

May 7, 2019



Alico, Inc. Announces Financial Results for the Second Quarter and Six Months Ended March 31, 2019

FORT MYERS, Fla., May 07, 2019 (GLOBE NEWSWIRE) -- Alico, Inc. ("Alico" or the "Company") (Nasdaq: "ALCO") today announces financial results for the second quarter and six months ended March 31, 2019. For the six months ended March 31, 2019, the Company recorded net income attributable to Alico common stockholders of \$5.1 million and earnings of \$0.68 per diluted common share, compared to net income attributable to Alico common stockholders of \$3.2 million and earnings of \$0.39 per diluted common share in the prior year. The increase in net income attributable to Alico common stockholders is primarily due to increased processed box production in the current fiscal year, as compared to the prior fiscal year, and the impact of a valuation allowance resulting in tax expense for the six months ended March 31, 2018. Partially offsetting this increase is (i) an increase, in the six months ended March 31, 2019, in harvesting and hauling costs directly related to the increased processed box production; (ii) higher gain on sale of real estate, property and equipment and assets held for sale recorded in the six months ended March 31, 2018, as compared to the same period in fiscal year 2019; and (iii) a one-time deferred tax benefit attributable to the federal corporate tax rate change enacted on December 22, 2017, that was recorded in the six month period ended March 31, 2018.

When both periods are adjusted for non-recurring items related to transaction costs, separation and consulting fees, gains on sale of real estate and property and equipment, employee stock compensation expense, tender offer, professional fees related to corporate matters, change in fair value of derivatives, forfeiture of stock options, net deferred tax and other valuation allowances, the Company had adjusted income of \$1.12 per diluted common share for the six month period ended March 31, 2019, compared to an adjusted loss of \$0.18 per diluted common share for the six months ended March 31, 2018. Adjusted EBITDA for the six months ended March 31, 2019 and 2018 was \$21.3 million and \$9.3 million, respectively.

These financial results reflect the seasonal nature of Alico's business and the impact of Hurricane Irma. Historically, the second and third quarters of Alico's fiscal year produce the majority of the Company's annual revenue and working capital requirements are typically greater in the first and fourth quarters. Due to Hurricane Irma, in the first six months of fiscal year 2018 Alico harvested fruit earlier than in prior fiscal years and in fiscal year 2019.

The Company reported the following financial results:

(in thousands, except for per share amounts)

| | Three Months Ended March 31, | | | | Six Months Ended March 31, | | | |
|---|------------------------------|-------------|-----------|--------|----------------------------|-----------|----------|--------|
| | 2019 | 2018 | Change | | 2019 | 2018 | Change | |
| Net income (loss) attributable to Alico, Inc. common stockholders | \$ 7,547 | \$ (5,514) | \$ 13,061 | NM | \$ 5,080 | \$ 3,232 | \$ 1,848 | 57.2 % |
| EBITDA ⁽¹⁾ | \$ 15,231 | \$ 8,307 | \$ 6,924 | 83.4 % | \$ 17,510 | \$ 10,381 | \$ 7,129 | 68.7 % |
| Earnings (loss) per diluted common share | \$ 1.01 | \$ (0.67) | \$ 1.68 | NM | \$ 0.68 | \$ 0.39 | \$ 0.29 | 74.4 % |
| Net cash provided by (used in) operating activities | \$ 18,069 | \$ 9,438 | \$ 8,631 | 91.4 % | \$ 6,068 | \$ (251) | \$ 6,319 | NM |

(1) See “Non-GAAP Financial Measures” at the end of this earnings release for details regarding these measures.

NM = Not Meaningful

Alico Citrus Division Results

During the six months ended March 31, 2019, Alico Citrus harvested 4.5 million boxes of fruit, an increase of 34.6% from the same period in the prior fiscal year. The increase was directly related to the negative impact of Hurricane Irma on the prior fiscal year’s harvest. With respect to the Early and Mid-Season fruit, the Company harvested 71.9% more boxes than in the previous fiscal year. The Company also experienced an increase in pound solids per box. Similarly to the Early and Mid-Season fruit, the harvesting of the Company’s Valencia fruit commenced later than in the previous fiscal year. The harvesting of the Valencia fruit commenced in early March of 2019, whereas in the prior fiscal year the harvesting commenced in late January 2018. Accordingly, the Company has harvested a fewer number of boxes in the six month period ended March 31, 2019, as compared to the same period in fiscal year 2018. The Company anticipates an overall increase in the number of boxes harvested and revenues generated from Valencia fruit for the 2019 harvest, as compared to the prior fiscal year. Additionally, the Company saw a reduction in the price per pound solids, largely attributable to the Early and Mid-Season and Valencia crop being greater than initially anticipated throughout Florida.

Citrus production for the three and six months ended March 31, 2019 and 2018 is summarized in the following table.

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

| | Three Months Ended March 31, | | | | Six Months Ended March 31, | | | |
|-------------------------------|------------------------------|--------|--------|----------|----------------------------|--------|--------|----------|
| | | | Change | | | | Change | |
| | 2019 | 2018 | Unit | % | 2019 | 2018 | Unit | % |
| Boxes Harvested: | | | | | | | | |
| Early and Mid-Season | 2,120 | 597 | 1,523 | NM | 3,114 | 1,811 | 1,303 | 71.9 % |
| Valencias | 1,298 | 1,470 | (172) | (11.7)% | 1,298 | 1,470 | (172) | (11.7)% |
| Total Processed | 3,418 | 2,067 | 1,351 | 65.4 % | 4,412 | 3,281 | 1,131 | 34.5 % |
| Fresh Fruit | 33 | 24 | 9 | 37.5 % | 136 | 97 | 39 | 40.2 % |
| Total | 3,451 | 2,091 | 1,360 | 65.0 % | 4,548 | 3,378 | 1,170 | 34.6 % |
| Pound Solids Produced: | | | | | | | | |
| Early and Mid-Season | 11,735 | 3,125 | 8,610 | NM | 16,873 | 9,194 | 7,679 | 83.5 % |
| Valencias | 7,831 | 8,651 | (820) | (9.5)% | 7,831 | 8,651 | (820) | (9.5)% |
| Total | 19,566 | 11,776 | 7,790 | 66.2 % | 24,704 | 17,845 | 6,859 | 38.4 % |

Average Pound Solids per Box:

| | | | | | | | | |
|----------------------|------|------|------|-------|------|------|------|-------|
| Early and Mid-Season | 5.54 | 5.23 | 0.31 | 5.9 % | 5.42 | 5.08 | 0.34 | 6.7 % |
| Valencias | 6.04 | 5.89 | 0.15 | 2.5 % | 6.04 | 5.89 | 0.15 | 2.5 % |

Price per Pound Solids:

| | | | | | | | | |
|----------------------|---------|---------|------------|----------|---------|---------|------------|----------|
| Early and Mid-Season | \$ 2.38 | \$ 2.83 | \$ (0.45) | (15.9)% | \$ 2.35 | \$ 2.64 | \$ (0.29) | (11.0)% |
| Valencias | \$ 2.39 | \$ 2.84 | \$ (0.45) | (15.8)% | \$ 2.39 | \$ 2.84 | \$ (0.45) | (15.8)% |

NM - Not meaningful

Water Resources and Other Operations Division Results

Operating results for the Water Resources and Other Operations Division for the six months ended March 31, 2019 improved by \$1.2 million from the six months ended March 31, 2018, primarily due to the Company selling its cattle herd in late January 2018, and as such, are no longer incurring expenses relating to calves and culls. As part of this transaction, the Company entered into a long-term arrangement with the purchaser for grazing rights on the ranch. The Company continues to own the property and conduct its long-term water dispersement program and wildlife management programs.

Other Corporate Financial Information

General and administrative expenses increased by \$1.1 million to \$8.1 million for the six months ended March 31, 2019. The increase was primarily due to an increase in professional fees of \$2.3 million during the six months ended March 31, 2019, related to a corporate litigation matter. This litigation has been resolved and a settlement was reached on February 11, 2019. The Company does not anticipate incurring any further professional fees relating to this matter. Additionally, as part of this settlement, the Company recorded consulting and separation fees of \$0.8 million during the six months ended March 31, 2019. These increases were partially offset by an adjustment to stock compensation expense as part of the settled litigation and a decrease in payroll expenses. The Company recorded a reduction to stock compensation expense in the amount of \$0.8 million as a result of a former senior executive forfeiting his stock options. The reduction in payroll costs of \$0.7 million was primarily due to a reduction in (i) separation expenses of \$0.4 million; (ii) accrual for paid time-off of \$0.2 million; and (iii) personnel and overtime costs of \$0.1 million.

Other expense, net, which primarily consists of interest expense, change in fair value of derivatives and gain or loss on sale of real estate, property and equipment and assets held for sale, was \$4.8 million for the six months ended March 31, 2019, as compared to \$2.5 million for the six months ended March 31, 2018. The increase of \$2.3 million is primarily attributable to the Company recording an offsetting gain on sale of real estate, property and equipment of \$1.8 million during the six months ended March 31, 2018.

The Company paid a second quarter cash dividend of \$0.06 per share on its outstanding common stock on April 12, 2019 to shareholders of record as of March 29, 2019.

At March 31, 2019 the Company had working capital of \$32.5 million, and had term debt, net of cash and cash equivalents and restricted cash of \$186.3 million.

About Alico

Alico, Inc. primarily operates two divisions: Alico Citrus, one of the nation's largest citrus producers, and Alico Water Resources and Other Operations, a leading water storage and environmental services division. Learn more about Alico (Nasdaq: "ALCO") at 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; changes in the political environment and agendas; 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 and corporate opportunities; onetime events; acquisitions and divestitures; 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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ALICO, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

| March 31, 2019 (Unaudited) | September 30, 2018 |
|----------------------------------|--------------------------|
|----------------------------------|--------------------------|

ASSETS

Current assets:

| | | |
|---|---------------|---------------|
| Cash and cash equivalents | \$ 606 | \$ 25,260 |
| Accounts receivable, net | 13,997 | 2,544 |
| Inventories | 36,111 | 41,033 |
| Assets held for sale | 1,403 | 1,391 |
| Prepaid expenses and other current assets | 946 | 833 |
| Total current assets | 53,063 | 71,061 |

| | | |
|---|-------------------|-------------------|
| Restricted cash | 7,004 | 7,000 |
| Property and equipment, net | 342,930 | 340,403 |
| Goodwill | 2,246 | 2,246 |
| Deferred financing costs, net of accumulated amortization | 44 | 136 |
| Other non-current assets | 2,802 | 2,576 |
| Total assets | \$ 408,089 | \$ 423,422 |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

| | | |
|----------------------------------|---------------|---------------|
| Accounts payable | \$ 7,372 | \$ 3,764 |
| Accrued liabilities | 5,988 | 9,226 |
| Long-term debt, current portion | 5,313 | 5,275 |
| Income taxes payable | 1,468 | 2,320 |
| Other current liabilities | 437 | 913 |
| Total current liabilities | 20,578 | 21,498 |

| | | |
|---|----------------|----------------|
| Long-term debt: | | |
| Principal amount, net of current portion | 163,599 | 169,074 |
| Less: deferred financing costs, net | (1,465) | (1,563) |
| Long-term debt less current portion and deferred financing costs, net | 162,134 | 167,511 |
| Lines of credit | 24,962 | 2,685 |
| Deferred income tax liabilities | 28,930 | 25,153 |
| Deferred gain on sale | — | 24,928 |
| Deferred retirement obligations | 3,938 | 4,052 |
| Other liabilities | 346 | — |
| Total liabilities | 240,888 | 245,827 |

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 and 8,416,145 shares issued and 7,462,803 and 8,199,957 shares outstanding at March 31, 2019 and September 30, 2018, respectively | 8,416 | 8,416 |
| Additional paid in capital | 19,733 | 20,126 |
| Treasury stock, at cost, 953,342 and 216,188 shares held at March 31, 2019 and September 30, 2018, respectively | (32,496) | (7,536) |
| Retained earnings | 166,193 | 151,111 |
| Total Alico stockholders' equity | 161,846 | 172,117 |
| Noncontrolling interest | 5,355 | 5,478 |
| Total stockholders' equity | 167,201 | 177,595 |
| Total liabilities and stockholders' equity | \$ 408,089 | \$ 423,422 |

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

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|----------------------------|------------------------------|-----------|----------------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| Operating revenues: | | | | |
| Alico Citrus | \$ 47,823 | \$ 34,709 | \$ 61,720 | \$ 51,788 |

| | | | | |
|---|-----------------|--------------------|-----------------|-----------------|
| Water Resources and Other Operations | 698 | 891 | 1,580 | 1,345 |
| Total operating revenues | 48,521 | 35,600 | 63,300 | 53,133 |
| Operating expenses: | | | | |
| Alico Citrus | 31,582 | 26,110 | 42,456 | 42,405 |
| Water Resources and Other Operations | 625 | 1,657 | 1,348 | 2,313 |
| Total operating expenses | 32,207 | 27,767 | 43,804 | 44,718 |
| Gross profit: | 16,314 | 7,833 | 19,496 | 8,415 |
| General and administrative expenses | 4,654 | 3,073 | 8,104 | 6,959 |
| Income from operations | 11,660 | 4,760 | 11,392 | 1,456 |
| Other (expense) income: | | | | |
| Interest expense | (1,963) | (2,239) | (3,880) | (4,494) |
| Gain on sale of real estate, property and equipment and assets held for sale | 1 | 99 | 23 | 1,835 |
| Change in fair value of derivatives | (33) | — | (989) | — |
| Other income, net | 23 | — | 10 | 144 |
| Total other expenses, net | (1,972) | (2,140) | (4,836) | (2,515) |
| Income (loss) before income taxes | 9,688 | 2,620 | 6,556 | (1,059) |
| Income tax provision (benefit) | 2,228 | 8,150 | 1,599 | (4,267) |
| Net income (loss) | 7,460 | (5,530) | 4,957 | 3,208 |
| Net loss attributable to noncontrolling interests | 87 | 16 | 123 | 24 |
| Net income (loss) attributable to Alico, Inc. common stockholders | <u>\$ 7,547</u> | <u>\$ (5,514)</u> | <u>\$ 5,080</u> | <u>\$ 3,232</u> |
| Per share information attributable to Alico, Inc. common stockholders: | | | | |
| Earnings (loss) per common share: | | | | |
| Basic | \$ 1.01 | \$ (0.67) | \$ 0.68 | \$ 0.39 |
| Diluted | \$ 1.01 | \$ (0.67) | \$ 0.68 | \$ 0.39 |
| Weighted-average number of common shares outstanding: | | | | |
| Basic | 7,463 | 8,256 | 7,471 | 8,251 |
| Diluted | 7,469 | 8,256 | 7,506 | 8,310 |
| Cash dividends declared per common share | \$ 0.06 | \$ 0.06 | \$ 0.12 | \$ 0.12 |

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

| | Six Months Ended March 31, | |
|---|-----------------------------------|---------------|
| | 2019 | 2018 |
| Net cash provided by (used in) operating activities: | | |
| Net income | \$ 4,957 | \$ 3,208 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Deferred gain on sale of sugarcane land | — | (282) |
| Depreciation, depletion and amortization | 6,951 | 6,922 |
| Deferred income tax provision (benefit) | 73 | (4,306) |
| Gain on sale of real estate, property and equipment and assets held for sale | (23) | (1,835) |
| Change in fair value of derivatives | 989 | — |
| Non-cash interest expense on deferred gain on sugarcane land | — | 688 |
| Stock-based compensation expense | 223 | 856 |
| Other | (51) | (300) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (11,453) | (12,229) |
| Inventories | 4,922 | 9,194 |
| Prepaid expenses and other assets | 92 | (620) |
| Accounts payable and accrued expenses | 370 | (533) |
| Income tax payable | (852) | — |
| Other liabilities | (130) | (1,014) |
| Net cash provided by (used in) operating activities | <u>6,068</u> | <u>(251)</u> |

Cash flows from investing activities:

| | | |
|---|-----------------|---------------|
| Purchases of property and equipment | (9,524) | (7,438) |
| Net proceeds from sale of property and equipment and assets held for sale | 202 | 24,612 |
| Deposits on purchase of citrus trees | (515) | — |
| Notes receivable | 50 | (379) |
| Net cash (used in) provided by investing activities | <u>(9,787)</u> | <u>16,795</u> |

Cash flows from financing activities:

| | | |
|---|------------------|-----------------|
| Repayments on revolving lines of credit | (41,360) | (21,424) |
| Borrowings on revolving lines of credit | 63,637 | 21,424 |
| Principal payments on term loans | (5,437) | (6,715) |
| Treasury stock purchases | (25,576) | (206) |
| Payment on termination of Global Ag agreement | (11,300) | — |
| Dividends paid | (895) | (988) |
| Capital lease obligation payments | — | (8) |
| Net cash used in financing activities | <u>(20,931)</u> | <u>(7,917)</u> |

Net (decrease) increase in cash and cash equivalents and restricted cash

| | | |
|--|---------------|--------------|
| Cash and cash equivalents and restricted cash at beginning of the period | (24,650) | 8,627 |
| | <u>32,260</u> | <u>3,395</u> |

Cash and cash equivalents and restricted cash at end of the period

| | | |
|--|-----------------|------------------|
| | <u>\$ 7,610</u> | <u>\$ 12,022</u> |
|--|-----------------|------------------|

Non-GAAP Financial Measures**Adjusted EBITDA***(in thousands)*

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|---|-----------------|---------------------------------------|-----------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net income (loss) attributable to common stockholders | \$ 7,547 | \$ (5,514) | \$ 5,080 | \$ 3,232 |
| Interest expense | 1,963 | 2,239 | 3,880 | 4,494 |
| Income tax provision (benefit) | 2,228 | 8,150 | 1,599 | (4,267) |
| Depreciation, depletion and amortization | 3,493 | 3,432 | 6,951 | 6,922 |
| EBITDA | <u>15,231</u> | <u>8,307</u> | <u>17,510</u> | <u>10,381</u> |
| Transaction costs | — | 12 | — | 88 |
| Stock compensation expense ⁽¹⁾ | 255 | 242 | 570 | 473 |
| Separation and consulting agreement expense ⁽²⁾ | 800 | — | 800 | 188 |
| | — | — | 32 | — |
| Tender offer expense | — | — | — | — |
| Professional fees relating to corporate matters | 1,783 | — | 2,283 | — |
| Change in fair value of derivatives | 33 | — | 989 | — |
| Forfeiture of stock options ⁽³⁾ | (823) | — | (823) | — |
| Gains on sale of real estate and property and equipment and assets held for sale | <u>(1)</u> | <u>(99)</u> | <u>(23)</u> | <u>(1,835)</u> |
| Adjusted EBITDA | <u>\$ 17,278</u> | <u>\$ 8,462</u> | <u>\$ 21,338</u> | <u>\$ 9,295</u> |

(1) Includes stock compensation expense for current executives.

(2) Includes consulting and compensation fees for former CEO.

(3) Includes forfeitures of stock options by former CEO, resulting in expense recapture.

Adjusted Income (Loss) Per Diluted Common Share*(in thousands)*

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|---------------------------------|-----------------|-------------------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net income (loss) attributable to common stockholders | \$ 7,547 | \$ (5,514) | \$ 5,080 | \$ 3,232 |
| One-time deferred tax adjustment due to new tax legislation | — | 1,250 | — | (10,077) |
| Valuation allowance on capital loss carryforward | — | 6,060 | — | 6,060 |
| Transaction costs | — | 12 | — | 88 |
| Stock compensation expense ⁽¹⁾ | 255 | 242 | 570 | 473 |
| Separation and consulting agreement expense ⁽²⁾ | 800 | — | 800 | 188 |
| Tender offer expense | — | — | 32 | — |
| Professional fees relating to corporate matters | 1,783 | — | 2,283 | — |
| Change in fair value of derivatives | 33 | — | 989 | — |
| Forfeiture of stock options ⁽³⁾ | (823) | — | (823) | — |
| Gains on sale of real estate and property and equipment and assets held for sale | (1) | (99) | (23) | (1,835) |
| Tax impact | (322) | 84 | (532) | 388 |
| Adjusted net income (loss) attributable to common stockholders | <u>\$ 9,272</u> | <u>\$ 2,035</u> | <u>\$ 8,376</u> | <u>\$ (1,483)</u> |
| Diluted common shares | 7,469 | 8,256 | 7,506 | 8,310 |
| Adjusted income (loss) per diluted common share | <u>\$ 1.24</u> | <u>\$ 0.25</u> | <u>\$ 1.12</u> | <u>\$ (0.18)</u> |

(1) Includes stock compensation expense for current executives.

(2) Includes consulting and compensation fees for former CEO.

(3) Includes forfeitures of stock options by former CEO, resulting in expense recapture.

Adjusted Free Cash Flow

(in thousands)

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|---------------------------------|-----------------|-------------------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net cash provided by (used in) operating activities | \$ 18,069 | \$ 9,438 | \$ 6,068 | \$ (251) |
| Adjustments for non-recurring items: | | | | |
| Transaction costs | — | 12 | — | 88 |
| Separation and consulting agreement expense ⁽¹⁾ | 800 | — | 800 | 188 |
| Tender offer expense | — | — | 32 | — |
| Professional fees relating to corporate matters | 1,783 | — | 2,283 | — |
| Tax impact | (472) | (3) | (605) | (68) |
| Capital expenditures | (6,066) | (3,877) | (9,524) | (7,438) |
| Adjusted Free Cash Flow | <u>\$ 14,114</u> | <u>\$ 5,570</u> | <u>\$ (946)</u> | <u>\$ (7,481)</u> |

(1) Includes consulting and compensation fees for former CEO.

Alico utilizes the non-GAAP measures EBITDA, Adjusted EBITDA, Adjusted Income (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 EBITDA, Adjusted EBITDA, Adjusted Income (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,

provide 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 help 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. EBITDA is defined as net income (loss) before interest expense, provision (benefit) for income taxes, depreciation and amortization. Adjusted EBITDA is defined as net income (loss) before interest expense, provision (benefit) for income taxes, depreciation and amortization and adjustments 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, property and equipment and assets held for sale. Adjusted Income (Loss) per Diluted Common Share is defined as net income (loss) 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.



Source: Alico, Inc.