which was completed in the fourth quarter of fiscal year 2019. In the fiscal year ended September 30, 2019, subsequent to April 2019, there were two additional purchases of Citrus blocks for approximately $100,000 that are not included as part of the substitution collateral. In the nine months ended June 30, 2020, two additional purchases of Citrus blocks for approximately $70,000 were completed.

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 will allow the Company to defer taxes relating to the sale of certain sections of the East 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 $89,000.

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

Note 5. Long-Term Debt and Lines of Credit

The following table summarizes long-term debt and related deferred financing costs, net of accumulated amortization at June 30, 2020 and September 30, 2019:

	June 30, 2020		September 30, 2019	
(in thousands)	Principal	Deferred Financing Costs, Net	Principal	Deferred Financing Costs, Net
Long-term debt, net of current portion:				
Met Fixed-Rate Term Loans	$ 85,000	$ 647	$ 89,688	$ 724
Met Variable-Rate Term Loans	41,688	297	43,844	334
Met Citree Term Loan	4,575	37	4,750	40
Pru Loans A & B	15,387	211	16,257	224
Pru Loan E	4,290	3	4,455	9
Pru Loan F	—	—	4,455	38
	150,940	1,195	163,449	1,369
Less current portion	5,130	—	5,338	—
Long-term debt	$ 145,810	$ 1,195	$ 158,111	$ 1,369

The following table summarizes lines of credit and related deferred financing costs, net of accumulated amortization at June 30, 2020 and September 30, 2019:

	June 30, 2020		September 30, 2019	
(in thousands)	Principal	Deferred Financing Costs, Net	Principal	Deferred Financing Costs, Net
Lines of Credit:				
RLOC	$ 20,000	$ 145	$ —	$ 8
WCLC	44,380	—	—	—
Lines of Credit	$ 64,380	$ 145	$ —	$ 8

Future maturities of long-term debt and lines of credit as of June 30, 2020 are as follows:

(in thousands)	June 30, 2020
Due within one year	$ 5,130
Due between one and two years	58,985
Due between two and three years	10,535
Due between three and four years	10,535
Due between four and five years	10,535
Due beyond five years	119,600
Total future maturities	$ 215,320

Interest costs expensed and capitalized were as follows:

(in thousands)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Interest expense	$ 1,603	$ 1,745	$ 4,599	$ 5,625
Interest capitalized	320	269	892	714
Total	$ 1,923	$ 2,014	$ 5,491	$ 6,339

Debt

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

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

The term loans, collectively, are subject to quarterly principal payments of $2,281,250, and mature November 1, 2029. The Met Fixed-Rate Term Loans bear interest at 4.15% per annum, and the Met Variable-Rate Term Loans bear interest at a rate equal to 90-day LIBOR plus 165 basis points (the "LIBOR spread"). The LIBOR spread is subject to adjustment by Met beginning May 1, 2017 and is subject to further adjustment every two years thereafter until maturity. No adjustment was made at May 1, 2019. Interest on the term loans is payable quarterly. The interest rates on the Met Variable-Rate Term Loans were 2.41% per annum and 3.91% per annum as of June 30, 2020 and September 30, 2019, respectively.

The Company may prepay up to $8,750,000 of the Met Fixed-Rate Term Loan principal annually without penalty, and any such prepayments may be applied to reduce subsequent mandatory principal payments. The maximum annual prepayment was made for calendar year 2015. During the first and second quarter of fiscal year 2018, the Company elected not to make its principal payment and utilized a portion of its 2015 prepayment to satisfy its principal payment requirements for such quarters. At June 30, 2020, the Company had $5,625,000 remaining available to reduce future mandatory principal payments should the Company elect to do so. The Met Variable-Rate Term Loans may be prepaid without penalty.

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.

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 at May 1, 2019. In October 2019, the RLOC agreement was modified to extend the current maturity of November 1, 2019 to November 1, 2029. The RLOC is subject to an annual commitment fee of 25 basis points on the unused portion of the line of credit. The RLOC is available for funding general corporate needs. The variable interest rate was 2.41% and 3.91% per annum as of June 30, 2020 and September 30, 2019, respectively. There was $20,000,000 and $0 outstanding on the RLOC at June 30, 2020 and September 30, 2019, respectively. Availability under the RLOC was $5,000,000 and $25,000,000 as of June 30, 2020 and September 30, 2019, respectively.

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 1.92% and 3.85% per annum as of June 30, 2020 and September 30, 2019, respectively. The WCLC agreement was amended on September 20, 2018, and the primary terms of the amendment were an extension of the maturity to November 1, 2021. There were no changes to the commitment amount or interest rate. The WCLC agreement provides for Rabo to issue up to $2,000,000, reduced from $20,000,000 during fiscal year 2019, in letters of credit on the Company's behalf. As of June 30, 2020, there was approximately $399,000 in outstanding letters of credit, which correspondingly reduced the Company's availability under the line of credit.

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 was $44,380,000 and $0 outstanding on the WCLC at June 30, 2020 and September 30, 2019, respectively. Availability under the WCLC was approximately $25,221,000 and $69,540,000 as of June 30, 2020 and September 30, 2019, respectively.

In 2014, the Company capitalized approximately $2,834,000 of debt financing costs related to the refinancing and approximately $339,000 of costs related to the retired debt. Additionally, financing costs of approximately $23,000 and $133,000 were incurred in the nine months ended June 30, 2020 and for the fiscal year ended September 30, 2019, respectively, in connection with the extension of the RLOC. All costs are included in deferred financing and being amortized to interest expense over the applicable terms of the obligations. The unamortized balance of deferred financing costs related to the financing above was approximately $1,089,000 and approximately $1,066,000 at June 30, 2020 and September 30, 2019, 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 $167,364,000 for the year ended September 30, 2019, (iii) minimum current ratio of 1.50 to 1.00, (iv) debt to total assets ratio not greater than .625 to 1.00, and, (v) solely in the case of the WCLC, a limit on capital expenditures of $30,000,000 per fiscal year. As of June 30, 2020, the Company was in compliance with all of the financial covenants.

Credit facilities also include a Met Life term loan collateralized by 1,200 gross acres of citrus grove owned by Citree ("Met Citree Loan"). This is a $5,000,000 credit facility that bears interest at a fixed rate of 5.28% per annum. Principal and interest payments are made on a quarterly basis. At June 30, 2020 and September 30, 2019, there was an outstanding balance of $4,575,000 and $4,750,000, respectively. The loan matures in February 2029. The unamortized balance of deferred financing costs related to this loan was approximately $37,000 and $40,000 at June 30, 2020 and September 30, 2019, respectively.

Transition from LIBOR

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

Silver Nip Citrus Debt

There are two fixed-rate term loans, with an original combined balance of $27,550,000, bearing interest at 5.35% per annum ("Pru Loans A & B"). Principal of $290,000 is payable quarterly, together with accrued interest. On February 15, 2015, 734 Citrus Holdings, LLC d/b/a Silver Nip Citrus ("Silver Nip Citrus") made a prepayment of $750,000. In addition, the Company made prepayments of approximately $4,453,000 in the second fiscal quarter of 2018 with proceeds from the sale of certain properties, which were collateralized under these loans. The Company may prepay up to $5,000,000 of principal without penalty. As such, the Company exceeded the allowed $5,000,000 prepayment by approximately $203,000 and was required to make a premium payment of approximately $22,000. The loans are collateralized by approximately 5,700 acres 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 ("Pru Loan E" and "Pru Loan F") was in the original amount of $5,500,000. Principal of $55,000 per loan is payable quarterly, together with accrued interest. In November 2019, the Company prepaid Pru Loan F in full in the amount of $4,455,000. Pru Loan E, which matures September 1, 2021, bears interest at 3.85% per annum. The interest rate on Pru Loan E is subject to adjustment on September 1, 2019 and every year thereafter until maturity. No adjustment was made at September 1, 2019. This loan is collateralized by approximately 1,500 gross acres of citrus groves in Charlotte County, Florida.

The Silver Nip Citrus credit agreements are subject to a financial covenant whereby the consolidated current ratio requirement is 1.00 to 1.00. Silver Nip Citrus was in compliance with the current ratio covenant as of June 30, 2020.

The unamortized balance of deferred financing costs related to the Silver Nip Citrus debt was approximately $214,000 and $271,000 at June 30, 2020 and September 30, 2019, respectively.

Note 6. Accrued Liabilities

Accrued liabilities consist of the following at June 30, 2020 and September 30, 2019:

(in thousands)	June 30, 2020	September 30, 2019
Ad valorem taxes	$ 1,387	$ 2,117
Accrued interest	1,143	1,110
Accrued employee wages and benefits	1,788	2,525
Accrued dividends	674	448
Accrued contractual obligation associated with sale of real estate	—	402
Consulting and separation charges	246	400
Accrued insurance	271	544
Other accrued liabilities	294	223
Total accrued liabilities	$ 5,803	$ 7,769

Note 7. Derivative Asset and Derivative Liabilities/Deferred Gain on Sale

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

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

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

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

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

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

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

Note 8. Income Taxes

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

The impact of adopting ASC 610-20 was modified in the quarter ended March 31, 2019 to reflect the deferred tax impact of this adoption. The deferred tax asset related to the deferred gain on sale was decreased by $3,704,000 with a corresponding decrease to retained earnings in the quarter ended March 31, 2019, offsetting the October 1, 2018 increase to retained earnings for the ASC 610-20 implementation (see Note 7. “Derivative Asset and Derivative Liabilities/Deferred Gain on Sale”).

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. The CARES Act did not have any material impact on the Company’s cash tax liability or financial condition.

Note 9. Earnings Per Common Share

Basic earnings per share for Alico's common stock is calculated by dividing net income attributable to Alico, Inc. 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 common shares issuable under equity-based compensation plans in accordance with the treasury stock method, except where the inclusion of such common shares would have an anti-dilutive impact.

For the three and nine months ended June 30, 2020 and 2019, basic and diluted earnings per common share were as follows:

(in thousands except per share amounts)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Net income attributable to Alico, Inc. common stockholders	$ 2,096	$ 16,244	$ 6,458	$ 21,324
Weighted average number of common shares outstanding - basic	7,486	7,470	7,481	7,470
Dilutive effect of equity-based awards	7	1	12	24
Weighted average number of common shares outstanding - diluted	7,493	7,471	7,493	7,494
Net income per common shares attributable to Alico, Inc. common stockholders:				
Basic	$ 0.28	$ 2.17	$ 0.86	$ 2.85
Diluted	$ 0.28	$ 2.17	$ 0.86	$ 2.85

For the three and nine months ended June 30, 2020 and 2019, there were anti-dilutive equity awards excluded from the calculation of diluted earnings per common share.

Note 10. 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 CODM in deciding how to assess performance and allocate resources. The Company's CODM assesses performance and allocates resources based on two operating segments: Alico Citrus and Water Resources and Other Operations.

Total revenues represent sales to unaffiliated customers, as reported in the Condensed 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)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Revenues:				
Alico Citrus	$ 25,360	$ 56,819	$ 85,336	$ 118,539
Water Resources and Other Operations	762	746	2,306	2,326
Total revenues	26,122	57,565	87,642	120,865
Operating expenses:				
Alico Citrus	19,508	31,141	67,866	73,597
Water Resources and Other Operations	394	420	1,325	1,768
Total operating expenses	19,902	31,561	69,191	75,365
Gross profit:				
Alico Citrus	5,852	25,678	17,470	44,942
Water Resources and Other Operations	368	326	981	558
Total gross profit	6,220	26,004	18,451	45,500
Depreciation, depletion and amortization:				
Alico Citrus	3,468	3,278	10,321	9,899
Water Resources and Other Operations	51	45	143	132
Other Depreciation, Depletion and Amortization	129	167	383	410
Total depreciation, depletion, and amortization	$ 3,648	$ 3,490	$ 10,847	$ 10,441

(in thousands)	June 30, 2020	September 30, 2019
Assets:		
Alico Citrus	$ 452,219	$ 401,212
Water Resources and Other Operations	16,429	15,332
Other Corporate Assets	1,284	844
Total Assets	$ 469,932	$ 417,388

Note 11. Stockholders' Equity

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

The Company recognizes stock-based compensation expense for (i) Board of Directors fees (paid in treasury stock), and (ii) other awards under the 2015 Plan (paid in restricted stock and stock options). Stock-based compensation expense is recognized in general and administrative expenses in the Condensed Consolidated Statements of Operations.

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 Director fees was approximately $175,000 and $530,000 for the three and nine months ended June 30, 2020, and approximately $200,000 and $676,000 for the three and nine months ended June 30, 2019, respectively.

Restricted Stock

Stock compensation expense related to the Restricted Stock totalled approximately $17,000 and $69,000 for the three and nine months ended June 30, 2020, and approximately $25,000 and $77,000 for the three and nine months ended June 30, 2019, respectively. There was $0 and approximately $69,000 of total unrecognized stock compensation costs related to unvested stock compensation for the Restricted Stock grants at June 30, 2020 and September 30, 2019, respectively.

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 $50.00. 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. As of June 30, 2020, the Company's stock closed at $ 31.16 per share. During the nine months ended June 30, 2020 the stock did trade above $35.00 per share for twenty consecutive days; accordingly, 25% of the 2020 Option Grants are vested at June 30, 2020 and the corresponding stock option expense was recognized during the nine months ended June 30, 2020.

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; (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 the Executive's termination of employment, if the Executive's employment is terminated due to death or disability, (B) the date that is 12 months following the Executive's termination of employment, if the Executive's employment is terminated by the Company without cause, by the Executive with good reason, or due to the Executive's retirement, or (C) the date of the termination of the Executive's employment for any other reason, then any unvested options will be forfeited. In addition, if the applicable stock price hurdles have not been achieved by December 31, 2021 then any unvested options will be forfeited. The 2019 Option Grants will also become vested to the extent that the applicable stock price hurdles are satisfied in connection with a change in control of the Company. As of June 30, 2020, the Company's stock was trading at $ 31.16 per share, and since the date of grant the stock did not trade above $40.00 per share; accordingly, none of the 2019 Option Grants are vested at June 30, 2020.

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 is18 months following the Executive's termination of employment, if the Executive's employment is terminated due to death or disability, (B) the date that is 12 months following the Executive's termination of employment, if the Executive's employment is terminated by the Company without cause, by the Executive with good reason, or due to the Executive's retirement, or (C) the date of the termination of the Executive's employment for any other reason, then any unvested options will be forfeited. In addition, if the applicable stock price hurdles have not been achieved by December 31, 2021 then any unvested options will be forfeited. The 2018 Option Grants will also become vested to the extent that the applicable stock price hurdles are satisfied in connection with a change in control of the Company. As of June 30, 2020, the Company's stock was trading at $31.16 per share. During the nine months ended June 30, 2020, the stock did trade above $35.00 per share for a consecutive twenty days; accordingly, 25% of Mr. Kiernan's 2018 Option Grants are vested at June 30, 2020 and the corresponding stock option expense was recognized during the nine months ended June 30, 2020. As set forth below, more than a majority of the 2018 Option Grants issued to Mr. Trafelet were forfeited and the vesting conditions of the remainder were modified, all pursuant to the Alico Settlement Agreement, as defined below.

A stock option grant of 300,000 options in the case of Mr. Trafelet and 225,000 options in the case of each of Mr. Henry Slack and Mr. George Brokaw (collectively, the "2016 Option Grants") were granted on December 31, 2016. The option price was set at $27.15, the closing price on December 31, 2016. The 2016 Option Grants will vest as follows: (i) 25% of the options will vest if the price of the Company's common stock during a consecutive 20-trading day period exceeds $60.00; (ii) 25% of the options will vest if such price exceeds $75.00; (iii) 25% of the options will vest if such price exceeds $90.00; and (iv) 25% of the options will vest if such price exceeds $105.00. If the applicable stock price hurdles have not been achieved by (A) the second anniversary of the Executive's termination of employment, if the Executive's employment is terminated due to death or disability, (B) the date that is 18 months following the Executive's termination of employment, if the Executive's employment is terminated by the Company without cause, by the Executive with good reason, or due to the Executive's retirement, or (C) the date of the termination of the Executive's employment for any other reason, then any unvested options will be forfeited. In addition, if the applicable stock price hurdles have not been achieved by the fifth anniversary of the grant date (or the fourth anniversary of the grant date, in the case of the tranche described in clause (i) above), then any unvested options will be forfeited. The 2016 Option Grants will also become vested to the extent that the applicable stock price hurdles are satisfied in connection with a change in control of the Company. As of June 30, 2020, the Company's stock was trading at $31.16 per share, and since the date of grant the stock did not trade above $60.00 per share; accordingly, none of the 2016 Option Grants are vested at June 30, 2020. As set forth below, all of the 2016 Option Grants issued to Mr. Trafelet were forfeited pursuant to the Alico Settlement Agreement, as defined below.

Additionally, 187,500 shares of the 2016 Option Grants made to each of Messrs. Slack and Brokaw were forfeited on September 5, 2018 and no replacement options were granted.

Pursuant to an Alico Settlement Agreement dated February 11, 2019 (described in Note 13. "Related Party Transactions"), which was unanimously approved by the Board of Directors, Mr. Trafelet agreed to voluntarily resign from his roles as President and Chief Executive Officer and a director of the Company. Under the Settlement Agreement, Mr. Trafelet forfeited (i) all of the 2016 Option Grants granted to him and (ii) all of the 2018 Option Grants granted to him in September 2018, other than 26,250 stock options that will vest if the minimum price of Alico's common stock over 20 consecutive trading days exceeds $35.00 per share and 26,250 stock options that will vest if the minimum price of Alico's common stock over 20 consecutive trading days exceeds $40.00 per share ("2019 Modified Option Grant"), in each case, by the first anniversary of the date of the Alico Settlement Agreement (collectively, the "Retained Options"). Any Retained Options that vest in accordance with their terms will expire on the date that is six months following the date on which the Retained Option vests, and any Retained Options that do not vest by the first anniversary of the Alico Settlement Agreement will be forfeited as of such first anniversary. As of June 30, 2020, the Company's stock was trading at $ 31.16 per share. During the nine months ended June 30, 2020, the stock did trade above $35.00 per share for a consecutive twenty days; accordingly, 26,250 stock options from the 2019 Modified Option Grants are vested at June 30, 2020. However, 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, 26,250 stock options from the 2019 Modified Option Grants were forfeited. As a result of the forfeited stock options relating to the 2016 Option Grants and 2018 Option Grants, the Company reversed $823,000 of previously recorded stock compensation expense during the year ended September 30, 2019, which is recorded as a reduction of General and Administrative expense.

Forfeitures of all stock options were recognized as incurred.

Stock compensation expense related to the options totalled approximately $60,000 and $443,000 for the three and nine months ended June 30, 2020, respectively, and $89,000 and $607,000 for the three and nine months ended June 30, 2019, respectively. At June 30, 2020 and September 30, 2019, there was approximately $435,000 and $502,000, respectively, of total unrecognized stock compensation costs related to unvested share-based compensation for the option grants. The total unrecognized compensation cost is expected to be recognized over a weighted-average period of 1.47 years.

The fair value of the 2020 and 2019 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. There were no additional stock options granted or exercised for the nine months ended June 30, 2020.

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.

Stock Repurchase Authorizations

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

On October 10, 2019, the Board of Directors authorized the repurchase of up to7,000 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 activity for the nine months ended June 30, 2020:

(in thousands, except share amounts)

	Shares	**Cost**
Balance as of September 30, 2019	939,632	$ 31,943
Purchased	7,000	238
Issued to employees and directors	(16,595)	(642)
Balance as of June 30, 2020	930,037	$ 31,539

Note 12.

Commitments and Contingencies

Letters of Credit

The Company had outstanding standby letters of credit in the total amount of approximately $399,000 and $460,000 at June 30, 2020 and September 30, 2019, 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.

Purchase Commitments

The Company enters into contracts for the purchase of citrus trees during the normal course of its business. As of June 30, 2020, the Company had approximately $1,769,000 relating to outstanding commitments for these purchases that will be paid upon delivery of the remaining citrus trees.

Note 13. 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 an annual base salary of $250,000 in the case of Mr. Brokaw.

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

On February 11, 2019, as contemplated by a settlement agreement between the Company, certain members of the Board of Directors, Mr. Trafelet, and certain third parties affiliated with Mr. Trafelet (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 Alico Settlement Agreement, the Company entered into a consulting agreement (the "Consulting Agreement") with Mr. Trafelet and 3584 Inc., an entity controlled by Mr. Trafelet (the "Consultant"). Pursuant to the Consulting Agreement, Mr. Trafelet will make himself available to provide consulting services to the Company through the Consultant for up to 24 months. In exchange for the consulting services, the Consultant will receive an annual consulting fee of $400,000. As of June 30, 2020, the Company has paid approximately $554,000 towards these consulting fees. If the Company terminates the consulting period (other than in certain specified circumstances), the Company will continue to pay the consulting fees described above through the balance of the 24-month term.

Shared Services Agreement

The Company had a shared services agreement with Trafelet Brokaw Capital Management, L.P. ("TBCM"), whereby the Company reimbursed TBCM for use of office space and various administrative and support services. The agreement expired December 31, 2018 and was not extended or renewed. The annual cost of the office and services was approximately $618,000. The Company expensed $0 for the three and nine months ended June 30, 2020 and expensed $0 and approximately $147,000 for the three and nine months ended June 30, 2019, respectively.

Distribution of Shares by Alico's Largest Shareholder

On November 12, 2019, 734 Investors, the Company's largest shareholder from 2013 until November 12, 2019, distributed the 3,173,405 shares of Company common stock held by it, on a pro rata basis, to its members. The Company understands this share distribution was made in anticipation of the dissolution of 734 Investors. Transfers of these shares were not made pursuant to any current Alico registration statement.

Note 14. Subsequent Events

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. The Company is to be 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.

Item 2. 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 Condensed Consolidated Financial Statements and related Notes thereto.

Cautionary Statement Regarding Forward-Looking Information

We provide forward-looking information in this Quarterly Report on Form 10-Q, particularly in this Management’s Discussion and Analysis and Results of Operations, pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any statements in this Quarterly Report on Form 10-Q that are not historical facts are forward-looking statements. Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on our current expectations, estimates and projections about our business based, in part, on assumptions made by our management and can be identified by terms such as “plans,” “expect,” “may,” "anticipate,” “intend,” “should be,” “will be” “is likely to,” “believes,” and similar expressions referring to future periods. Alico believes the expectations reflected in the forward-looking statements are reasonable but cannot guarantee future results, level of activity, performance or achievements. Actual results may differ materially from those expressed or implied in the forward-looking statements. Therefore, Alico cautions you against relying on any of these forward-looking statements. Factors which may cause future outcomes to differ materially from those foreseen in forward-looking statements include, but are not limited to: changes in laws, regulation and rules; weather conditions that affect production, transportation, storage, demand, import and export of fresh product and their by-products; increased pressure from diseases including citrus greening and citrus canker, as well as insects and other pests; disruption of water supplies or changes in water allocations; market pricing of citrus; pricing and supply of raw materials and products; market responses to industry volume pressures; pricing and supply of energy; changes in interest rates; availability of financing for land development activities and other growth and corporate opportunities; onetime events; acquisitions and divestitures; seasonality; 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; Alico's receipt of future funding from the state of Florida in connection with water retention projects; 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; 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; any increase in the public float resulting from the distribution by 734 Investors of its shares to its members; 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; political changes and economic crises; competitive actions by other companies; increased competition from international companies; changes in environmental regulations and their impact on farming practices; the ability to secure permits for the Water Storage Contract and Project from the South Florida Water Management District; the land ownership policies of governments; changes in government farm programs and policies and international reaction to such programs; changes in pricing calculations with our customers; fluctuations in the value of the U. S. dollar, interest rates, inflation and deflation rates; length of terms of contracts with customers; impact of concentration of sales to one customer; whether the State of Florida exercises an option to purchase approximately 10,700 acres of land from Alico; 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 described in our Annual Report on Form 10-K for the fiscal year ended September 30, 2019, and our Quarterly Reports on Form 10-Q.

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, providing services to citrus groves owned by third parties, 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 three and nine months ended June 30, 2020, the Company generated operating revenues of approximately $26,122,000 and $87,642,000, respectively, income from operations of approximately $3,664,000 and $10,182,000, respectively, and net income attributable to common stockholders of approximately $2,096,000 and $6,458,000, respectively. Cash provided by operating activities was approximately $21,121,000 for the nine months ended June 30, 2020.

Business 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 its operating segments.

The Company has two segments as follows:

- Alico Citrus includes activities related to planting, owning, cultivating and/or managing citrus groves in order to produce fruit for sale to fresh and processed citrus markets, including activities related to the purchase and resale of fruit and value-added services, which include contracting for the harvesting, marketing and hauling of citrus; and

- Water Resources and Other Operations includes activities related to sod, native plant sales, grazing and hunting leasing, management and/or conservation of unimproved native pastureland and activities related to rock mining royalties and other insignificant lines of business. Also included are activities related to owning and/or leasing improved farmland. Improved farmland is acreage that has been converted, or is permitted to be converted, from native pasture and which may have various improvements including irrigation, drainage and roads.

Critical Accounting Policies and Estimates

The discussion and analysis of the Company's financial condition and results of operations is based upon its unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires it to make certain estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. Alico bases these estimates on historical experience, available current market information and on various other assumptions that management believes are reasonable under the circumstances. Additionally, the Company evaluates the results of these estimates on an on-going basis. Management's estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no significant changes during this reporting period to the policies and disclosures, except for the adoption of ASC 2016-02 "Leases" as noted in Note 1 "Description of Business and Basis of Presentation" to the condensed consolidated financial statements in Item 1 of Part I of this Quarterly Report on Form 10-Q, and set forth in Part II, Item 7 in Alico's Annual Report on Form 10-K for the fiscal year ended September 30, 2019.

See Note 1. "Description of Business and Basis of Presentation" to the condensed consolidated financial statements in Item 1 of Part I of this Form 10-Q for a detailed description of recent accounting pronouncements.

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.

During March 2020, as a precautionary measure to ensure financial flexibility and maintain maximum liquidity in response to the COVID-19 pandemic, the Company implemented several measures that we believe will ensure sufficient liquidity for the next several months, including drawing down an aggregate of $70,000,000 on its revolving credit facilities. Additionally, for the protection of our employees per the Centers For Disease Control and Prevention (CDC) guidelines, the Company has arranged to have the majority of office personnel work remotely, has taken steps to allow our field workers greater separation and has worked with its harvesters, haulers and suppliers to minimize interactions. The Company continues to assess the situation on a daily basis.

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

Citrus Grove Management Agreement

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. The Company is to be 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.

Federal Relief Program

The Company is eligible for Hurricane Irma federal relief programs for block grants that are being administered through the State of Florida. During the fiscal year ended September 30, 2019, the Company received approximately $15,597,000 under the Florida Citrus Recovery Block Grant (“CRBG”) program. This represented Part 1 and a portion of Part 2 reimbursement under a three-part program. In the nine months ended June 30, 2020, the Company received additional proceeds of approximately $4,629,000 under the Florida CRBG program. This represented the remaining portion of Part 2 reimbursement under a three-part program. The timing and amount to be received under the remaining portion of Part 3 of the program, if any, has not been finalized.

Distribution of Shares by 734 Investors

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

Employee and Board of Directors Matters

On August 6, 2020, the Board of Directors (the “Board”) of Alico, Inc. (the “Company”) increased the number of its directors by two and appointed Mr. Adam Putnam and Ms. Kate English as directors, each to serve until the 2021 annual meeting of the Company’s shareholders or until his or her earlier death, resignation, or removal in accordance with the Amended and Restated Bylaws of the Company. The Board has affirmatively determined that Mr. Putnam and Ms. English each qualify as independent directors under the rules of the NASDAQ Stock Exchange and as defined under applicable law.

In December 2019, Mr. George R. Brokaw, the then Executive Vice Chairman, informed the Board of Directors that he would voluntarily step down as Executive Vice Chairman effective December 31, 2019 and that change has taken effect. Mr. Brokaw's decision to step down as Executive Vice Chairman was not the result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices. After the effectiveness of this change, Mr. Brokaw has remained a member of the Board of Directors.

By way of action that has been taken by and at the direction of the Board of Directors, Benjamin D. Fishman, the non-employee Executive Chairman, became the Chairman of the Board, effective as of February 27, 2020, immediately after the Annual Meeting of Shareholders. Mr. Fishman remains a non-employee director.

Condensed Consolidated Results of Operations

The following discussion provides an analysis of Alico's results of operations and should be read in conjunction with the accompanying Condensed Consolidated Statements of Operations for the three and nine months ended June 30, 2020 and 2019:

(in thousands)

	Three Months Ended June 30,		Change		Nine Months Ended June 30,		Change	
	2020	**2019**	**$**	**%**	**2020**	**2019**	**$**	**%**
Operating revenues:								
Alico Citrus	$ 25,360	$ 56,819	$ (31,459)	(55.4)%	$ 85,336	$ 118,539	$ (33,203)	(28.0)%
Water Resources and Other Operations	762	746	16	2.1%	2,306	2,326	(20)	(0.9)%
Total operating revenues	26,122	57,565	(31,443)	(54.6)%	87,642	120,865	(33,223)	(27.5)%
Gross profit:								
Alico Citrus	5,852	25,678	(19,826)	(77.2)%	17,470	44,942	(27,472)	(61.1)%
Water Resources and Other Operations	368	326	42	12.9%	981	558	423	75.8%
Total gross profit	6,220	26,004	(19,784)	(76.1)%	18,451	45,500	(27,049)	(59.4)%
General and administrative expenses	2,556	2,682	(126)	(4.7)%	8,269	10,786	(2,517)	(23.3)%
Income from operations	3,664	23,322	(19,658)	(84.3)%	10,182	34,714	(24,532)	(70.7)%
Total other (expense) income, net	(1,405)	(1,623)	218	(13.4)%	(1,602)	(6,459)	4,857	(75.2)%
Income before income taxes	2,259	21,699	(19,440)	(89.6)%	8,580	28,255	(19,675)	(69.6)%
Income tax provision	171	5,483	(5,312)	(96.9)%	2,028	7,082	(5,054)	(71.4)%
Net income	2,088	16,216	(14,128)	(87.1)%	6,552	21,173	(14,621)	(69.1)%
Net loss (income) attributable to noncontrolling interests	8	28	(20)	(71.4)%	(94)	151	(245)	NM
Net income attributable to Alico, Inc. common stockholders	$ 2,096	$ 16,244	$ (14,148)	(87.1)%	$ 6,458	$ 21,324	$ (14,866)	(69.7)%

NM - Not meaningful

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

Alico Citrus

The table below presents key operating measures for the three and nine months ended June 30, 2020 and 2019:

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

	Three Months Ended June 30,		Change		Nine Months Ended June 30,		Change	
	2020	2019	Unit	%	2020	2019	Unit	%
Operating Revenues:								
Early and Mid-Season	$ —	$ —	$ —	NM	$ 31,303	$ 39,574	$ (8,271)	(20.9)%
Valencias	24,250	54,734	(30,484)	(55.7)%	50,060	73,480	(23,420)	(31.9)%
Fresh Fruit	478	1,052	(574)	(54.6)%	2,015	3,629	(1,614)	(44.5)%
Purchase and Resale of Fruit	247	697	(450)	(64.6)%	850	943	(93)	(9.9)%
Other	385	336	49	14.6%	1,108	913	195	21.4%
Total	$ 25,360	$ 56,819	$ (31,459)	(55.4)%	$ 85,336	$ 118,539	$ (33,203)	(28.0)%
Boxes Harvested:								
Early and Mid-Season	—	—	—	NM	3,146	3,114	32	1.0%
Valencias	1,905	3,492	(1,587)	(45.4)%	4,165	4,790	(625)	(13.0)%
Total Processed	1,905	3,492	(1,587)	(45.4)%	7,311	7,904	(593)	(7.5)%
Fresh Fruit	44	74	(30)	(40.5)%	247	210	37	17.6%
Total	1,949	3,566	(1,617)	(45.3)%	7,558	8,114	(556)	(6.9)%
Pound Solids Produced:								
Early and Mid-Season	—	—	—	NM	17,947	16,873	1,074	6.4%
Valencias	11,970	22,023	(10,053)	(45.6)%	25,631	29,854	(4,223)	(14.1)%
Total	11,970	22,023	(10,053)	(45.6)%	43,578	46,727	(3,149)	(6.7)%
Pound Solids per Box:								
Early and Mid-Season	—	—	—	NM	5.70	5.42	0.28	5.2%
Valencias	6.28	6.31	(0.03)	(0.5)%	6.15	6.23	(0.08)	(1.3)%
Price per Pound Solids:								
Early and Mid-Season	$ —	$ —	$ —	NM	$ 1.74	$ 2.35	$ (0.61)	(26.0)%
Valencias	$ 2.03	$ 2.49	$ (0.46)	(18.5)%	$ 1.95	$ 2.46	$ (0.51)	(20.7)%
Price per Box:								
Fresh Fruit	$ 10.86	$ 14.24	$ (3.38)	(23.7)%	$ 8.16	$ 17.26	$ (9.10)	(52.7)%
Operating Expenses:								
Cost of Sales	$ 13,926	$ 20,876	$ (6,950)	(33.3)%	$ 51,300	$ 50,670	$ 630	1.2%
Harvesting and Hauling	5,118	9,966	(4,848)	(48.6)%	19,873	22,114	(2,241)	(10.1)%
Purchase and Resale of Fruit	169	491	(322)	(65.6)%	593	659	(66)	(10.0)%
Other	295	(192)	487	NM	(3,900)	154	(4,054)	NM
Total	$ 19,508	$ 31,141	$ (11,633)	(37.4)%	$ 67,866	$ 73,597	$ (5,731)	(7.8)%

NM - Not meaningful

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

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

The decrease in revenue for the three months ended June 30, 2020, compared to the three months ended June 30, 2019 was primarily due to a decrease in the price per pound solids in the market place for Valencia fruit as well as a decrease in the processed box production generated from Valencia fruit. The decrease in the price per pound solids in the market place was a result of excess supply from domestic and international growers. With respect to production, the harvesting of the Company's Valencia fruit in fiscal year 2020 was completed earlier than in the previous fiscal year. Accordingly, the Company harvested a smaller number of boxes in the three month period ended June 30, 2020 as compared to the same period in 2019 and, as such, a smaller amount of revenue was recognized in the three month period ended June 30, 2020 as compared to the three month period ended June 30, 2019. The harvesting of the Valencia fruit was completed by the middle of May 2020 in the current harvest season, as compared to the harvesting being completed in early June 2019 in the previous harvest season.

The decrease in revenue for the nine months ended June 30, 2020, compared to the nine months ended June 30, 2019 was due to a decrease in the price per pound solids as well as a decrease in processed box production. Consistent with the three months ended June 30, 2020, 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 processed box production was the result of greater fruit drop and smaller fruit size in the current harvest season as compared to the prior harvest season

As previously disclosed, the Company anticipated a reduction in the market prices throughout the 2019-20 harvest season as a result of the excess supply from domestic and international growers. However, due to an increase in the consumption of Not from Concentrate Orange Juice ("NFC"), as indicated in the published Nielsen data, over the last several months, the inventory levels have decreased and, as a result, the Company anticipates that market pricing will improve in the 2020-21 harvest season.

The Company completed its harvest season in the middle of May 2020 and was not impacted by the COVID-19 pandemic.

The USDA, in its July 10, 2020 Citrus Crop Forecast for the 2019-20 harvest season, indicated its expectation that the Florida orange crop will decrease from approximately 71,750,000 boxes for the 2018-19 crop year to approximately 67,650,000 boxes for the 2019-20 crop year, a decrease of approximately 5.7%.

The decrease in operating expenses for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, primarily relates to the timing of the harvesting of the Valencia fruit. As a result of commencing and completing the harvesting of Valencia fruit earlier in the season and harvesting a lower percentage of boxes, in relation to total boxes to be harvested for the full season, in the three months ended June 30, 2020, as compared to the same period in the prior year, a lower percentage of costs were allocated to Cost of Sales in the period. Additionally, as a result of completing harvesting earlier, the Company processed fewer boxes during the quarter ended June 30, 2020, as compared to the same period in the prior year, resulting in a decrease in its harvesting and hauling expense.

The decrease in operating expenses for the nine months ended June 30, 2020, as compared to the nine months ended June 30, 2019, primarily relates to the Company receiving proceeds of approximately $4,629,000 through the CRBG relating to Hurricane Irma during the nine months ended June 30, 2020. Additionally, the Company saw a reduction in harvesting and hauling costs as a result of fewer processed boxes being harvested during the nine months ended June 30, 2020 as compared to the same period in the prior year.

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. The Company is to be 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. As this transaction proceeds, the Company will be recording both an increase in revenues and expenses as it provides these citrus grove caretaking management services.

Water Resources and Other Operations

The table below presents key operating measures for the three and nine months ended June 30, 2020 and 2019:

(in thousands)

	Three Months Ended June 30,		Change		Nine Months Ended June 30,		Change	
	2020	**2019**	**$**	**%**	**2020**	**2019**	**$**	**%**
Revenue From:								
Land and other leasing	$ 711	$ 706	$ 5	0.7 %	$ 2,053	$ 2,098	$ (45)	(2.1)%
Other	51	40	11	27.5 %	253	228	25	11.0 %
Total	$ 762	$ 746	$ 16	2.1 %	$ 2,306	$ 2,326	$ (20)	(0.9)%
Operating Expenses:								
Land and other leasing	$ 241	$ 217	$ 24	11.1 %	$ 690	$ 769	$ (79)	(10.3)%
Water conservation	153	202	(49)	(24.3)%	630	985	(355)	(36.0)%
Other	—	1	(1)	(100.0)%	5	14	(9)	(64.3)%
Total	$ 394	$ 420	$ (26)	(6.2)%	$ 1,325	$ 1,768	$ (443)	(25.1)%

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

The slight decrease in revenues from Water Resources and Other Operations for the nine months ended June 30, 2020 is primarily due to a reduction in the leased acreage relating to the cattle grazing lease. The reduction in the leased acreage was due to certain acres, which were included under this lease arrangement, being sold in September 2019, and a subsequent revision in December 2019 to the lease, whereby fewer acres are now being leased under this cattle grazing lease. Offsetting this decrease, and resulting in an increase in revenues for the three months ended June 30, 2020, was the impact of the Company entering into a new grazing rights agreement with a third-party for certain available acreage.

The decrease in operating expenses from Water Resources and Other Operations for the three and nine months ended June 30, 2020, compared to the three and nine months ended June 30, 2019 is primarily due to a reduction in incurred costs associated with the water project.

Water storage and conservation

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

On December 11, 2014, the SFWMD approved a contract with the Company. The contract term is eleven years and allows up to one year for implementation (design, permitting, construction and construction completion certification) and ten years of operation, whereby the Company will provide water retention services. Payment includes an amount not to exceed $4,000,000 of reimbursement for implementation. In addition, it provides for an annual fixed payment of $12,000,000 for operations and maintenance costs, as long as the project is in compliance with the contract and subject to annual District Board approval of funding. The contract specifies that the District Board has to approve the payments annually and there can be no assurance that it will approve the annual fixed payments. On September 19, 2018, the SFWMD issued a press release announcing the issuance of an Environmental Resource Permit for Alico. The SFWMD release also stated that (i) the issuance of the permit cleared the path for Alico to deliver a regional dispersed water storage project in the Caloosahatchee Watershed that has the opportunity to significantly reduce excessive Lake Okeechobee releases and storm water runoff to the Caloosahatchee Estuary, (ii) Alico has all necessary state approvals to proceed, and (iii) the project is expected to be operational within one year from the start of construction, which is contingent on Alico securing additional local and federal approvals. These approvals include a compatible use agreement from the Natural Resources Conservation Service, as well as approvals from the local water control districts. The project has made substantial progress toward receiving federal authorization from the US Army Corps of Engineers, which includes consultation with US Fish & Wildlife Service and the Tribes of Florida. The approved Florida budget for the state's 2019/2020 fiscal year included funding for the Program. Operating expenses were approximately $153,000 and $202,000 for the three months ended June 30, 2020 and 2019, respectively, and were approximately $630,000 and $985,000 for the nine months ended June 30, 2020 and 2019, respectively.

As a result of the Company granting the State of Florida an option to purchase an approximate 10,700 acre parcel on the western part of Alico Ranch (the "State Option"), and because a sale of those acres would affect the proposed dispersed water management project, the Company has decided to suspend all permit approval activities for its dispersed water management project. The Company expects the State Option transaction to close by the end of September 2020.

General and Administrative Expense

General and administrative expenses for the three months ended June 30, 2020 totalled approximately $2,556,000, compared to approximately $2,682,000 for the three months ended June 30, 2019. The decrease was attributable in large part to (i) a reduction of payroll expense of approximately $99,000, which includes the resignation of a senior manager in December 2019.

General and administrative expenses for the nine months ended June 30, 2020 totalled approximately $8,269,000, compared to approximately $10,786,000 for the nine months ended June 30, 2019. The decrease was attributable in large part to (i) a reduction in professional fees of approximately $2,300,000 relating to corporate matters incurred in the nine months ended June 30, 2019, (ii) a reduction in consulting and separation fees of approximately $800,000 incurred in the nine months ended June 30, 2019 relating to a settlement agreement with a former senior executive, (iii) a reduction in rent expense of approximately $150,000 as a result of the Company not renewing its lease for office space in New York City and (iv) a reduction in Board of Director compensation of approximately $147,000. These decreases were partially offset by an adjustment to stock compensation expense whereby the Company recorded a reduction in stock compensation expense of approximately $823,000 for the nine months ended June 30, 2019, as a result of a former senior executive forfeiting his stock options as part of a settled litigation and an increase in Directors and Officers insurance premiums of approximately $175,000.

Other (Expense) Income, net

Other (expense) income, net, for the three months ended June 30, 2020 and 2019 was approximately $(1,405,000) and approximately $(1,623,000), respectively. The decrease in other (expense) income, net is primarily due to the Company recognizing a reduction of approximately $142,000 in interest expense as a result of (i) the reduction of its long-term debt attributable to making its mandatory principal payments and (iii) a reduction in interest rates. Additionally, the Company recognized a gain on sale of real estate, property and equipment and assets held for sale of approximately $89,000 for the three months ended June 30, 2020. No significant gain on sale of assets was recorded for the three months ended June 30, 2019.

Other (expense) income, net, for the nine months ended June 30, 2020 and 2019 was approximately $(1,602,000) and approximately $(6,459,000), respectively. The decrease in the other (expense) income, net is primarily due to (i) the Company recognizing a gain on sale of real estate, property and equipment and assets held for sale of approximately $2,927,000 during the nine months ended June 30, 2020 compared to the same period in the prior year where no significant gain on sale of assets was recorded, (ii) the Company recognizing a reduction of approximately $1,026,000 in lower interest expense as a result of the reduction of its long-term debt attributable to making its mandatory principal payments and making a prepayment of one of its long-term debt obligations and (iii) during the nine months ended June 30, 2019, the Company recorded an expense of approximately $989,000 relating to the change in fair value of the derivative asset and derivative liabilities (see "Note 7. Derivative Gain on Sale").

With the Company drawing down substantially on its lines of credit in response to the COVID-19 pandemic, the Company anticipates it will incur increased interest expense until such borrowings are paid.

Income Taxes

The income tax provision was approximately $171,000 and $5,483,000 for the three months ended June 30, 2020 and 2019, respectively, and an income tax provision of approximately $2,028,000 and $7,082,000 for the nine months ended June 30, 2020 and 2019, respectively. The decrease in the tax provision for the three and nine months ended June 30, 2020 primarily resulted from the Company generating lower net income, compared to the three and nine months ended June 30, 2019. In addition, the decrease in the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, reflects the impact of a reduction in the Florida state income tax rate.

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)	June 30, 2020	September 30, 2019	Change
Cash and cash equivalents and restricted cash	$ 81,210	$ 23,838	$ 57,372
Total current assets	$ 113,599	$ 61,977	$ 51,622
Total current liabilities	$ 24,603	$ 28,951	$ (4,348)
Working capital	$ 88,996	$ 33,026	$ 55,970
Total assets	$ 469,932	$ 417,388	$ 52,544
Principal amount of term loans and lines of credit	$ 215,320	$ 163,449	$ 51,871
Current ratio	4.62 to 1	2.14 to 1	

Management believes that a combination of cash-on-hand (much of which has been generated from a recent draw on lines of credit), cash generated from operations, asset sales and additional availability under the Company's lines of credit will provide sufficient liquidity to service the principal and interest payments on its indebtedness, and will satisfy working capital requirements and capital expenditures for at least the next twelve months and over the long term. Alico maintains a $70,000,000 working capital line of credit and a $25,000,000 revolving line of credit, which are available for general use (see Note 5. "Long-Term Debt and Lines of Credit" to the accompanying Condensed Consolidated Financial Statements). In March 2020, as a precautionary measure, the Company drew down an aggregate of $70,000,000 on these revolving credit facilities; $50,000,000 on its WCLC and $20,000,000 on its RLOC. 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 June 30, 2020, there was approximately $64,380,000 outstanding on these lines of credit.

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.

Net Cash Provided By Operating Activities

The following table details the items contributing to Net Cash Provided By Operating Activities for the nine months ended June 30, 2020 and 2019:

(in thousands)	Nine Months Ended June 30, 2020	Nine Months Ended June 30, 2019	Change
Net income	$ 6,552	$ 21,173	$ (14,621)
Depreciation, depletion, and amortization	10,847	10,441	406
Deferred income tax (benefit) expense	(772)	454	(1,226)
Gain on sale of real estate, property and equipment and assets held for sale	(3,065)	(137)	(2,928)
Loss on disposal of long-lived assets	48	—	48
Change in fair value of derivatives	—	989	(989)
Impairment of long-lived assets	723	244	479
Impairment of right-of-use asset	87	—	87
Stock-based compensation expense	1,042	537	505
Other	15	(160)	175
Change in working capital	5,644	8,145	(2,501)
Net cash provided by operating activities	$ 21,121	$ 41,686	$ (20,565)

The decrease in net cash provided by operating activities for the nine months ended June 30, 2020, as compared to the same period in 2019, was primarily due to a decrease in net income. To a smaller extent, the Company the decrease in net cash was due to the increase in gain on sale of real estate, property and equipment and assets held for sale in the nine months ended June 30, 2020, relating to the sale of certain sections of the East Ranch, as well as a decrease in working capital primarily associated with acquisition of citrus trees.

Net Cash Used In Investing Activities

The following table details the items contributing to Net Cash Used In Investing Activities for the nine months ended June 30, 2020 and 2019:

(in thousands)	Nine Months Ended June 30, 2020	Nine Months Ended June 30, 2019	Change
Capital expenditures:			
Citrus trees	$ (13,865)	$ (11,547)	$ (2,318)
Land	(832)	(561)	(271)
Equipment and other	(2,310)	(2,459)	149
Total	(17,007)	(14,567)	(2,440)
Net proceeds from sale of real estate, property and equipment and assets held for sale	3,322	419	2,903
Change in deposits on purchase of citrus trees	53	(256)	309
Deposit on purchase of citrus grove	(25)	—	(25)
Advances on notes receivables, net	91	56	35
Net cash used in investing activities	$ (13,566)	$ (14,348)	$ 782

The decrease in the amount of net cash used in investing activities for the nine months ended June 30, 2020, as compared to the nine months ended June 30, 2019, was primarily due to proceeds received from the sale of certain sections of the East Ranch during the nine months ended June 30, 2020, which was partially offset by an increase in capital expenditures.

Net Cash Provided By (Used In) Financing Activities

The following table details the items contributing to Net Cash Provided By (Used In) Financing Activities for the nine months ended June 30, 2020 and 2019:

(in thousands)	Nine Months Ended June 30, 2020	Nine Months Ended June 30, 2019	Change
Repayments on revolving lines of credit	$ (46,187)	$ (86,123)	$ 39,936
Borrowings on revolving lines of credit	110,567	83,438	27,129
Principal payments on term loans	(12,509)	(8,169)	(4,340)
Treasury stock purchases	(238)	(25,576)	25,338
Payment on termination of sugarcane agreement	—	(11,300)	11,300
Dividends paid	(1,793)	(1,343)	(450)
Deferred financing costs	(23)	—	(23)
Net cash provided by (used in) financing activities	$ 49,817	$ (49,073)	$ 98,890

The shift from cash used in financing activities to cash provided by financing activities is primarily due to the Company drawing down on its lines of credit. During March 2020, the Company drew down $70,000,000 as a precautionary measure to safeguard the Company's liquidity and to increase available cash on hand in the event of a more protracted COVID-19 outbreak. Additionally, the Company purchased its common shares through a tender offer in October 2018 for an aggregate approximate amount of $25,576,000 and terminated 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 $64,380,000 outstanding on its revolving lines of credit as of June 30, 2020.

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 June 30, 2020, there was approximately $399,000 in outstanding letters of credit, which correspondingly slightly reduced Alico's availability under the line of credit.

Purchase Commitments

The Company enters into contracts for the purchase of citrus trees during the normal course of its business. As of June 30, 2020, the Company had approximately $1,769,000 relating to outstanding commitments for these purchases, which will be paid upon delivery.

Contractual Obligations and Off Balance Sheet Arrangements

There have been no material changes during this reporting period to the disclosures set forth in Part II, Item 7 in Alico's Annual Report on Form 10-K for the fiscal year ended September 30, 2019.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes during this reporting period in the disclosures set forth in Part II, Item 7A in our Annual Report on Form 10-K for the fiscal year ended September 30, 2019, as filed with the SEC on December 5, 2019.

Item 4. Controls and Procedures

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

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

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

During the fiscal quarter ended June 30, 2020, 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.

PART II - OTHER INFORMATION

Item 1. 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 1A. Risk Factors

With the exception of the following, there have been no material changes in the risk factors set forth in Part 1, Item 1A, “Risk Factors” in Alico's Annual Report on Form 10-K for the fiscal year ended September 30, 2019, as filed with the SEC on December 5, 2019.

Our business, results of operations and our financial condition may be impacted by the outbreak of COVID-19 and such impact could be materially adverse.

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 restriction on social and commercial activity to promote social distancing in an effort to slow the spread of the illness.

The spread of the COVID-19 has created significant volatility, uncertainty and economic disruption. The extent to which the COVID-19 pandemic impacts our business, operations, and financial results is uncertain and will depend on certain factors that we may not be able to accurately predict, including:

- the duration and scope of the pandemic;
- governmental, business and individual actions taken in response to the pandemic and the impact of those actions on economic activity;
- the actions of our customers, particularly Tropicana, and their respective abilities to continue their facility operations;
- our ability to secure the necessary products/chemicals from our vendors to allow us to continue to provide proper care to our citrus trees;
- our ability to continue to obtain third-party resources, including laborers and truck drivers, to provide the harvesting and hauling of our citrus fruit including the extent to which the laborers and/or truck drivers are unable and/or refuse to work as a result of experiencing and/or caring for those experiencing the COVID-19 disease;
- our ability to avoid business disruptions as a result of our employees working remotely.

Any of these factors could cause or contribute to the risks and uncertainties identified in our fiscal year 2019 Form 10-K and could materially adversely affect our business, financial condition, results of operations and cashflows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities during the period covered by this Quarterly Report on Form 10-Q.

Issuer Purchases of Equity Securities

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
4/1/2020 - 4/30/2020	—	—	—	—
5/1/2020 - 5/31/2020	—	—	—	—
6/1/2020 - 6/30/2020	—	—	—	—
Total	—	$ —	—	—

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number		Exhibit Index
3.1		Restated Certificate of Incorporation, dated February 17, 1972 (incorporated by reference to Exhibit 3.1 of Alico's filing on Form 10-K dated December 11, 2017)
3.2		Certificate of Amendment to Certificate of Incorporation, dated January 14, 1974 (incorporated by reference to Alico's Registration Statement on Form S-8, dated December 21, 2005, Registration No. 333-130575)
3.3		Amendment to Articles of Incorporation, dated January 14, 1987 (incorporated by reference to Alico's Registration Statement on Form S-8, dated December 21, 2005, Registration No. 333-130575)
3.4		Amendment to Articles of Incorporation, dated December 27, 1988 (incorporated by reference to Alico's Registration Statement on Form S-8, dated December 21, 2005, Registration No. 333-130575)
3.5		By-Laws of Alico, Inc., amended and restated (incorporated by reference to Exhibit 3.5 of Alico's filing on Form 10-Q dated August 6, 2019)
10.1		Ninth Amendment and Waiver to Credit Agreement
10.2*		(incorporated by reference to Exhibit 10.1 of Alico's Current Report on Form 8-K dated May 21, 2020)
10.3*		(incorporated by reference to Exhibit 10.2 of Alico's Current Report on Form 8-K dated May 21, 2020)
10.4+		Option Agreement for Sale and Purchase
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	**	XBRL Instance Document
101.SCH	**	XBRL Taxonomy Extension Schema Document
101.CAL	**	XBRL Taxonomy Calculation Linkbase Document
101.DEF	**	XBRL Taxonomy Definition Linkbase Document
101.LAB		XBRL Taxonomy Label Linkbase Document
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document
104		The cover page for the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, has been formatted in Inline XBRL.
*		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.
**		In accordance with Rule 406T of Regulation S-T, these XBRL (eXtensible Business Reporting Language) documents are furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability under these sections.
+		Certain schedules and exhibits have been omitted from this filing pursuant to Item 601(b) (2) of Regulation S-K. The Company will furnish supplemental copies of any such schedules or exhibits to the SEC upon request.

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

ALICO, INC. (Registrant)

August 6, 2020	By:	/s/ John E. Kiernan John E. Kiernan President and Chief Executive Officer (Principal Executive Officer)
August 6, 2020	By:	/s/ Richard Rallo Richard Rallo Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

NINTH AMENDMENT AND WAIVER TO CREDIT AGREEMENT

This **NINTH AMENDMENT AND WAIVER TO CREDIT AGREEMENT** (this "***Amendment***"), is dated as of June 26, 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***").

W I T N E S S E T H:

WHEREAS, Borrowers and Lender are parties to that certain Credit Agreement dated as of December 1, 2014, as amended by that certain First Amendment to Credit Agreement and Consent dated as of February 26, 2015, that certain Second Amendment to Credit Agreement dated as of July 16, 2015, that certain Third Amendment to Credit Agreement dated as of September 30, 2016, that certain Consent and Waiver Agreement dated as of December 20, 2016, that certain Fourth Amendment to Credit Agreement dated as of September 6, 2017, that certain Fifth Amendment to Credit Agreement dated as of October 30, 2017, that certain Sixth Amendment, Consent and Waiver to Credit Agreement dated as of July 18, 2018, that certain Seventh Amendment to Credit Agreement dated as of September 26, 2018 and that certain Eighth Amendment and Waiver to Credit Agreement dated as of August 29, 2019 (as may be further amended, restated, supplemented or otherwise modified from time to time, the "***Credit Agreement***");

WHEREAS, Alico Fresh Fruit LLC, a Guarantor, was dissolved on April 5, 2019 (the "***Dissolution***");

WHEREAS, pursuant to that certain Option Agreement for Sale and Purchase dated June 2, 2020 between Alico and the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida (the "***State of Florida***"), Alico granted the State of Florida the option (the "***Purchase Option***") to purchase certain parcels of real property located in Hendry County Florida (the "***Optioned Property***"); and

WHEREAS, Borrowers have requested that Lender (a) waive any potential Event of Default arising from the Dissolution, (b) waive any potential Event of Default arising from the grant of the Purchase Option to the extent that doing so created a Lien on the Optioned Property, and (c) amend the Credit Agreement as more fully set forth herein, in each case 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 "***Disposition***" set forth therein in its entirety and inserting in lieu thereof the following:

> "***Disposition***" means any sale, assignment, lease, license, transfer, division or other disposition of any property or assets (whether now owned or hereafter acquired) by any Borrower to any other Person. The term "***Dispose***" as a verb has a corresponding meaning."

(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:

> "***Affected Financial Institution***" means (a) any EEA Financial Institution or (b) any UK Financial Institution.
>
> "***Bail-In Action***" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.
>
> "***Bail-In Legislation***" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).
>
> "***Beneficial Ownership Certification***" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.
>
> "***Beneficial*** Ownership Regulation" means 31 C.F.R. § 1010.230.

"***EEA Financial Institution***" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"***EEA Member Country***" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"***EEA Resolution Authority***" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"***Resolution Authority***" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"***State of Florida Land Sale 2020***" means the sale by Alico of certain parcels of real property located in Hendry County, Florida to the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida for approximately $28,500,000.

"***UK Financial Institution***" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"***UK Resolution Authority***" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"***Write-Down and Conversion Powers***" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers."

(c) Section 1.2 of the Credit Agreement, **Interpretation**, is hereby modified and amended by adding a new clause (c) as follows:

> “(c) To the extent applicable, if, in connection with any division or plan of division of a Company under Delaware law (or any comparable event under a different jurisdiction’s law), any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time, and Borrowers or any Subsidiary shall be deemed to have made an Investment in the amount of the fair market value of the assets transferred by Borrowers or any such Subsidiary to such resulting Person (less the cash consideration received) in each case on the date of such Person’s formation.”

(d) Section 3.11 of the Credit Agreement, **Disclosure**, is hereby modified and amended by adding the following text at the end of such Section:

> “The information included in the Beneficial Ownership Certification is true and correct in all respects.”

(e) Section 5.2 of the Credit Agreement, **Notice of Material Events**, is hereby modified and amended by deleting the “and” at the end of clause (g), replacing the “.” with “; and” at the end of clause (h) and inserting a new clause (i) as follows:

> “(i) any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) or (d) of such certification.”

(f) Section 5.9 of the Credit Agreement, **General Further Assurances**, is hereby modified and amended by adding the following text at the end of such Section:

> “Subject to the terms of the Security Agreement, Borrowers shall cause each Subsidiary resulting from a division of an Obligor to execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which Lender may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Security Documents or the validity or priority of any such Lien, all at the expense of Borrowers.”

(g) Section 6.3 of the Credit Agreement, **Fundamental Changes; Lines of Business**, is hereby modified and amended by deleting clause (a) of such section in its entirety and inserting in lieu thereof the following:

"(a) Neither a Borrower nor any Guarantor will consolidate with or merge into any Person, or permit any Person to merge into or consolidate with it, or sell, transfer or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, or divide, except that, if at the time thereof and immediately after giving effect thereto, no Event of Default shall have occurred and be continuing:

(i) any Subsidiary of a Borrower may merge into a Borrower or any other Domestic Subsidiary (including any Person that will be a Domestic Subsidiary upon the consummation of a Permitted Acquisition) of a Borrower; provided, (A) if Alico is party to any such transaction, Alico shall be the surviving entity, (B) no Obligor (other than a Silver Nip Entity) may merge with or into a Silver Nip Entity, and (C) if an Obligor (other than Alico or a Silver Nip Entity) is a party to such transaction, (x) the surviving entity shall be an Obligor or (y) the surviving entity shall be a Domestic Subsidiary and shall assume in writing satisfactory to Lender in its sole discretion all Obligations and Loan Documents of such Obligor (and deliver to Lender all information required by Section 9.13);

(ii) any Borrower or any Subsidiary of a Borrower may sell, transfer, lease, or otherwise dispose of its assets as permitted pursuant to Section 6.4; and

(iii) any Subsidiary of a Borrower may divide, if (A) Borrowers determine in good faith that such division is in the best interests of Borrowers and is not materially disadvantageous to the Lender, and (B) in the case of any division of an Obligor, Borrowers shall cause any resulting Subsidiaries to become Guarantors and join the Security Agreement as Grantors by executing a joinder in form and substance acceptable to Lender."

(h) 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) (1) if the State of Florida Land Sale 2020 is consummated during the Fiscal Year ended September 30, 2021, $38,500,000 in such Fiscal Year, or (2) if the State of Florida Land Sale 2020 is not consummated during the Fiscal Year ended September 30, 2021, $10,000,000 in such Fiscal Year and (E) $10,000,000 in the Fiscal Year ended September 30, 2022 and each Fiscal Year thereafter."

(i) The Credit Agreement is hereby amended by adding the following as a new Section 9.23 thereto:

"**9.23 Acknowledgement and Consent to Bail-In of Affected Financial Institutions**. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority."

(j) The Credit Agreement is hereby further amended by adding the following as a new Section 9.24 thereto:

"**Section 9.24. Acknowledgement Regarding Any Supported QFCs**. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedging Agreements or any other agreement or instrument that is a **QFC** (such support, "***QFC Credit Support***" and each such QFC a "***Supported QFC***"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "***U.S. Special Resolution Regimes***") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "***Covered Party***") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 9.24, the following terms have the following meanings:

"***BHC Act Affiliate***" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"***Covered Entity***" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"***Default Right***" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"***QFC***" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D)."

2. Waivers. Subject to the terms and conditions set forth herein, Lender hereby waives, as of the Amendment Effective Date (as defined below), (a) any Default or Event of Default that arose prior to the Amendment Effective Date under the Credit Agreement due to the Dissolution, and (b) any Default or Event of Default arising under Section 6.2 of the Credit Agreement due to the grant of the Purchase Option, solely to the extent that such grant constitutes the creation of a Lien on the Optioned Property. Lender hereby releases its security interest in and Lien on all Collateral of Alico Fresh Fruit LLC and releases Alico Fresh Fruit LLC from any and all obligations under the Loan Documents (including its Guaranty Agreement). In furtherance hereof, Lender agrees, at the sole expense of the Borrowers, to (i) execute, deliver and file any other release documents, certificates, or other instruments reasonably necessary to effect the foregoing release and (ii) execute, deliver and file all applicable release documents, certificates, or other instruments reasonably necessary to release its security interest in and Lien on the real property and improvements (to the extent it constitutes Collateral) that are the subject of the State of Florida Land Sale 2020 in the event such sale of real property and improvements is consummated.

3. 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 and waivers 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.

4. 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.

5. 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.

6. 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).

7. 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.

8. 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.

9. 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.

10. 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.

11. 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: /s/ John E. Kiernan
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: /s/ John E. Kiernan
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: /s/ John E. Kiernan
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: /s/ John E. Kiernan
Name: John E. Kiernan
Title: Chief Executive Officer and President

ALICO LAND DEVELOPMENT INC., a Florida corporation

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

GUARANTORS:

734 CITRUS HOLDINGS, LLC

By: Alico, Inc., as its sole Member

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

734 HARVEST, LLC

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

734 CO-OP GROVES, LLC

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

734 LMC GROVES, LLC

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

734 BLP GROVES, LLC

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

ALICO CHEMICAL SALES, LLC

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

ALICO SKINK MITIGATION, LLC

By: Alico, Inc., its Manager

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

LENDER:

RABO AGRIFINANCE LLC,
a Delaware limited liability company

By: /s/ Tony Lopez
Name: Tony Lopez
Title:

Exhibit 10.4

OPTION AGREEMENT FOR SALE AND PURCHASE

THIS AGREEMENT is made this 2nd day of June, 2020, 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", 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 Agreement. This Option Agreement becomes legally binding on execution of this 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 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 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 Agreement ("Option Expiration Date"), unless extended by other provisions of this 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 Agreement shall terminate and neither party shall have further obligations under the provisions of this 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 **TWENTY-EIGHT MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (<u>$28,500,000.00</u>)** ("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 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 Agreement and neither party shall have any further obligations under this Agreement. If Seller elects to terminate this Agreement, Seller shall provide written notice to DSL of Seller's election to terminate this 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 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 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 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 Agreement and neither party shall have any further obligations under this Agreement. Should Buyer elect not to terminate this Agreement, Seller shall, 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 Agreement and neither party shall have any further obligations under this 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 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 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) (a) Water Use Permit [26-01112-W], (b) Water Use Permit [26-01034-W], or (c) Water Use Permit [26-00505-W] (collectively, the "WUP's") is being conveyed to Buyer. Buyer acknowledges and agrees that Seller will, either before or after closing, cause the WUP's 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's will no longer apply to the Property. For purposes of this 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 Agreement, and (vi) any matters agreed to by the parties in writing.

10. PREPARATION OF CLOSING DOCUMENTS. Upon execution of this 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 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 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 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 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 Agreement, ordinary wear and tear excepted. Except as specifically set forth in the 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 Agreement and neither party shall have any further obligations under this 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, 5F Cattle LLC. It is understood and agreed that the current lease, with regards to this Property, with 5F Cattle LLC will be issued a termination notice 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 sixty (60) days after the lease termination date, subject to closing. After closing, Seller will continue to be entitled to receive all payments due from 5F Cattle LLC under, and to enforce the terms of, Seller's current lease with 5F Cattle LLC. The parties agree that $875,000.00 will be held in escrow by American Government Services Corporation to ensure Seller's performance of all obligations to be performed within sixty (60) 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 $875,000 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 Agreement, and neither party shall have any further obligations under the Agreement.

16. RIGHT TO ENTER PROPERTY AND POSSESSION. Seller agrees that from the date this 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 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 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 Agreement.

17. ACCESS. 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 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 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 Agreement, or notice of it, in the appropriate county or counties.

21. ASSIGNMENT. This 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 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 Agreement.

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

24. SUCCESSORS IN INTEREST. This 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 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 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 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 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 Agreement may be terminated by the Trustees pursuant to any provision therefor contained in this Agreement only in writing signed by the person or persons who signed this 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 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 Agreement may be executed in one or more counterparts, but all such counterparts, when duly executed, shall constitute one and the same Agreement.

28. ADDENDUM. Any addendum attached hereto that is signed by the parties shall be deemed a part of this 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 Agreement, or such other address as is designated in writing by a party to this 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 Agreement shall survive the closing, the delivery and recording of the deed described in paragraph 9 of this Agreement and Buyer's possession of the Property.

IF THIS AGREEMENT IS NOT EXECUTED BY THE SELLER, ON OR BEFORE MARCH 7, 2020 BUYER SHALL BE UNDER NO OBLIGATION TO ACCEPT THIS AGREEMENT. BUYER'S EXECUTION OF THIS 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 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 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

______________________________ BY: /s/ John E. Kiernan
Witness as to Seller John E. Kiernan, President and CEO

/s/ Emily Hidalyn
Witness as to Seller

____
Date signed by Seller

Phone No. ______________________________
8 a.m. – 5 p.m.

STATE OF FLORIDA

COUNTY OF LEE

The foregoing instrument was acknowledged before me by means of __ physical presence or __ online notarization; this _______ day of _____, 2020 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

BY: /s/ Callie DeHaven

NAME: Callie DeHaven

AS ITS: Director

____
Witness as to Buyer

____
Witness as to Buyer

____
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 _________________, 2020 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”

In Township 45 South, Range 30 East, Hendry County, Florida:

That part of Section 11, lying South of County Road 832 (Keri Road), LESS AND EXCEPT those lands described in OR Book 581, Page 445 and OR Book 937, Page 1284, Public Records of Hendry County, Florida.

All of Sections 12 and 13, LESS AND EXCEPT those lands described in OR Book 937, Page 1284, Public Records of Hendry County, Florida.

All of Sections 14 and 23, LESS AND EXCEPT those lands described in Official Records Book 581, Page 445, Public Records of Hendry County, Florida.

All of Section 24.

In Township 45 South, Range 31 East, Hendry County, Florida:

All of Section 4, lying South of County Road 832 (Keri Road).

All of Section 5 lying South of County Road 832 (Keri Road), LESS AND EXCEPT the area around the Cell Tower Site described as the West 660 feet of the North 970 feet of said Section 5, to be more accurately described by a field survey.

All of Section 6 lying South of County Road 832 (Keri Road), LESS AND EXCEPT those lands described in OR Book 937, Page 1284, Public Records of Hendry County, Florida ALSO LESS AND EXCEPT the area around the Keri work center site, to be more accurately described by a field survey.

All of Section 7, LESS AND EXCEPT those lands described in OR Book 937, Page 1284, Public Records of Hendry County, Florida.

All of Section 8, LESS AND EXCEPT those lands described in OR Book 937, Page 1284, Public Records of Hendry County, Florida.

All of Sections 9, 16 and 17.

All of Section 18, LESS AND EXCEPT those lands described in OR Book 937, Page 1284, Public Records of Hendry County, Florida.

All of Sections 19, 20 and 21.

All of Section 28, LESS AND EXCEPT those lands described in OR Book 865, Page 1364, Public Records of Hendry County, Florida.

All of Sections 29 and 30.

The East ½ of Section 31, LESS AND EXCEPT those lands described in OR Book 620, Page 1383, Public Records of Hendry County, Florida.

All of Section 32, LESS AND EXCEPT those lands described in OR Book 669, Page 1643, Public Records of Hendry County, Florida.

All of Section 33, LESS AND EXCEPT those lands described in OR Book 648, Page 1244, OR Book 669 1643 and OR Book 865, Page 1364, Public Records of 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.

Devil’s Garden
Alico, Inc.
Hendry County

BSM
BY SK

Date: 2.24.2020

ADDENDUM

BENEFICIAL INTEREST AND DISCLOSURE AFFIDAVIT
(CORPORATION/PARTNERSHIP)

Before me, the undersigned authority, personally appeared John E. Kiernan ("affiant"), this ______ day of __________, 2020, 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)

Name	Address	Interest
Not applicable. Seller is a public entity 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")**

Name	Address	Reason for Payment	Amount
Trenam, Kemker, Scharf, Barkin, Frye, O'Neill and Mullis, P.A.	1101 E. Kennedy Blvd., Suite 2700, Tampa, Fl 33602	Legal Services	TBD.

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 leases.			

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

/s/ John E. Kiernan
John E. Kiernan

STATE OF FLORIDA

COUNTY OF LEE

The foregoing instrument was acknowledged before me by means of __ physical presence or __ online notarization; this _______ day of _____, 2020 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: ________________________

ADDENDUM
(CORPORATE/FLORIDA)

A. At the same time that Seller submits the closing documents required by paragraph 9. of this Agreement, Seller shall also submit the following to DSL:

1. Corporate resolution that authorizes the sale of the Property to Purchaser in accordance with the provisions of this Agreement and a certificate of incumbency,

2. Certificate of good standing from the Secretary of State of the State of Florida, and

3. Copy of proposed opinion of counsel as required by paragraph B. below.

B. As a material inducement to Purchaser entering into this Agreement and to consummate the transaction contemplated herein, Seller covenants, represents and warrants to Purchaser as follows:

1. The execution of this Agreement and the performance by Seller of the various terms and conditions hereof, including, without limitation, the execution of all agreements, notices and other documents hereunder, have been duly authorized by the requisite corporate authority of Seller.

2. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and is duly qualified to own real property in the State of Florida.

3. This Agreement, when executed and delivered, will be valid and legally binding upon Seller and enforceable in accordance with its terms and neither the execution of this Agreement and the other instruments to be executed hereunder by Seller, nor the performance by Seller of the various terms and conditions hereto will violate the Articles of Incorporation or By-Laws of Seller, nor will they constitute a breach or default under any agreement, indenture or other instrument to which Seller is a party or by which Seller is bound.

At the closing, Seller shall deliver to Purchaser an opinion of counsel from an attorney licensed to practice law in the State of Florida and an active member in good standing with the Florida Bar, to the effect that the covenants, representations and warranties contained above in this paragraph B. are true and correct as of the closing date. In rendering the foregoing opinion, such counsel may rely as to factual matters upon such other documents as counsel may deem necessary and advisable.

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SELLER	BUYER
Alico, Inc., a Florida Corporation	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

BY:	/s/ John E. Kiernan	BY:	/s/ Callie DeHaven
NAME:	John E. Kiernan	NAME:	Callie DeHaven
AS ITS:	President and CEO	AS ITS:	Director

Date signed by Seller

Date signed by Buyer

Phone No. ______________________

8A.M. – 5P.M.

ADDENDUM
(IMPROVEMENTS/BUYER)

A. 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 public health unit. This notice is being provided in accordance with Section 404.056(5), Florida Statutes. Buyer may, at its sole cost and expense, have the buildings that will remain on the Property inspected and tested for radon gas or radon progeny by a qualified professional properly certified by the Florida Department of Health and Rehabilitative Services. If radon gas or radon progeny is discovered, Buyer shall have the option to either: (a) accept the Property as it then is with no reduction in the Purchase Price (b) extend the Option Expiration Date, during which time seller shall eliminate said radon gas or radon progeny from the Property, or (c) terminate this Agreement, thereupon releasing Purchaser and Seller from all further obligations under this Agreement.

B. Wood Destroying Organisms Inspection Report. Buyer may, at its sole cost and expense, obtain a Wood Destroying Organisms Inspection Report made by a state licensed pest control firm showing the buildings that are to remain on the Property to be visibly free of infestation or damage by termites or other wood-destroying pests. If the report shows such infestation or damage, Buyer shall have the option to either: (a) accept the Property as it then is with no reduction in the Purchase Price (b) extend the Option Expiration Date, during which time seller shall eliminate such infestation and repair such damage to the satisfaction of DSL, in its sole discretion, or (c) terminate this Agreement, thereupon releasing Purchaser and Seller from all further obligations under this Agreement.

C. Improvements. Within 60 days of both parties executing this Option, Buyer will identify to seller, structures, including below ground tanks, that are to remain on the Property; all other structures, and below ground tanks, will be removed by Seller no later than 10 days prior to closing. All structures to remain shall be accepted in AS IS condition.

SELLER

Alico, Inc., a Florida Corporation

/s/ John E. Kiernan
John E. Kiernan
President and CEO

BUYER

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

BY: /s/ Callie DeHaven
NAME: Callie DeHaven
TITLE: 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

Date signed by Seller

Date signed by Buyer

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John E. Kiernan, certify that;

1. I have reviewed this Quarterly Report on Form 10-Q of Alico, Inc. (Alico),
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 Alico as of, and for, the periods presented in this report;
4. Alico's other certifying officer 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 Alico 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 Alico, 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 Alico'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 Alico's internal control over financial reporting that occurred during Alico's most recent fiscal quarter ended June 30, 2020, that has materially affected, or is reasonably likely to materially affect, Alico's internal control over financial reporting; and
5. Alico's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Alico's auditors and audit committee of Alico's Board of Directors:
   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: August 6, 2020

By: /s/ John E. Kiernan

John E. Kiernan

President and Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard Rallo, certify that;

1. I have reviewed this Quarterly Report on Form 10-Q of Alico, Inc. (Alico),
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 Alico as of, and for, the periods presented in this report;
4. Alico's other certifying officer 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 Alico 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 Alico, 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 Alico'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 Alico's internal control over financial reporting that occurred during Alico's most recent fiscal quarter ended June 30, 2020, that has materially affected, or is reasonably likely to materially affect, Alico's internal control over financial reporting; and
5. Alico's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Alico's auditors and audit committee of Alico's Board of Directors:
    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: August 6, 2020

By: /s/ Richard Rallo

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

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Alico, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on August 6, 2020, (the "Form 10-Q"), I, John E. Kiernan, President and Chief Executive Officer of the Company, 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 Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2020	By:	/s/ John E. Kiernan
		John E. Kiernan
		President and Chief Executive Officer
		(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Alico, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2020, as filed with the Securities and Exchange Commission on August 6, 2020, (the "Form 10-Q"), I, Richard Rallo, Senior Vice President and Chief Financial Officer of the Company, 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 Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2020

By: /s/ Richard Rallo

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