

December 11, 2017



# Alico, Inc. Announces Financial Results for Fiscal Year 2017

FORT MYERS, Fla., Dec. 11, 2017 (GLOBE NEWSWIRE) -- Alico, Inc. ("Alico" or the "Company") (NASDAQ:ALCO) today announces financial results for the fourth quarter and fiscal year ended September 30, 2017. For the fiscal year, the Company recorded a loss of \$1.14 per diluted common share compared to earnings of \$0.84 per diluted common share in the prior year. 2017 results were negatively impacted by approximately \$24.0 million of one-time items which included inventory casualty loss adjustments related to Hurricane Irma's impact on the 2017-2018 season, and asset impairment adjustments related to disposal decisions made through the Alico 2.0 restructuring program. When both periods are adjusted for non-recurring items related to prior acquisitions including transaction costs, litigation, consulting fees, real estate gains, asset valuation adjustments and employee stock compensation expense, the Company earned \$0.24 per diluted common share in fiscal year 2017 and \$0.94 per diluted common share in fiscal year 2016 primarily due to lower citrus production volume.

*(in thousands except for per share amounts)*

|                                                     | Three Months Ended September 30, |             |              |        | Fiscal Year Ended September 30, |           |              |          |
|-----------------------------------------------------|----------------------------------|-------------|--------------|--------|---------------------------------|-----------|--------------|----------|
|                                                     | 2017                             | 2016        | Change       |        | 2017                            | 2016      | Change       |          |
| Net (loss) income                                   | \$ (19,109 )                     | \$ (3,416 ) | \$ (15,693 ) | NM     | \$ (9,496 )                     | \$ 6,959  | \$ (16,455 ) | NM       |
| EBITDA                                              | \$ (23,673 )                     | \$ 430      | \$ (24,103 ) | NM     | \$ 11,070                       | \$ 37,789 | \$ (26,719 ) | (70.7 )% |
| Earnings (loss) per diluted common share            | \$ (2.29 )                       | \$ (0.41 )  | \$ (1.88 )   | NM     | \$ (1.14 )                      | \$ 0.84   | \$ (1.98 )   | NM       |
| Net cash (used in) provided by operating activities | \$ (671 )                        | \$ (3,828 ) | \$ 3,157     | 82.5 % | \$ 28,229                       | \$ 30,357 | \$ (2,128 )  | (7.0 )%  |

NM = Not Meaningful

## Alico Citrus Division Results

Alico Citrus's financial results declined during the year due to lower citrus production volume and an increase in citrus operating costs compared to the prior year, partially offset by higher per pound solid prices.

Alico Citrus's 2017 crop production was lower by 17.1% on a pound solids basis and by 17.8% on a box basis for the year ended September 30, 2017. The USDA estimated the Florida orange crop decreased by approximately 15.8% last as measured by total boxes produced. Alico Citrus's early and mid-season pound solids decreased by 11.0% and boxes decreased by 11.5%. Late season Valencia pound solids decreased by 21.1% and boxes decreased by 22.2%. The Company believes these declines were due to unusual weather patterns including a drought and higher than normal temperatures during the early and mid-

season harvest, and premature fruit drop ("PFD") and citrus greening. These factors caused a higher level of fruit drop which resulted in less harvested fruit. These declines were partially offset by an increase in price per pound solid. Citrus production for the years ended September 30, 2017 and 2016 is summarized in the following table.

(boxes and pound solids in thousands)

|                                | Fiscal Year Ended<br>September 30, |         | Change   |          |
|--------------------------------|------------------------------------|---------|----------|----------|
|                                | 2017                               | 2016    | Unit     | %        |
| <b>Boxes Harvested:</b>        |                                    |         |          |          |
| Early and Mid-Season           | 3,215                              | 3,634   | (419 )   | (11.5 )% |
| Valencias                      | 4,044                              | 5,195   | (1,151 ) | (22.2 )% |
| Total Processed                | 7,259                              | 8,829   | (1,570 ) | (17.8 )% |
| Fresh Fruit                    | 328                                | 402     | (74 )    | (18.4 )% |
| Total                          | 7,587                              | 9,231   | (1,644 ) | (17.8 )% |
| <b>Pound Solids Produced:</b>  |                                    |         |          |          |
| Early and Mid-Season           | 17,950                             | 20,167  | (2,217 ) | (11.0 )% |
| Valencias                      | 24,661                             | 31,237  | (6,576 ) | (21.1 )% |
| Total                          | 42,611                             | 51,404  | (8,793 ) | (17.1 )% |
| Average Pound Solids Per Box   | 5.87                               | 5.82    | 0.05     | 0.9 %    |
| <b>Price per Pound Solids:</b> |                                    |         |          |          |
| Early and Mid-Season           | \$ 2.56                            | \$ 2.18 | \$ 0.38  | 17.4 %   |
| Valencias                      | \$ 2.72                            | \$ 2.41 | \$ 0.31  | 12.9 %   |

Alico Citrus costs of sales increased to \$84.9 million in fiscal 2017 compared to \$64.8 million in fiscal 2016. A \$20.1 million increase in costs of sales was due to an inventory casualty loss recorded after Hurricane Irma caused a loss of unharvested fruit and certain other impairments to long-lived assets which are now Held for Sale. Without these non-recurring items, Alico Citrus expenses were flat as compared to fiscal 2016.

On November 16, 2017, Alico announced the Alico 2.0 Modernization Program ("Alico 2.0"). This program is transforming three legacy businesses (Alico, Orange Co., and Silver Nip) into a single efficient enterprise, Alico Citrus, so it will remain the leader in the U.S. citrus industry. As part of Alico 2.0, Alico Citrus is reducing expenses through better purchasing, more precise application of selected fertilizers and chemicals, outsourcing work such as harvesting, hauling, and certain caretaking tasks, and by streamlining grove management. Alico Citrus has also deployed a more efficient labor model that is consistent and uniform for field staffing and grove operating programs and aligns with the geographical footprint of the citrus groves.

## Conservation and Environmental Resources Division Results

Operating loss for the Conservation and Environmental Resources ("CER") division was \$4.0 million in fiscal year 2017 compared to \$0.7 million in the prior year, a decrease of \$3.3 million. The number of calves sold declined and were sold at lower pricing. This decline was partially offset by increased number of culls sold during the same period. During fiscal 2017, CER recorded a \$3.2 million impairment of two abandoned mines. CER financial results also included \$1.8 million and \$2.3 million of operating costs related to the dispersed water storage project in 2017 and 2016, respectively. Funding for the water project was approved in the Florida state budget in 2017. Permitting approvals are still in process and construction will commence immediately upon receipt of the required permits.

In the first quarter of fiscal 2018 Alico will cease its direct cattle operations at Alico Ranch. Even when profitable, ranch operations generated a minimal rate of return on capital. Alico plans to continue to own this property and conduct its long-term water dispersement program and wildlife management programs, but will lease the ranch to a third party operator instead of conducting its own cattle operations. This decision is intended to enable additional investment in the citrus business and redeployment of capital.

## **Other Corporate Financial Information**

General and Administrative expenses increased by \$1.8 million from \$13.2 million in fiscal 2016 to \$15.0 million in fiscal 2017. The increase primarily relates to salary and stock compensation expenses, which were partially offset by reduced legal fees.

Other expense, net was \$7.2 million for 2017 compared to \$9.4 million for 2016. The decrease of \$2.2 million is primarily attributable to a \$1.6 million increase in gain on sale of real estate and fixed assets and a decrease in interest expense by \$0.8 million as term loans are amortized.

The Company paid a fourth quarter cash dividend of \$0.06 per share on its outstanding common stock on October 16, 2017 to shareholders of record at September 29, 2017. Dividends for the year totaled \$0.24 per share.

The Company ended the year with long-term debt, net of cash and cash equivalents, of \$183.1 million.

## **About Alico**

Alico, Inc. is a holding company with assets and related operations in agriculture and environmental resources, including citrus, cattle ranching, and water management. Our mission is to create value for shareholders by managing existing assets to their optimal current income and total returns, opportunistically acquiring new assets and producing high quality agricultural products while exercising responsible environmental stewardship. Learn more about Alico (NASDAQ:ALCO) at [www.alicoinc.com](http://www.alicoinc.com).

## **Forward-Looking Statements**

*This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on Alico's current expectations about future events 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 its 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; 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 opportunities; onetime events; acquisitions and divestitures, including our ability to achieve the anticipated results of the Orange-Co acquisition and Silver Nip merger; seasonality; our ability to achieve the anticipated cost savings under the Alico 2.0 Modernization Program; customer concentration; 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; and market and pricing risks due to concentrated ownership of stock. Other risks and uncertainties include those that are described in Alico's SEC filings, which are available on the SEC's website at <http://www.sec.gov>. Alico undertakes no obligation to subsequently update or revise the forward-looking statements made in this press release, except as required by law.

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## Non-GAAP Financial Measures

### Adjusted EBITDA

(in thousands)

|                                                       | Three Months Ended September 30, |             | Year Ended September 30, |           |
|-------------------------------------------------------|----------------------------------|-------------|--------------------------|-----------|
|                                                       | 2017                             | 2016        | 2017                     | 2016      |
| Net (loss) income attributable to common stockholders | \$ (19,028 )                     | \$ (3,411 ) | \$ (9,451 )              | \$ 6,993  |
| Interest expense                                      | 2,217                            | 2,445       | 9,141                    | 9,893     |
| Provision (benefit) for income taxes                  | (10,559 )                        | (1,898 )    | (3,846 )                 | 5,521     |
| Depreciation, depletion and amortization              | 3,697                            | 3,294       | 15,226                   | 15,382    |
| EBITDA                                                | \$ (23,673 )                     | \$ 430      | \$ 11,070                | \$ 37,789 |
| Inventory casualty loss                               | 13,489                           | —           | 13,489                   | —         |
| Inventory net realizable value adjustment             | 1,199                            | —           | 1,199                    | —         |
| Impairment of long-lived assets                       | 9,346                            | —           | 9,346                    | —         |
| Gains on sale of real estate and fixed assets         | (192 )                           | —           | (2,181 )                 | (618 )    |
| Litigation expenses related to shareholder lawsuit    | —                                | 96          | —                        | 506       |
| Payments on consulting agreements                     | 1,275                            | 50          | 1,750                    | 605       |
| Stock compensation expense                            | 232                              | 150         | 880                      | 150       |
| Transaction costs                                     | —                                | 342         | 196                      | 892       |
| Adjusted EBITDA                                       | \$ 1,676                         | \$ 1,068    | \$ 35,749                | \$ 39,324 |

### Adjusted Earnings (Loss) Per Common Share

(in thousands)

|                                                       | Three Months Ended September 30, |             | Year Ended September 30, |          |
|-------------------------------------------------------|----------------------------------|-------------|--------------------------|----------|
|                                                       | 2017                             | 2016        | 2017                     | 2016     |
| Net (loss) income attributable to common stockholders | \$ (19,028 )                     | \$ (3,411 ) | \$ (9,451 )              | \$ 6,993 |
| Inventory casualty loss                               | 13,489                           | —           | 13,489                   | —        |

|                                                    |                    |                    |                 |                 |
|----------------------------------------------------|--------------------|--------------------|-----------------|-----------------|
| Inventory net realizable value adjustment          | 1,199              | —                  | 1,199           | —               |
| Impairment of long-lived assets                    | 9,346              | —                  | 9,346           | —               |
| Gains on sale of real estate and fixed assets      | (192 )             | —                  | (2,181 )        | (618 )          |
| Litigation expenses related to shareholder lawsuit | —                  | 96                 | —               | 506             |
| Payments on consulting agreements                  | 1,275              | 50                 | 1,750           | 605             |
| Stock compensation expense                         | 232                | 150                | 880             | 150             |
| Transaction costs                                  | —                  | 342                | 196             | 892             |
| Tax impact                                         | (13,488 )          | (305 )             | (13,213 )       | (679 )          |
| Adjusted net (loss) income                         | <u>\$ (7,167 )</u> | <u>\$ (3,078 )</u> | <u>\$ 2,015</u> | <u>\$ 7,849</u> |
| Diluted common shares                              | 8,300              | 8,315              | 8,300           | 8,311           |
| Adjusted Earnings (Loss) per Diluted Common Share  | <u>\$ (0.86 )</u>  | <u>\$ (0.37 )</u>  | <u>\$ 0.24</u>  | <u>\$ 0.94</u>  |

### **Adjusted Free Cash Flow**

(in thousands)

|                                                    | <b>Three Months Ended September 30,</b> |                    | <b>Year Ended September 30,</b> |                  |
|----------------------------------------------------|-----------------------------------------|--------------------|---------------------------------|------------------|
|                                                    | <b>2017</b>                             | <b>2016</b>        | <b>2017</b>                     | <b>2016</b>      |
| Cash (used in) provided by operating activities    | \$ (671 )                               | \$ (3,828 )        | \$ 28,229                       | \$ 30,357        |
| Adjustments for non-recurring items:               |                                         |                    |                                 |                  |
| Litigation expenses related to shareholder lawsuit | —                                       | 96                 | —                               | 506              |
| Payments on consulting agreements                  | 1,275                                   | 50                 | 1,750                           | 605              |
| Transaction costs                                  | —                                       | 342                | 196                             | 892              |
| Tax impact                                         | —                                       | (254 )             | —                               | (886 )           |
| Capital expenditures                               | (1,903 )                                | (5,190 )           | (13,353 )                       | (14,305 )        |
| Adjusted Free Cash Flow                            | <u>\$ (1,299 )</u>                      | <u>\$ (8,784 )</u> | <u>\$ 16,822</u>                | <u>\$ 17,169</u> |

Alico utilizes the non-GAAP measures Adjusted EBITDA, Adjusted Earnings (Loss) per Diluted Common Share and Adjusted Free Cash Flow among other measures, to evaluate the performance of its business. Due to significant depreciable assets associated with the nature of our operations and, to a lesser extent, interest costs associated with our capital structure, management believes that Adjusted EBITDA, Adjusted Earnings (Loss) per Diluted Common Share, and Adjusted Free Cash Flow are important measures to evaluate our results of operations between periods on a more comparable basis and to help investors analyze underlying trends in our business, evaluate the performance of our business both on an absolute basis and relative to our peers and the broader market, provides useful information to both management and investors by excluding certain items that may not be indicative of our core operating results and operational strength of our business and helps investors evaluate our ability to service our debt. Such measurements are not prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and should not be construed as an alternative to reported results determined in accordance with U.S. GAAP. The non-GAAP information provided is unique to Alico and may not be consistent with methodologies used by other companies. Adjusted EBITDA is defined as earnings (loss) before interest expense, provision (benefit) for income taxes, depreciation and amortization adjusted for non-recurring transactions or transactions that are not indicative of our core operating results such as gains or losses on sales of real estate and fixed assets. Adjusted Earnings (Loss) per Diluted Common Share is defined as earnings adjusted for non-recurring transactions divided by diluted common shares. Adjusted Free Cash Flow is defined as cash provided by (used in) operating activities

adjusted for non-recurring transactions less capital expenditures. The Company uses Adjusted Free Cash Flow to evaluate its business and this measure is considered an important indicator of the Company's liquidity, including its ability to reduce net debt, make strategic investments, and pay dividends to common stockholders. The Company's definition of Adjusted Free Cash Flow does not represent residual cash flows available for discretionary spending.

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

|                                                                                                                                                                                                 | <b>September 30,</b> |                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|
|                                                                                                                                                                                                 | <b>2017</b>          | <b>2016</b>       |
| <b>ASSETS</b>                                                                                                                                                                                   |                      |                   |
| <b>Current assets:</b>                                                                                                                                                                          |                      |                   |
| Cash and cash equivalents                                                                                                                                                                       | \$ 3,395             | \$ 6,625          |
| Accounts receivable, net                                                                                                                                                                        | 4,286                | 4,740             |
| Inventories                                                                                                                                                                                     | 36,204               | 58,469            |
| Income tax receivable                                                                                                                                                                           | —                    | 1,013             |
| Assets held for sale                                                                                                                                                                            | 20,983               | —                 |
| Prepaid expenses and other current assets                                                                                                                                                       | 1,621                | 1,024             |
| <b>Total current assets</b>                                                                                                                                                                     | <b>66,489</b>        | <b>71,871</b>     |
| Property and equipment, net                                                                                                                                                                     | 349,337              | 379,247           |
| Goodwill                                                                                                                                                                                        | 2,246                | 2,246             |
| Deferred financing costs, net of accumulated amortization                                                                                                                                       | 262                  | 389               |
| Other non-current assets                                                                                                                                                                        | 848                  | 1,692             |
| <b>Total assets</b>                                                                                                                                                                             | <b>\$ 419,182</b>    | <b>\$ 455,445</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                                                                                     |                      |                   |
| <b>Current liabilities:</b>                                                                                                                                                                     |                      |                   |
| Accounts payable                                                                                                                                                                                | \$ 3,192             | \$ 5,975          |
| Accrued liabilities                                                                                                                                                                             | 6,781                | 6,920             |
| Long-term debt, current portion                                                                                                                                                                 | 4,550                | 4,493             |
| Other current liabilities                                                                                                                                                                       | 1,460                | 1,290             |
| <b>Total current liabilities</b>                                                                                                                                                                | <b>15,983</b>        | <b>18,678</b>     |
| Long-term debt:                                                                                                                                                                                 |                      |                   |
| Principal Amount                                                                                                                                                                                | 181,926              | 192,726           |
| Less: deferred financing costs, net                                                                                                                                                             | (1,767 )             | (1,980 )          |
| Long-term debt less deferred financing costs, net                                                                                                                                               | 180,159              | 190,746           |
| Lines of credit                                                                                                                                                                                 | —                    | 5,000             |
| Deferred tax liability                                                                                                                                                                          | 27,108               | 31,056            |
| Deferred gain on sale                                                                                                                                                                           | 26,440               | 27,204            |
| Deferred retirement obligations                                                                                                                                                                 | 4,123                | 4,198             |
| Obligations under capital leases                                                                                                                                                                | —                    | 300               |
| <b>Total liabilities</b>                                                                                                                                                                        | <b>253,813</b>       | <b>277,182</b>    |
| <b>Stockholders' equity:</b>                                                                                                                                                                    |                      |                   |
| 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 and 8,416,145 shares issued and 8,238,830 and 8,315,535 shares outstanding at September 30, 2017 and 2016, respectively | 8,416                | 8,416             |
| Additional paid in capital                                                                                                                                                                      | 18,694               | 18,155            |
| Treasury stock, at cost, 177,315 and 100,610 shares held at September 30, 2017 and 2016, respectively                                                                                           | (6,502 )             | (4,585 )          |
| Retained earnings                                                                                                                                                                               | 140,033              | 151,504           |
| <b>Total Alico stockholders' equity</b>                                                                                                                                                         | <b>160,641</b>       | <b>173,490</b>    |
| Noncontrolling interest                                                                                                                                                                         | 4,728                | 4,773             |
| <b>Total stockholders' equity</b>                                                                                                                                                               | <b>165,369</b>       | <b>178,263</b>    |

Total liabilities and stockholders' equity

\$ 419,182      \$ 455,445

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

|                                                                               | <b>Fiscal Year Ended September 30,</b> |                 |                  |
|-------------------------------------------------------------------------------|----------------------------------------|-----------------|------------------|
|                                                                               | <b>2017</b>                            | <b>2016</b>     | <b>2015</b>      |
| <b>Operating revenues:</b>                                                    |                                        |                 |                  |
| Alico Citrus                                                                  | \$ 123,441                             | \$ 137,282      | \$ 146,147       |
| Conservation and Environmental Resources                                      | 4,793                                  | 5,669           | 5,394            |
| Other Operations                                                              | 1,595                                  | 1,245           | 1,585            |
| <b>Total operating revenues</b>                                               | <u>129,829</u>                         | <u>144,196</u>  | <u>153,126</u>   |
| <b>Operating expenses:</b>                                                    |                                        |                 |                  |
| Alico Citrus                                                                  | 111,947                                | 102,347         | 110,777          |
| Conservation and Environmental Resources                                      | 8,814                                  | 6,393           | 4,808            |
| Other Operations                                                              | 138                                    | 397             | 2,083            |
| <b>Total operating expenses</b>                                               | <u>120,899</u>                         | <u>109,137</u>  | <u>117,668</u>   |
| <b>Gross profit</b>                                                           | 8,930                                  | 35,059          | 35,458           |
| General and administrative expenses                                           | 15,024                                 | 13,213          | 16,494           |
| (Loss) income from operations                                                 | (6,094 )                               | 21,846          | 18,964           |
| <b>Other (expense) income:</b>                                                |                                        |                 |                  |
| Investment and interest income, net                                           | (148 )                                 | —               | 2                |
| Interest expense                                                              | (9,141 )                               | (9,893 )        | (8,366 )         |
| Gain on bargain purchase                                                      | —                                      | —               | 1,145            |
| Gain on sale of real estate and fixed assets                                  | 2,181                                  | 618             | 13,590           |
| Loss on extinguishment of debt                                                | —                                      | —               | (1,051 )         |
| Other expense, net                                                            | (140 )                                 | (91 )           | (196 )           |
| Total other (expense) income, net                                             | (7,248 )                               | (9,366 )        | 5,124            |
| <b>(Loss) income before income taxes</b>                                      | <u>(13,342 )</u>                       | <u>12,480</u>   | <u>24,088</u>    |
| Provision (benefit) for income taxes                                          | (3,846 )                               | 5,521           | 10,905           |
| <b>Net (loss) income</b>                                                      | <u>(9,496 )</u>                        | <u>6,959</u>    | <u>13,183</u>    |
| Net loss attributable to noncontrolling interests                             | 45                                     | 34              | 31               |
| <b>Net (loss) income attributable to Alico, Inc. common stockholders</b>      | <u>\$ (9,451 )</u>                     | <u>\$ 6,993</u> | <u>\$ 13,214</u> |
| <b>Per share information attributable to Alico, Inc. common stockholders:</b> |                                        |                 |                  |
| <b>Earnings (loss) per common share:</b>                                      |                                        |                 |                  |
| Basic                                                                         | \$ (1.14 )                             | \$ 0.84         | \$ 1.64          |
| Diluted                                                                       | \$ (1.14 )                             | \$ 0.84         | \$ 1.64          |
| <b>Weighted-average number of common shares outstanding:</b>                  |                                        |                 |                  |
| Basic                                                                         | 8,300                                  | 8,303           | 8,056            |
| Diluted                                                                       | 8,300                                  | 8,311           | 8,061            |
| <b>Cash dividends declared per common share</b>                               | \$ 0.24                                | \$ 0.24         | \$ 0.24          |

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

Fiscal Year Ended September 30,

|                                                                                          | 2017         | 2016         | 2015          |
|------------------------------------------------------------------------------------------|--------------|--------------|---------------|
| <b>Cash flows from operating activities:</b>                                             |              |              |               |
| Net (loss) income                                                                        | \$ (9,496 )  | \$ 6,959     | \$ 13,183     |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: |              |              |               |
| Gain on sale of sugarcane land                                                           | (538 )       | (618 )       | (13,734 )     |
| Depreciation, depletion and amortization                                                 | 15,226       | 15,382       | 14,732        |
| Loss (gain) loss on breeding herd sales                                                  | 337          | 296          | (183 )        |
| Deferred income tax (benefit) expense                                                    | (3,948 )     | 5,277        | 12,350        |
| Cash surrender value                                                                     | (15 )        | (20 )        | (27 )         |
| Deferred retirement benefits                                                             | (102 )       | 65           | 623           |
| Magnolia Fund undistributed loss (earnings)                                              | 202          | 103          | (57 )         |
| (Gain) loss on sale of property and equipment                                            | (1,373 )     | 147          | (290 )        |
| Inventory casualty loss                                                                  | 13,489       | —            | —             |
| Inventory net realizable value adjustment                                                | 1,199        | —            | —             |
| Impairment of long-lived assets                                                          | 9,346        | —            | 541           |
| Loss on extinguishment of debt                                                           | —            | —            | 457           |
| Non-cash interest expense on deferred gain on sugarcane land                             | 1,413        | 1,406        | 607           |
| Bad debt expense                                                                         | 312          | —            | —             |
| Stock-based compensation expense                                                         | 1,653        | 925          | 952           |
| Other                                                                                    | —            | —            | 245           |
| <b>Changes in operating assets and liabilities:</b>                                      |              |              |               |
| Accounts receivable                                                                      | 142          | (1,707 )     | 5,983         |
| Inventories                                                                              | 3,724        | (196 )       | 8,659         |
| Prepaid expenses                                                                         | (604 )       | (1,759 )     | (1,347 )      |
| Income tax receivable                                                                    | 1,013        | 1,074        | —             |
| Other assets                                                                             | 333          | 821          | 465           |
| Accounts payable and accrued expenses                                                    | (2,895 )     | 3,720        | (522 )        |
| Income tax payable                                                                       | —            | —            | (6,660 )      |
| Other liabilities                                                                        | (1,189 )     | (1,518 )     | (2,251 )      |
| Net cash provided by operating activities                                                | \$ 28,229    | \$ 30,357    | \$ 33,726     |
| <b>Cash flows from investing activities:</b>                                             |              |              |               |
| Acquisition of citrus businesses, net of cash acquired                                   | \$ —         | \$ —         | \$ (265,587 ) |
| Proceeds on sale of sugarcane land                                                       | —            | —            | 97,151        |
| Purchases of property and equipment                                                      | (13,353 )    | (14,305 )    | (11,523 )     |
| Return on investment in Magnolia Fund                                                    | 324          | 171          | 675           |
| Proceeds from sales of assets                                                            | 760          | 799          | 1,963         |
| Proceeds from surrender of life insurance policies                                       | —            | 297          | —             |
| Proceeds from sales of real estate                                                       | 2,184        | —            | —             |
| Other                                                                                    | —            | 4            | 264           |
| Net cash used in investing activities                                                    | \$ (10,085 ) | \$ (13,034 ) | \$ (177,057 ) |
| <b>Cash flows from financing activities:</b>                                             |              |              |               |
| Proceeds from term loans                                                                 | \$ —         | \$ 2,500     | \$ 184,500    |
| Principal payments on revolving line of credit                                           | (70,770 )    | (53,882 )    | (87,031 )     |
| Borrowings on revolving line of credit                                                   | 65,770       | 58,882       | 81,031        |
| Repayment of term loan                                                                   | —            | —            | (34,000 )     |
| Principal payments on term loans                                                         | (10,743 )    | (10,761 )    | (17,870 )     |
| Contingent consideration paid                                                            | —            | (7,500 )     | —             |
| Financing costs                                                                          | —            | —            | (2,834 )      |
| Treasury stock purchases                                                                 | (3,064 )     | (3,141 )     | (4,013 )      |
| Dividends paid                                                                           | (1,987 )     | (1,993 )     | (1,877 )      |
| Capital lease obligation principal payments                                              | (580 )       | (277 )       | (231 )        |
| Net cash (used in) provided by financing activities                                      | \$ (21,374 ) | \$ (16,172 ) | \$ 117,675    |
| <b>Net (decrease) increase in cash and cash equivalents</b>                              | \$ (3,230 )  | \$ 1,151     | \$ (25,656 )  |
| Cash and cash equivalents at beginning of the year                                       | 6,625        | 5,474        | 31,130        |
| <b>Cash and cash equivalents at end of the year</b>                                      | \$ 3,395     | \$ 6,625     | \$ 5,474      |

**Supplemental disclosure of cash flow information:**

Cash paid for interest, net of amount capitalized

Cash income tax refunds, net of income taxes paid

Cash paid for income taxes, net of income tax refunds

|    |        |    |        |    |       |
|----|--------|----|--------|----|-------|
| \$ | 7,534  | \$ | 7,530  | \$ | 6,167 |
| \$ | (911 ) | \$ | (878 ) | \$ | —     |
| \$ | —      | \$ | —      | \$ | 5,213 |

**Supplemental disclosure of non-cash investing and financing activities:**

Escrow deposit in other assets applied to capital expenditures

Property and equipment purchased with capital leases

Dividend declared

|    |     |    |     |    |     |
|----|-----|----|-----|----|-----|
| \$ | —   | \$ | —   | \$ | 250 |
| \$ | —   | \$ | —   | \$ | 37  |
| \$ | 494 | \$ | 498 | \$ | 500 |



Source: Alico, Inc.