



S&W SEED COMPANY
2018 ANNUAL REPORT

At the Intersection of
Agriculture and Technology



CONTENTS

- 1 CEO Statement
- 2 Transformational Acquisition
- 4 Alfalfa
- 6 Sorghum
- 8 Sunflower
- 10 Stevia
- 12 Letter to Shareholders
- 14 Financials

CEO STATEMENT

OUR COMMITMENT TO AGRICULTURE

S&W SEED COMPANY is committed to developing best in class hybrids and varieties across a platform of forage and specialty crop products that meet the needs of the men and women that work so hard every day to feed a burgeoning global population. We are committed to develop hybrids and varieties that improve yields, not only on good soil conditions, but in highly saline and drought stricken regions. We are committed to ensuring that our products are resistant to diseases and insects that pose farmers problems, while ensuring enhanced digestibility for livestock providers. Where appropriate, we are committed to developing crops that are resistant to certain herbicides allowing farmers to enhance their overall productivity. Ultimately, we are committed to the success of agriculture—across all of its spectrums—which is the backbone for which all of us depend upon so dearly each and every day.



A handwritten signature in black ink that reads "Mark W. Wong". The signature is written in a cursive, flowing style.

Mark Wong
Chief Executive Officer
S&W Seed Company



In October 2018, S&W Seed Company acquired Chromatin's hybrid sorghum assets.

Acquisition creates a global diversified middle market agriculture company with leadership in two major crops: alfalfa and sorghum.



Chromatin

ANTICIPATED KEY ATTRIBUTES OF THE CHROMATIN ASSETS INCLUDE:

- Diverse hybrid sorghum product portfolio of grain, forage, food grade, and sweet varieties that support multiple end markets with industry-leading performance attributes.
- Product portfolio of unique hybrids addressing multiple maturities, localized and regional adaptations, and contain key tolerance and resistance traits.
- Pipeline of new products include expansion of Chromatin's existing sugarcane aphid (SCA) resistance to its product portfolio, an industry first herbicide resistance that S&W believes could be transformational to the sorghum industry, and additional genes expected in the years to come.
- Well-maintained and modernized production plants with nearby contracted production acreage in Texas.
- A world class R&D and testing program that should enable superior products to be brought to market faster than competitors through the development of approximately 300 molecular markers. This unique program is expected to allow the breeding team to identify and breed desirable traits, especially recessive traits, into commercial hybrids with improved efficiencies.
- An extensive global sales network which includes company sales representatives in the U.S., distribution to a farmer-dealer channel, and an expansive network of worldwide distributors. Selected geographic markets are anticipated to be combined with S&W sales people into one combined sales force selling sorghum, alfalfa and sunflower products.





ALFALFA

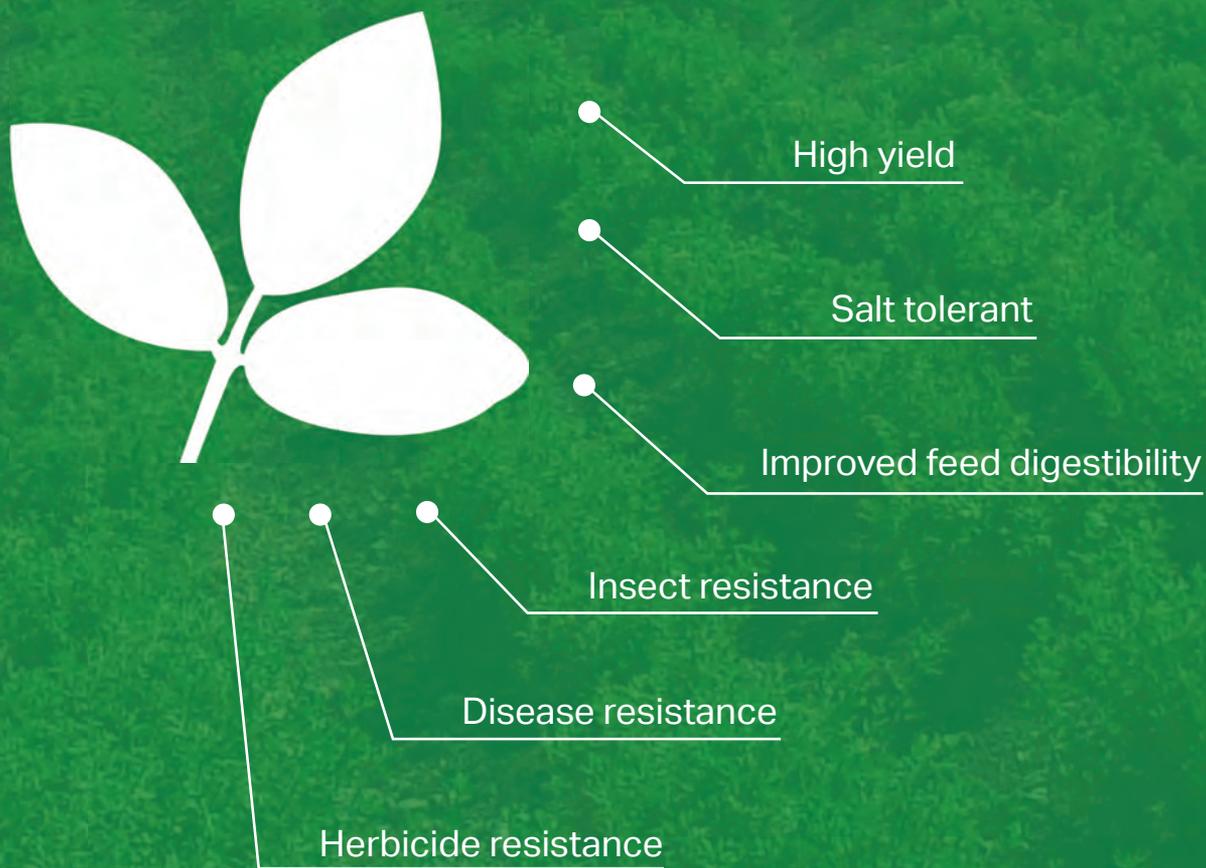


FOR MORE THAN 35 YEARS, we have bred alfalfa seed of the highest quality with superior genetic traits.



FOCUSED ON HIGH YIELD AND FORAGE QUALITY

Our specialty is high-yield alfalfa varieties with a wide range of adaptation across many growing environments. Our non-dormant breeding program is focused on maximizing yield regardless of soil and water salinity. Our dormant alfalfa breeding emphasizes high yield and forage quality, developing hardy alfalfa varieties with plenty of resistance to disease and stress.



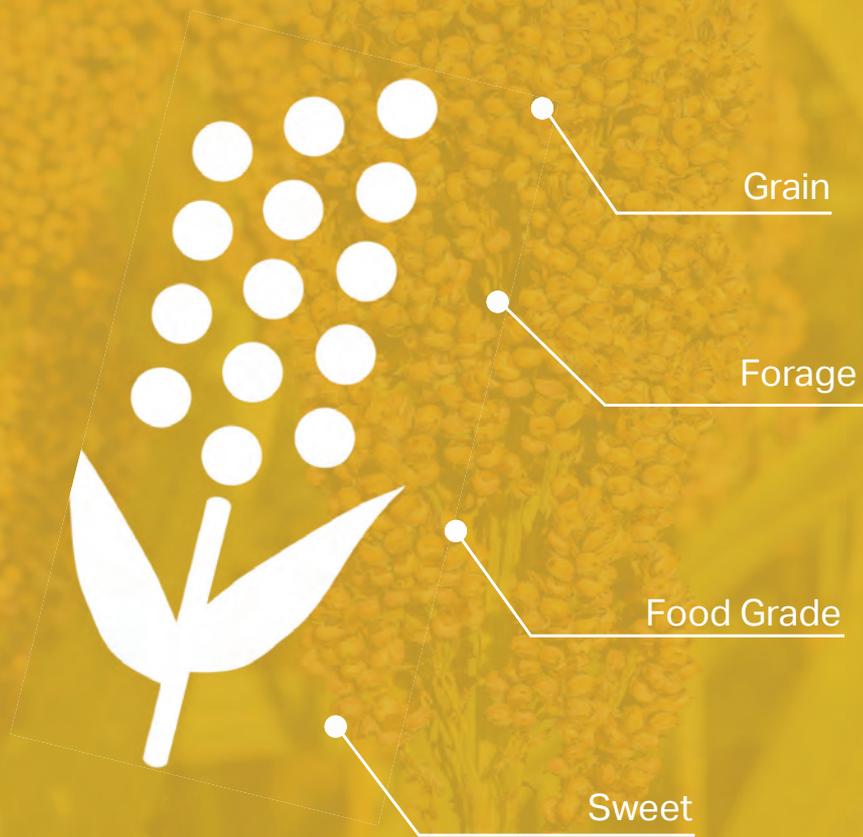


SORGHUM

OUR SORGHUM PROGRAM has developed a portfolio of elite forage and grain hybrid sorghum seed products.

Our forage sorghum varieties feature superior stem quality, standability, high sugar levels, high dry matter production, and low prussic acid levels.

Our grain sorghum portfolio utilizes elite germplasm from around the world to bring to market hybrids of superior field performance with key attributes such as maximum insect and disease resistance, grain quality, harvestability, and tolerances to extreme weather conditions such as drought.





SUNFLOWER

WITH MORE THAN 30 YEARS of breeding experience and established breeding programs in Australia and Europe, we are well positioned to serve the needs of the world's sunflower growing regions.

We develop elite disease resistance sunflower seed hybrids and partner with leading companies around world to develop herbicide resistant characteristics, specific oil profiles—both polyunsaturated and linoleic—and maximize yield potential for different growing conditions around the world.





STEVIA

WE SELECTIVELY BREED
unique lines of stevia offering
the advantageous for both
growers and processors
of stevia.

We believe stevia extracts and stevia leaf itself are positioned to become leading high-intensity sweeteners due to their appealing profile.



Excellent overwintering

Late flowering

Very low bitterness

Little to no aftertaste



LETTER TO SHAREHOLDERS



*Mark Harvey
Chairman of the
Board of Directors*



*Mark Wong
President & Chief
Executive Officer*

Over the past year, S&W's management team and board have been aligned on a comprehensive strategic plan to become a more diversified middle market agricultural company. Our focus has been to evolve beyond our dependence on our alfalfa seed operations; diversify ourselves away from certain geographic markets which carry higher political, regulatory, and economic risks; create a more customer centric sales organization; develop and acquire higher-value trait technologies; and commercialize our stevia operations. We are pleased to report we made tremendous progress on each of these initiatives during the past year and look forward to continued advancement in fiscal 2019.

The past year will be marked by our acquisition of the sorghum assets from Chromatin. The acquisition positions S&W as a leader in two key middle market agricultural crops – alfalfa and sorghum – and checks the box on nearly every key operational initiative. Chromatin originated as an agricultural biotech company that transitioned to a fully integrated sorghum seed company. In addition to a strong product portfolio, they have established a farmer-dealer distribution network, sales representatives and channel partners that we believe will allow for significant cross selling synergies with our existing alfalfa sales organization. Their development pipeline of products includes key traits that are anticipated to be first to market and future growth drivers. This is precisely the type of opportunity the management team and board has been seeking to accelerate our go forward strategic plan and are excited about the opportunities it provides us in the future.

One of the first steps we made post our Chromatin acquisition was to reorganize our operations along geographic lines, instead of functional lines, to realize the numerous cross-selling synergies available to us. To do so, we have created two new positions, including an Executive Vice President, Americas and Executive Vice President, International. This transition is being done to focus on selling multiple crops to the same end customers, one of the key benefits the Chromatin acquisition provides.

Within our alfalfa trait development initiatives, we achieved a significant milestone with our Calyxt partnership where we recently announced the successful transfer of our proprietary alfalfa seed and plants from the research and development facility at Calyxt to S&W for field evaluation and testing. The collaboration between the two companies involving Calyxt's proprietary gene editing technology, TALEN[®],



“We are pleased with the progress over the last year to better position us for success by adding a leadership position in a second key agricultural crop through our acquisition of Chromatin, advancing key alfalfa trait development, better alignment of our sales and marketing strategies, progressing our stevia program, and increasing the value we obtain for each pound of seed sold.”

and S&W's industry-leading alfalfa seed genetics, is focused on providing enhanced traits in alfalfa that can drive improved productivity, while decreasing input costs to meet the growing global demand for improved quality alfalfa seeds. We will now conduct open field trials throughout the United States to progress the development and characterization of new varieties with this enhanced digestibility trait. We look forward to keeping you posted on the results.

On the stevia commercialization efforts, we finalized an extension of our existing agreement with an international consumer products company to perform breeding and targeting of novel stevia traits. The objective of the collaboration is to improve stevia varieties. We are excited to expand this agreement which ultimately has the potential to be utilized in numerous products around the world. Our expertise in stevia research and development, and understanding of U.S.-based production dynamics, has brought us to this exciting opportunity. We are also working to create agreements that will further expand stevia in the U.S. where an integrated supply chain system, including growers and processors, is required to make that happen. We are working on creating that system. Specifically, we are testing target markets for production, primarily in the southeast U.S, with field trials set to take place in 2018 and 2019. These field trials will further determine how our varieties respond to the geographies and the general production profiles. Overall, very good progress is being made in our stevia operations.

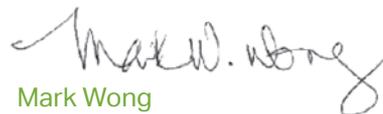


Mark Harvey
Chairman of the Board of Directors

Looking back, the Saudi Arabian water regulations continued to impact revenue and profitability during fiscal year 2018. Despite the impact from Saudi Arabia, our alfalfa seed revenues in other regions have remained relatively flat over the past couple of years despite difficult global market environments. Importantly, we continued to get more value for each pound of seed sold as our gross margins increased compared to the year ago period. We believe the initiatives we have instituted within our alfalfa operations to focus on cross selling opportunities, while at the same time investing in trait technologies will help grow market share in the future.

Our mantra during the year has been 'Evolving Beyond.' We are pleased with the progress over the last year to better position us for success by adding a leadership position in a second key agricultural crop through our acquisition of Chromatin, advancing key alfalfa trait development, better alignment of our sales and marketing strategies, progressing our stevia program, and increasing the value we obtain for each pound of seed sold. We will stay diligent in our pursuit of additional opportunities that may present themselves as we believe we are ideally positioned to acquire highly valuable assets at discounted prices during this difficult period in the overall ag cycle. We believe when you look back in history, we hope this was in fact a golden opportunity for S&W and its shareholders.

We appreciate your continued support and are dedicated to the enhanced value of your investment.



Mark Wong
President & Chief Executive Officer



COMPANY FINANCIALS

S&W SEED COMPANY: CONSOLIDATED STATEMENT OF OPERATIONS

Years ended June 30	2017	2018
	GAAP	GAAP
Revenue	\$ 75,373,810	\$ 64,085,510
Cost of Revenue	59,232,846	49,332,052
Gross Profit	16,140,964	14,753,458
Operating Expenses		
Selling, general and administrative expenses	11,794,026	10,503,020
Research and development expenses	3,032,112	3,887,723
Depreciation and amortization	3,325,743	3,439,287
Disposal of property, plant and equipment loss (gain)	78,538	(82,980)
Impairment charges	319,001	-
Total Operating Expenses	18,549,420	17,747,050
Loss From Operations	(2,408,456)	(2,993,592)
Other Expenses		
Foreign currency loss (gain)	1,388	(12,584)
Change in derivative warrant liabilities	(1,517,500)	(431,300)
Change in contingent consideration obligations	231,584	-
Loss on equity method investment	144,841	-
Anticipated loss on sub-lease land	424,600	-
Interest expense - amortization of debt discount	1,176,023	169,045
Interest expense - convertible debt and other	1,324,945	1,863,288
Loss Before Income Taxes	(4,194,337)	(4,582,041)
Provision for income tax	7,627,705	143,049
Net Loss	\$ (11,822,042)	\$ (4,725,090)
Net Loss Per Common Share		
Basic and Diluted	\$ (0.67)	\$ (0.21)
Weighted Average Number of Common Shares Outstanding		
Basic and Diluted	17,718,057	22,481,491

ITEMIZED RECONCILIATION BETWEEN NET INCOME (LOSS) AND NON-GAAP ADJUSTED EBITDA (UNAUDITED)

Years ended June 30	2017	2018
Net loss	\$(11,822,042)	\$(4,725,090)
Non-recurring transaction costs	-	66,160
Separation costs	674,597	-
Reserve for uncollectable sub-lease income	223,200	-
Non-cash stock based compensation	1,409,368	748,516
Depreciation and amortization	3,325,743	3,439,287
impairment charges	319,001	-
Foreign currency loss (gain)	1,388	(12,584)
Change in derivative warrant liabilities	(1,517,500)	(431,300)
Change in contingent consideration liabilities	231,584	-
Loss on equity method investment	144,841	-
Anticipated loss on sub-lease land	424,600	-
Interest expense – amortization of debt discount	1,176,023	169,045
Interest expense	1,324,945	1,863,288
Provision from income taxes	7,627,705	143,049
Non-GAAP Adjusted EBITDA	\$ 3,543,453	\$ 1,260,371

Non-GAAP Measurements: This document includes certain financial information that constitutes "non-GAAP financial measures" as defined by the SEC. A full reconciliation of the non-GAAP measures to GAAP can be found in the tables above. EBITDA and Adjusted EBITDA are supplemental to results presented under accounting principles generally accepted in the United States of America ("GAAP") and may not be comparable to similarly titled measures presented by other companies. These non-GAAP measures are used by management to facilitate period-to-period comparisons and analysis of S&W's operating performance and liquidity. Management believes these non-GAAP measures are useful to investors in trending, analyzing and benchmarking the performance and value of S&W's business. These non-GAAP measures should be considered in addition to, but not as a substitute for, other similar measures reported in accordance with GAAP.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2018

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 001-34719



S&W SEED COMPANY

(Exact Name of Registrant as Specified in Its Charter)

Nevada

(State or Other Jurisdiction of
Incorporation or Organization)

27-1275784

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

106 K Street, Suite 300, Sacramento, California

(Address of Principal Executive Offices)

95814

(Zip Code)

(559) 884-2535

(Registrant's Telephone Number,
Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.001 Par Value	Nasdaq Capital Market

Securities Registered Pursuant to Section 12(g) of the Act:

None

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this Chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company
(Do not check if a smaller reporting 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 Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$47,685,994.

The number of shares outstanding of common stock of the registrant as of September 20, 2018 was 25,956,252.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2018 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement is to be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended June 30, 2018.

**S&W SEED COMPANY
FORM 10-K
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

	<u>Page</u>
FORWARD-LOOKING STATEMENTS	1
PART I	3
Item 1. Business	3
Item 1A. Risk Factors	26
Item 1B. Unresolved Staff Comments	45
Item 2. Properties	46
Item 3. Legal Proceedings	47
Item 4. Mine Safety Disclosures	47
PART II	48
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	48
Item 6. Selected Financial Data	49
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	49
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	69
Item 8. Financial Statements	70
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	107
Item 9A. Controls and Procedures	107
Item 9B. Other Information	108
PART III	110
Item 10. Directors, Executive Officers and Corporate Governance	110
Item 11. Executive Compensation	110
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	110
Item 13. Certain Relationships and Related Transactions, and Director Independence	110
Item 14. Principal Accountant Fees and Services	111
PART IV	111
Item 15. Exhibits and Financial Statement Schedules	111
Item 16. Form 10-K Summary	118
SIGNATURES	119

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained in this Annual Report on Form 10-K that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, tax provisions, earnings, cash flows and other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding our ability to raise capital in the future; any statements concerning expected development, performance or market acceptance relating to our products or services or our ability to expand our grower or customer bases or to diversify our product offerings; any statements regarding future economic conditions or performance; any statements of expectation or belief; any statements regarding our ability to retain key employees; and any statements of assumptions underlying any of the foregoing. These forward-looking statements are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "will," "plan," "project," "seek," "should," "target," "will," "would," and similar expressions or variations intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations about future events. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Risks, uncertainties and assumptions include the following:

- whether we are successful in securing sufficient acreage to support the growth of our alfalfa seed business,
- our plans for expansion of our business (including through acquisitions) and our ability to successfully integrate acquisitions into our operations;
- the continued ability of our distributors and suppliers to have access to sufficient liquidity to fund their operations;
- trends and other factors affecting our financial condition or results of operations from period to period;
- the impact of crop disease, severe weather conditions, such as flooding, or natural disasters, such as earthquakes, on crop quality and yields and on our ability to grow, procure or export our products;
- the impact of pricing of other crops that may be influence what crops our growers elect to plant;
- whether we are successful in aligning expense levels to revenue changes;
- whether we are successful in monetizing our stevia business;

- the cost and other implications of pending or future legislation or court decisions and pending or future accounting pronouncements; and
- other risks that are described herein including but not limited to the items discussed in "Risk Factors" below, and that are otherwise described or updated from time to time in our filings with the SEC.

You are urged to carefully review the disclosures made concerning risks and uncertainties that may affect our business or operating results, which include, among others, those listed in Part I, Item 1A. "Risk Factors" of this Annual Report on Form 10-K.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Many factors discussed in this Annual Report on Form 10-K, some of which are beyond our control, will be important in determining our future performance. Consequently, these statements are inherently uncertain and actual results may differ materially from those that might be anticipated from the forward-looking statements. In light of these and other uncertainties, you should not regard the inclusion of a forward-looking statement in this Annual Report on Form 10-K as a representation by us that our plans and objectives will be achieved, and you should not place undue reliance on such forward-looking statements. All forward-looking statements included herein are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Furthermore, such forward-looking statements represent our views as of, and speak only as of, the date of this Annual Report on Form 10-K, and such statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. We undertake no obligation to publicly update any forward-looking statements, or to update the reasons why actual results could differ materially from those anticipated in any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

When used in this Annual Report on Form 10-K, the terms "we," "us," "our," "the Company," "S&W" and "S&W Seed" refer to S&W Seed Company and its subsidiaries or, as the context may require, S&W Seed Company only. Our fiscal year ends on June 30, and accordingly, the terms "fiscal 2018," "fiscal 2017" and "fiscal 2016" in this Annual Report on Form 10-K refer to the respective fiscal year ended June 30, 2018, 2017 and 2016, respectively, with corresponding meanings to any fiscal year reference beyond such dates. Trademarks, service marks and trade names of other companies appearing in this report are the property of their respective holders.

PART I

Item 1. Business

Overview

Founded in 1980 and headquartered in Sacramento, California, we are a global agricultural company. Grounded in our historical expertise and what we believe is our present leading position in the breeding, production and sale of alfalfa seed, we continue to build towards our goal of being recognized as the world's preferred proprietary forage, grain and specialty crop seed company. In addition to our primary activities in alfalfa seed, we have recently expanded our product portfolio by adding hybrid sorghum and sunflower seed, which complement our alfalfa seed offerings by allowing us to leverage our infrastructure, research and development expertise and our distribution channels, as we begin to diversify into what we believe are higher margin opportunities. We also continue to conduct our stevia breeding program, having been granted four patents by the U.S. Patent and Trademark Office.

Our alfalfa seed is produced under contract with growers in the Western United States, Canada and Australia, and we sell our alfalfa seed varieties in more than 30 countries across the globe. Historically, we have been recognized as the leading producer of non-dormant alfalfa seed varieties that have been bred for warm climates and high-yields, including varieties that can thrive in poor, saline soils. Our December 2014 acquisition of certain alfalfa research and production facility and conventional (non-GMO) alfalfa germplasm assets of DuPont Pioneer, a wholly-owned subsidiary of E.I. du Pont de Nemours and Company ("DuPont Pioneer"), has provided us with the opportunity to become a leading producer of dormant, high yield alfalfa seed varieties, which are the varieties bred to survive cold winter conditions. As a result, our alfalfa seed business now encompasses the production, breeding and sale of non-dormant and dormant conventional varieties and the potential for future production and sale of GMO (genetically modified organism) varieties.

Following our initial public offering in fiscal year 2010, we expanded certain pre-existing business initiatives and added new ones, including:

- diversifying our production geographically by expanding from solely producing seed in the San Joaquin Valley of California to initially adding production capability in the Imperial Valley of California, then expanding into Australia (primarily South Australia) and, most recently, adding production in other western states and Canada;
- expanding from solely offering non-dormant varieties to now having a full range of both dormant and non-dormant varieties;
- expanding the depth and breadth of our research and development capabilities in order to develop new varieties of both dormant and non-dormant alfalfa seed with traits sought after by our existing and future customers;

- diversifying into complementary proprietary crops by acquiring the assets of a Queensland, Australia company specializing in breeding and licensing of hybrid sorghum and sunflower seed;
- expanding our distribution channels and customer base, initially through the acquisition of the customer list of a key international customer in the Middle East in July 2011, and thereafter, through certain strategic acquisitions;
- expanding our sales geographically both through the expansion of our product offerings to make available product needed in regions we historically did not cover and through an expansion of our sales and marketing efforts generally; and
- implementing a stevia breeding program focused on the potential development of new stevia varieties that incorporate the most desirable characteristics of this all-natural, zero calorie sweetener.

We have accomplished these expansion initiatives through a combination of organic growth and strategic acquisitions, foremost among them:

- the acquisition in July 2011 of certain intangible assets, including the customer information, related to the field seed and small grain business of Genetics International, Inc., which had previously operated in the Middle East and North Africa ("MENA") and which began our transition into selling directly to MENA distributors;
- the acquisition of Imperial Valley Seeds, Inc. ("IVS") in October 2012, which enabled us to expand production of non-GMO seed into California's Imperial Valley, thereby ensuring a non- GMO source of seed due to the prohibition on GMO crops in the Imperial Valley, as well as enabling us to diversify our production areas and distribution channels;
- the acquisition of a portfolio of dormant alfalfa seed germplasm in August 2012 to launch our entry into the dormant market;
- the acquisition of the leading local producer of non-dormant alfalfa seed in South Australia, S&W Seed Company Australia Pty Ltd (f/k/a Seed Genetics International Pty Ltd, "S&W Australia") in April 2013, which greatly expanded our production capabilities and geographic diversity;
- the acquisition of the alfalfa production and research facility assets and conventional (non-GMO) alfalfa germplasm from DuPont Pioneer in December 2014 (the "Pioneer Acquisition"), thereby substantially expanding upon our initial entrance into the dormant alfalfa seed market that began in 2012 and enabling us to greatly expand our production and research and product development capabilities;
- the acquisition, in May 2016, of the assets and business of SV Genetics Pty Ltd ("SV Genetics"), a private Australian company specializing in the breeding and licensing of proprietary hybrid sorghum and sunflower seed germplasm, which represents our initial effort to diversify our product portfolio beyond alfalfa seed breeding and production and stevia R&D; and

- the acquisition of a portfolio of sorghum germplasm in April 2018 to expand our portfolio of sorghum products to include biofuel types.

We believe our 2013 combination with S&W Australia created the world's largest non-dormant alfalfa seed company and gave us the competitive advantages of year-round production in that market. With the completion of the acquisition of dormant alfalfa seed assets from DuPont Pioneer in December 2014, we believe we have become the largest alfalfa seed company worldwide (by volume), with industry-leading research and development, as well as production and distribution capabilities in both hemispheres and the ability to supply proprietary dormant and non-dormant alfalfa seed. Our operations span the world's alfalfa seed production regions, with operations in the San Joaquin and Imperial Valleys of California, five additional Western states, Australia and three provinces in Canada.

Our May 2016 acquisition of the hybrid sorghum and sunflower germplasm business and assets of SV Genetics as well as our April 2018 acquisition of a portfolio of sorghum germplasm signal management's commitment to our strategy of identifying opportunities to diversify our product lines and improve our gross margins.

The Asset Purchase and Sale Agreement for the Pioneer Acquisition previously contemplated that, subject to the satisfaction of certain conditions, we would acquire certain GMO germplasm varieties and other related assets from DuPont Pioneer for a purchase price of \$7.0 million. The conditions for this additional acquisition were not satisfied by the required date, and DuPont Pioneer has informed us that it does not intend to extend the deadline or complete the transaction at this point in time. As a result, we do not expect to close the acquisition of DuPont Pioneer's GMO germplasm varieties and related assets in the previously disclosed structure or pay the \$7,000,000 purchase price.

We continue to have a long-term distribution agreement with DuPont Pioneer regarding conventional (non GMO) varieties, the term of which extends into 2024. Our production agreement with DuPont Pioneer (relating to GMO-traited varieties) will terminate on May 31, 2019. As a result, DuPont Pioneer's minimum purchase commitments from us will be reduced by approximately \$6 million annually, commencing with our Fiscal Year 2020. However, we expect that the DuPont Pioneer distribution agreement will continue to be a significant source of our annual revenue through December 2024.

We are in discussions with DuPont Pioneer regarding the orderly transition of activities previously conducted by us under the production and research agreements (relating to GMO-traited varieties), as well as the possibility of certain ongoing commercial relationships between us relating to GMO-traited varieties, among other things.

World Agriculture

We believe that one of the biggest challenges of the 21st century will be to expand agricultural production so that it can meet the food and nutritional demands of the world's growing population. According to *World Population Prospects: The 2015 Revision, Key Findings and Advance Tables*, published by the United Nations, Department of Economic and Social Affairs, Population Division, the world population is estimated to reach 8.5 billion in 2030 and to surpass 9.7 billion by 2050.

Improvements in farm productivity have allowed agriculture to keep pace with growing food demand. Yield-enhancing technologies such as mechanization, hybrid seed and crop protection chemicals have enabled farmers to meet the ever-growing demand for food. Because of decreases in the amount of arable land and shrinking worldwide fresh water resources, further increases in agricultural production must come from improvements in agricultural productivity. We address this need by breeding high-yielding alfalfa varieties that are adapted to the major growing regions of the world. Additionally, some of our alfalfa varieties expand the addressable acreage for forage production with their ability to tolerate inferior, saline soils.

Alfalfa Seed Industry

Alfalfa seed is primarily used for growing alfalfa hay, which is grown throughout the world as "forage" for livestock, including dairy and beef cattle, horses and sheep. It is most often harvested as hay, but can also be made into silage, grazed or fed as green-chop to ruminant livestock. The alfalfa industry (and therefore the alfalfa seed industry) is highly dependent on the dairy industry, which is the largest consumer of alfalfa hay. As markets around the world continue to expand to a more westernized diet with high-protein consumption, the demands for alfalfa production around the world should continue to increase.

Alfalfa is indigenous to the Middle East where it is considered a "non-dormant" plant, meaning it grows year-round. "Dormant" varieties of alfalfa have adapted to cold climates by going dormant during periods when frost or snow conditions would otherwise kill them. Dormancy is rated using a numerical system under which "dormant" varieties are rated toward the lower end of a 1 through 11 scale, such as 2 through 4, while "non-dormant" varieties are rated toward the upper end of the scale, such as 8 through 11. The number typically identifies the number of cuttings that a farmer might be able to obtain each year.

While exact production estimates worldwide are difficult to obtain, we estimate that approximately 150 million pounds of alfalfa seed are produced worldwide each year, roughly divided evenly between non-dormant and dormant production. Alfalfa seed for the non-dormant marketplace is primarily grown in just a few key regions of the world, including the San Joaquin Valley of California, the Imperial Valley of California, and Southern Australia. However, the growing regions for "non-dormant" alfalfa hay include the Southwestern U.S., the Middle East, North Africa, Latin America and other hot, arid regions of the world. "Dormant" alfalfa seed, by contrast, is grown in the western United States and Canada for production of alfalfa hay in colder climates, including the northern regions of the United States, Canada, Europe and China.

Alfalfa seed production is demanding for even the most experienced farmers. Farming practices must be tailored to the climatic conditions of each area. Irrigation must be carefully controlled and timed to stress the plants to cause maximum flowering and seed production. Weed control is essential in order to pass inspections for purity needed for certification. Insect pests, especially lygus bugs, must be managed throughout the season, using strategies that protect pollinators, such as honey bees, leafcutter bees and alkali bees. Fields are desiccated using chemicals that remove moisture and then are harvested as quickly thereafter as possible to limit or avoid rain damage.

Stevia and the Sweetener Industry

Stevia is a relative newcomer in the estimated over \$100 billion global sweetener market. Stevia is a part of the high-intensity sweetener (HIS) market, also known as the non-caloric sweetener market, which is a \$2.4 billion segment of the overall market. Although the overall market is still dominated by sugar, sugar substitutes continue to increase in market share as consumer concern over sugar intake increases. The global obesity and diabetes epidemic is expected to drive growth of products like stevia, supported by sugar taxes, which have become prevalent in developed economies. Stevia leaf and its refined products constitute a natural, non-caloric high intensity sweetener, estimated to be 200 to 300 times sweeter than sugar. Its taste has a slower onset and longer duration than that of sugar. It has the advantage of not breaking down with heat, making it more stable for cooking than other sugar alternatives. In the U.S., approximately 70% of all new products formulated with stevia are beverages, with the remainder split between diverse categories, including dairy products and baked goods.

The stevia plant is indigenous to the rain forests of Paraguay and has been used as a sweetener in its raw, unprocessed form for hundreds of years. In recent years, it has been grown commercially in Brazil, Paraguay, Uruguay, parts of Central America, Thailand, China and the U.S. Currently, the majority of global commercial stevia production occurs in China.

The incorporation of stevia-derived extracts into foods and beverages in the U.S. has seen a rapid increase since the beginning of 2009, when stevia was first introduced as a sweetener alternative to sugar and approved by the FDA as generally regarded as safe. Within the high impact sweetener category, Stevia represented a \$423 million market in 2014. Beverages account for 50% of the stevia extract market in 2016, and major soft drink producers have active programs to further develop the use of Stevia in soda. Based on IHS Market projections, from 2016-2021, stevia is expected to grow at 8.1% year-year, with higher growth rates predicted for Europe. While sales of artificial sweeteners, such as aspartame, acesulfame K and sucralose still dominate the high-intensity sweetener market, consumer demand for artificial sweeteners has seen a decline since the introduction of stevia.

Sorghum Industry

Sorghum comes in two types, forage and grain, and is considered one of the indispensable crops in the world. It has traditionally been used for livestock feed, as well as ethanol, but is gaining increasingly in popularity in food products in the U.S. due to its gluten-free characteristics, as well as its antioxidant, high protein, lower fat, high fiber and non-GMO properties. Consequently, grain sorghum is becoming a desired substitute for wheat, rye and barley. Additionally, the pet food industry increasingly utilizes grain sorghum for its nutritional benefits and enhanced digestibility.

Similar to alfalfa, sorghum grows well in poor soil and drought conditions, thanks to its hardiness, market versatility and high-quality seed. Sorghum requires less water to grow than many other crops and is generally used as a replacement for corn and other grains in areas where water is scarce. In Africa, sorghum can be a food staple for human consumption. The majority of the world's sorghum is grown in developing countries, primarily in Africa and Asia

The U.S. Department of Agriculture (the "USDA") projects that world grain sorghum production for 2018/2019 will be approximately 59 million metric tons based on 41.5 million hectares of production. The USDA further projects the 2018/2019 U.S. sorghum crop to encompass 6 million acres (2.4 million hectares) with total production of 375 million bushels of grain sorghum (9.5 million metric tons).

Sunflower Industry

Sunflowers have multiple specialty uses including oil, birdseed and human consumption. Our current sunflower seed focus is on the oil market. Sunflower oil is light in taste and appearance and supplies more Vitamin E than any other vegetable oil. It is a combination of monounsaturated and polyunsaturated fats with low saturated fat levels. The versatility of this healthy oil is recognized by cooks internationally, valued for its frying performance and health benefits. With multiple types of sunflower oils available, it meets the needs of consumer and food manufacturers alike for a healthy and high performance non-transgenic vegetable oil. USDA projects global sunflower seed production for 2018/2019 at 49.9 million tons, up 5 percent from 2017/2018. The sunflower seed oil trade is forecasted to rise, supported by demand in India, the EU, North Africa, and the Middle East.

Business Strategy

Over the years, we have built our business upon four pillars that serve as our foundation and drive our future plans and direction. These include:

- a strong product portfolio;
- leading edge research and development expertise;
- a large and diversified production base; and
- global distribution.

We strive to enhance our growth potential and improve gross margins by expanding our alfalfa seed business, by leveraging our expertise in plant discovery and development and by continually assessing opportunities to expand into the development, production and sale of other, higher margin crops.

We intend to continue to pursue our strategy to be recognized as the world's preferred provider of seed for forage, grain and specialty crops by:

- increasing distribution into foreign markets through sales in the Middle East, North Africa, Mexico, other Latin American locations and Eastern Europe;

- expanding and improving our domestic distribution channels in both the United States and Australia;
- promoting worldwide the economic advantages of our high-yielding alfalfa seed varieties and our salt-tolerant alfalfa seed varieties;
- expanding our breeding program, in classical breeding and gene editing, in order to develop new products with those characteristics most needed or desired by farmers; and
- expanding our breeding program into crops with historically higher margins, in particular, hybrid sorghum and sunflower seed germplasm.

These goals are being accomplished both through organic growth of our legacy business and through strategic acquisitions. We will continue to look for additional acquisition or internal opportunities that will expand our existing business or provide us with a gateway to entering new markets that complement our existing business.

We also are continuing to exploit the emerging market for stevia through our stevia breeding program. The goal of this program is to leverage our research, development and breeding expertise to invent stevia varieties with flavor characteristics that best complement the food and beverages into which stevia is increasingly being incorporated or that can be consumed on its own.

Our Current Alfalfa Seed Products

We have a history of innovation in alfalfa breeding, dating back to the early 1980s when our non-dormant varieties ("S&W varieties") were first introduced to the market. Starting in 2003, our Australian subsidiary, S&W Australia, began a breeding program targeted at creating varieties that maximize seed yields, thereby reducing the cost of seed production. Historically, we differentiated our products by optimizing our varieties for geographical regions that have hot climates and, in the case of S&W varieties, challenging soil conditions such as high-salt content, while maximizing crop yield. Our December 2014 acquisition of DuPont Pioneer's conventional, dormant alfalfa seed varieties built upon our initial 2012 launch into dormant alfalfa seed markets by adding a wide selection of dormant alfalfa seed varieties that are suited for higher elevation and cooler climate conditions. Our current portfolio of alfalfa seed products includes varieties that, depending upon the particular variety, exhibit traits including high yield, muscle (strength in the field), salt tolerance, drought tolerance, leafhopper resistance and stem nematode resistance, among other traits sought by farmers who grow forage hay.

Fall Dormancy Ratings of Our Varieties

Fall dormancy is a key characteristic that can vary among alfalfa varieties. Fall Dormancy (FD) ratings are assigned to varieties based on their performance in standardized tests for the onset of dormancy in the fall. Standard check varieties span an FD rating continuum from FD 1 to FD 11, where the onset of dormancy is measured as fall height relative to standard check varieties. FD1 represents the earliest onset of fall dormancy, whereas FD 11 represents a completely non-dormant growth habit. Early FD ratings are

generally most suited to cold winter climates where plants must cease fall growth early allowing individual plants to survive cold winters and frozen soils conditions for lengthy periods. FD 2 and FD 3 ratings are typically associated with early onset fall dormancy, when grown in the upper Midwest for example. FD 9 and FD 10 ratings are typically non-dormant, are characterized as having relatively little slowdown in fall growth and are more suited for continuing forage yield production and improved yield potential in warm winter climates where soils do not freeze.

Our current commercial product line-up includes alfalfa seed varieties that span from FD 3 (our earliest onset of fall-dormancy) to FD 10 (our most non-dormant, most winter active). The legacy S&W product development efforts were focused on FD 8, FD 9 and FD 10, with some breeding effort devoted to FD 4, FD 6 and FD 7.

S&W Varieties

S&W varieties are all bred and developed to meet the guidelines for certification by the National Alfalfa Variety Review Board and/or the Association of Official Seed Certifying Agencies.

In February 2012, we announced the certification of our first proprietary dormant alfalfa seed variety, which was specifically bred to thrive in high altitude and cooler climates. In August 2012, we purchased the rights to a portfolio of alfalfa varieties suited for higher elevations and colder climate conditions, marking our commitment to expand more aggressively into the dormant variety market. The colder climate or higher elevation varieties that we acquired are in the range of FD 3, FD 4 and FD 5. In December 2014, we acquired from DuPont Pioneer one of the alfalfa industry's largest portfolios of dormant alfalfa germplasm, along with their active breeding program. The Pioneer breeding program amassed a significant germplasm base that spans from FD 3 through FD 9. The primary focus of the Pioneer breeding program was FD 4 and FD 5 for the North America market. These acquisitions of dormant germplasm significantly expand the range of geographic and climatic growing regions where we can offer adapted varieties.

Our non-dormant varieties (FD 8, FD 9 and FD 10) still represent a large proportion of our business and are best suited to hot, arid climates. Our salt tolerant non-dormant varieties do well in salty irrigation waters and salty soils. Our leading non-dormant varieties include SW10, SW9720, SW9215, SW9628, and SW8421S. Of these varieties, SW9720, SW9215 and SW8421S are bred to perform very well in highly saline conditions that would stunt or kill ordinary alfalfa.

Our FD 3, FD 4 and FD 5 S&W varieties are adapted to the winter-hardy intermountain west and the northern half of the United States and Canada. These include Rhino, SW4107, and SW5909. Some of these varieties are derived from the DuPont Pioneer germplasm base for commercial introduction as S&W brand varieties. Other dormant varieties from the DuPont Pioneer germplasm have been selected as potential varieties for licensing to third party brands. Our breeding and genetics experts continue the multi-year process of developing improved varieties over all of the dormancy spectrum, but concentrating primarily on dormancy 9 with high salt- and heat-tolerant varieties, and dormancy 4 high yield winter hardy type varieties where we have established ourselves as a leading provider. We also create blends of seed varieties.

IVS Varieties

IVS markets both common and certified alfalfa seeds, sourced from growers located in the Imperial Valley of Southeast California. Portions of the alfalfa seed sold by IVS in fiscal 2017 and 2018 were common varieties (*i.e.*, uncertified seed) while the balance consisted of certified CUF (a public variety) and proprietary varieties. The primary proprietary varieties we acquired in the IVS acquisition are LaJolla, Catalina and Saltana. Because GMO alfalfa is not permitted in the Imperial Valley, we are able to rely upon the seed grown in the Imperial Valley, along with seed grown in Australia, to supply customers in regions such as the Middle East and Europe, where GMO products are strictly prohibited.

S&W Australia Varieties

S&W Australia has developed well-known proprietary varieties of alfalfa, such as SuperSonic, SuperNova, SuperStar, SuperCharge, SuperAurora, SuperSequel and SuperSiriver. Since 2003, the varieties developed by S&W Australia have attracted an expanding grower base, and in 2018, S&W Australia accounted for approximately 60% of the total Australian certified proprietary alfalfa seed production. S&W Australia's alfalfa seed varieties are bred to resist disease, exhibit persistence in the field and produce higher yields of both the alfalfa hay forage and alfalfa seed production for our seed growers. S&W Australia's proprietary varieties exhibit superior seed yield capability compared to traditional non-proprietary alfalfa varieties in Australia, with the most recent varieties showing the highest seed yields. Forage yields of the older S&W Australia proprietary varieties are at least equivalent to traditional non-proprietary varieties, and the forage yields of the more recent S&W Australia varieties are even better. All of S&W Australia's proprietary alfalfa varieties, excluding SuperAurora, have FD ratings of 8-9 and therefore achieve optimum growth and forage production in Mediterranean to desert climates.

S&W Australia's breeding program includes a number of initiatives addressing semi-dormant and highly non-dormant alfalfa varieties and tropical alfalfa seed varieties.

Additionally, S&W Australia has a breeding and production platform of proprietary white clover varieties, including SuperHuia, SuperLadino, SuperHaifa and SuperHaifa II. In fiscal 2018, clover sales represented approximately 8.1% of S&W Australia's total seed sales and a nominal amount of our total consolidated sales. S&W Australia's white clover varieties are used for forage and ornamentation.

Genetically Modified Organism Alfalfa

Currently, Europe, the Middle East and certain other parts of the world prohibit the sale of genetically modified organism (GMO) alfalfa. Therefore, historically, we have not employed genetic engineering in the breeding of our current commercial seed varieties for these markets, and consequently, we have products that can be sold throughout the world. As a result of the January 2011 deregulation by the USDA of Roundup Ready[®] alfalfa, a GMO product, Roundup Ready[®] alfalfa is currently being grown in the United States without any federal or state regulations governing field isolation and other protections.

Collaborative stewardship programs have been developed to facilitate the coexistence of GMO and non-GMO seed. For example, in 2010, the AOSCA launched its Alfalfa Seed Stewardship Program (the "ASSP"). The ASSP is a voluntary, fee-based certification program for the production of alfalfa seed to be sold into markets that prohibit the sale of GMO alfalfa. ASSP certification of seed fields includes testing for GMO material and observance of a minimum stated isolation distance of five miles from any GMO alfalfa seed production field. Also in 2010, the California Crop Improvement Association (the "CCIA") developed a web-based alfalfa seed field isolation "pinning" map for alfalfa seed production in the Western U.S. This map is intended to pin both GMO and non-GMO seed fields. Although beneficial to growers and customers alike, these stewardship programs do not afford legal protection to non-GMO growers.

We continue to evaluate our options with respect to incorporating biotechnology into our alfalfa seed traits and the resulting impact on our business strategy and operations. In April 2013, we entered into a license agreement with Forage Genetics International, LLC, a subsidiary of Land O' Lakes, Inc. ("FGI") to develop and commercialize seed varieties that incorporate proprietary traits, including the Roundup Ready® trait. This agreement further documented and formalized our previously announced collaboration with FGI and Monsanto to develop genetically modified versions of certain of our proprietary alfalfa varieties. This development of biotech seed varieties consists of several phases including greenhouse work and field trials to confirm agronomic performance and trait efficiency of each developed variety. Recently we have undertaken a new commercial license for both Roundup Ready and HarvXtra alfalfa with FGI and we have entered into a variety-specific license agreement with them for a Roundup ready alfalfa variety.

In December 2014, we also entered into a Contract Alfalfa Production Services Agreement with DuPont Pioneer, whereby we produce alfalfa seed of commercial DuPont Pioneer varieties containing the Roundup Ready® gene. These varieties are exclusive to DuPont Pioneer and accordingly, we do not produce them for or sell them to any other customer. In August 2018, we entered into an amendment to this Production Services Agreement which extended the maturity date through May 31, 2019. If the Production Services Agreement terminates, DuPont Pioneer would be free to pursue alternative production arrangements for the GMO-traited varieties, and DuPont Pioneer's minimum purchase commitments to us under our separate distribution agreement would be materially reduced.

As a result of the increasing use of Roundup Ready® alfalfa by traditional hay farmers and the lack of federal or state rules requiring adequate isolation of Roundup Ready® alfalfa fields from conventional fields to prevent cross-pollination of GMO plants with non-GMO plants, we have experienced an increase in the number of seeds in recent harvests that have tested positive for the adventitious presence of GMO. To date, the low percentage of seeds that have tested positive has not undermined our ability to meet international demand, and we expect to be able to sell these seeds domestically and in other jurisdictions that permit the importation of GMO alfalfa at our customary prices for certified seed. Nevertheless, we are taking proactive steps to protect our seed crops to ensure we have sufficient seed to meet the demand

for our varieties in international markets. These steps include seeking collaborative agreements, regulations or other measures to ensure neighboring farms that grow GMO limit the extent to which they allow the flowering and cross-pollination of their GMO-based crops with our conventional non-GMO crops to occur; and expanding our contracted grower base in areas that have less GMO alfalfa present including the Imperial Valley of California and the Canadian provinces of Alberta, Manitoba and Saskatchewan. We also have begun to grow S&W varieties in Australia, where there is no GMO activity in alfalfa, and intend to increase that production in future growing seasons.

Alfalfa Seed Cleaning and Processing

Alfalfa seed processing is similar in all of our growing regions and begins with the harvest. Each field is harvested and identified separately with unique information such as variety, lot number, grower name, field name, acres and certification number. During harvest, our growers load field run harvested seed separately for each field out of the combine into bulk containers for transport to the processing facility. When the containers arrive at the facility, each container is weighed, labeled with the unique field information and a sample is taken.

Harvested seed is then sent to seed-cleaning lines where it is cleaned and foreign matter such as weeds, inert matter and other crop seed is removed. Clean seed samples are taken and tested for purity and germination to meet company quality standards. The clean seed is then stored in bulk until needed to fulfill a sales order. Upon receipt of a sales order, the clean seed is pulled from inventory and processed through our packaging equipment to meet specific customer requirements such as treatment, package size and unique bag and labeling.

We have processing facilities in Nampa, Idaho and Five Points (San Joaquin Valley), California and handle processing of our Imperial Valley seed under a long-term service agreement. The facility in Nampa, Idaho gives us exclusive access to the use of patented coating technology that, among other things, allows for the extension of rhizobium (seed treatment) lifespan.

S&W Processing

S&W proprietary seed is packaged into an S&W branded seed bag as well as unique customer-specific branded seed bags. Final packaging for customers includes attaching a label with variety name and physical quality data, and attaching a State Certification tag (also known as a "blue tag") to each individual bag. When the seed is treated with any type of seed treatment, a treatment tag must also be attached to each individual bag.

S&W proprietary seed production is produced under a state seed certification program. As part of the DuPont Pioneer acquisition, we acquired a CCIA certified lab that enables us to collect, analyze and submit to the state all of the data needed for certification of our seed varieties so that we no longer are required to outsource that function. Certification by these programs ensures both physical and genetic quality standards for individual lots of seed. Additional testing may be required, dependent on the market to which the shipment is destined, such as Saudi Arabia or Mexico. Samples may be sent to the Federal Seed Laboratory (part of the USDA) or a State Department of Agriculture laboratory for further physical quality testing and/or market specific phytosanitary testing.

Unlike many other plant species, the physiological characteristics of alfalfa seed allow for longer term storage without losing physical quality of the seed. When we have unsold inventory at the end of a sales season, these seed characteristics ensure the ability to store and sell the inventory in subsequent years.

As our alfalfa seed business grows, processing facility utilization will be increased by implementing process improvements such as autonomous maintenance and quicker material changeovers to reduce downtime. In addition, we will increase throughput by sequencing operations to remove bottlenecks and by adding work shifts. Finally, we may make capital improvements to our facilities when business opportunities exist to create a strong return on investment.

S&W Australia Processing

S&W Australia's growers contract directly with independent mills in the southeast region of Southern Australia for the cleaning and preparation of S&W Australia's varieties.

The S&W Australia growers are required to deliver seed that meets S&W Australia's processing specifications, based on international and domestic certification standards. In a typical year, approximately 90-95% of product received from the growers meets S&W Australia's specifications.

In June 2016, S&W Australia's new packaging facility in Keith, South Australia gained final accreditation to become fully operational. In this state-of-the-art facility, S&W Australia bags and labels its seed varieties and stores the inventory pending sale. We expect to pack over half of the S&W Australia seed at the Keith facility and consequently, we will be less reliant on third party processors to provide this function.

Alfalfa Seed Product Development

Classical Breeding

Our alfalfa breeding program is designed to make steady genetic improvements in our germplasm base that is used to create better performing varieties for our customer. A typical alfalfa variety can take as little as five years or as long as 18 years to be developed, depending on methodology and the desired agronomic traits. Because of the many years required to develop a new alfalfa variety, we believe our successful breeding program allows us to offer seed varieties incorporating a combination of characteristics desired by farmers that are not available from any other source, thereby providing us with a competitive advantage.

In connection with the breeding of our non-GMO varieties, we conduct tests to ensure that we have no adventitious presence (AP) of GMO contamination. Both field and greenhouse breeding locations are used in our breeding program.

Biotechnology Breeding

We are also looking to build on our research and development expertise and expand our biotechnology initiatives. As such, we look for opportunities to collaborate with other companies that have technologies that we believe complement our proprietary products and/or our research and development breeding expertise to develop as yet unavailable specialized alfalfa seed products and potentially, other seed products.

We currently are collaborating with Calyxt, Inc. (Nasdaq CLXT) to research, develop, produce and commercialize alfalfa seed products involving next generation gene editing technology on our elite alfalfa seed genetics. The goal of this collaboration is to create novel traits that are currently classified as non-GMO, which ultimately can be incorporated into our seed varieties. We believe this relationship is starting to deliver meaningful product developments, however, we do not expect to see a material impact on our revenue for at least two years, if ever. However, this biotech initiative demonstrates our willingness and ability to expand our research and development efforts beyond our classically-bred proprietary alfalfa seed breeding program.

Sales, Marketing and Distribution

S&W Sales and Marketing

Historically, we primarily sold high quality proprietary "non-dormant" seed varieties to those parts of the world with hot, arid climates. Our primary geographical focus for non-dormant seed is the Middle East, North Africa, and Mexico although we currently sell to customers in a broad range of areas, including the Western U.S., South America, and Southern Africa, as well as other countries with Mediterranean climates. Unlike cooler climates, the geographic areas on which we have historically concentrated are able to sustain long growing seasons and therefore alfalfa growers can benefit from our high-yielding, non-dormant varieties. In recent periods, we have expanded geographically into colder climates where our more recently-acquired dormant varieties thrive. Our customers are primarily our distributors and dealers. Our distributors and dealers, in turn, sell to farmers, consisting primarily of dairy farmers, livestock producers and merchant hay growers.

Although we have a sales team, we primarily sell our seed through our network of distributors and dealers, as well as through the services of seed brokers. We do not have formal distribution agreements with most of our distributors, but instead operate on the basis of purchase orders and invoices. We believe that selling through dealers and distributors enables our products to reach hay growers in areas where there are geographic or other constraints on direct sales efforts. We select dealers and distributors based on shared vision, technical expertise, local market knowledge and financial stability. Over the years, we have built dealer/distributor loyalty through an emphasis on service, access to breeders, ongoing training and promotional material support. We limit the number of dealers and distributors with whom we have relationships in any particular area in order to provide adequate support and opportunity to those with whom we choose to do business.

Through our distributors, our primary export market historically had been Saudi Arabia and to a lesser extent, certain other Middle Eastern and North African countries. The overall international sales mix changed beginning in fiscal 2013 with our acquisition of S&W Australia in South Australia. In recent years, in addition to sales to Saudi Arabia and Australia, we have been selling to customers in Sudan, Morocco, Egypt and Libya, and to customers in other regions of the world, including Latin America, (Argentina and Mexico) and South Asia (Pakistan), both of which we view as important regions for potential expansion. In total, we sell our alfalfa seed varieties in approximately 30 countries throughout the world.

Domestic seed marketing is based primarily upon the dormancy attributes of our varieties as suited to climates in target markets. Prior to the DuPont Pioneer acquisition, we marketed our alfalfa seed, which consisted primarily of non-dormant varieties, in California, Arizona, New Mexico, Texas and Nevada. We slowly began broadening our domestic geographic reach beginning in fiscal 2013, with our first sales of dormant alfalfa seed, and significantly expanded in fiscal 2015 following the acquisition of DuPont Pioneer's dormant alfalfa seed assets. In connection with that acquisition, we entered into a distribution agreement with DuPont Pioneer pursuant to which we became the sole supplier, subject to certain exceptions, of certain alfalfa seed products for sale to customers by DuPont Pioneer through September 2024. In fiscal 2018, DuPont Pioneer accounted for approximately 62% of our revenue. Given its historical market share in the sale of dormant alfalfa seed, we expect sales to DuPont Pioneer to be a significant portion of our annual sales throughout the term of the distribution agreement. A disruption in this relationship could have a material adverse impact on our results of operations and financial condition.

The price, terms of sale, trade credit and payment terms are negotiated on a customer-by-customer basis. Our arrangements with our distributors do not include a right of return. Typical terms for domestic customers require payment in full within 60 days of the date of shipment. Our credit terms with DuPont Pioneer are governed by the distribution agreement, as amended, and provide that we receive equal installment payments in September, January and February of each year.

Sales to our international customers are paid in advance of shipment or typically within 120 days of shipment and may also be accomplished through use of letters of credit, cash against documents and installment payment arrangements. Our credit policies are determined based upon the long-term nature of the relationship with our customers. Credit limits are established for individual customers based on historical collection experience, current economic and market conditions and a review of the current status of each customer's trade accounts receivable.

In fiscal 2018, sales to domestic customers increased as a percentage of our total sales, primarily as a result of reduced sales to customers in Saudi Arabia. Sales into international markets accounted for 35% in fiscal 2018 versus 45% in fiscal 2017.

Both farmers (dairy farmers and hay growers) and dealers use pest-control advisors who recommend the varieties of alfalfa that will produce the best results in a particular location. Therefore, a key part of our marketing strategy is to educate the consultants, as well as the farmers, as to benefits of our seed varieties.

We believe that our best marketing tool is the dissemination of information regarding the quality and characteristics of our propriety seed varieties to those persons who make the hay growing decisions. We continue to place advertisements in trade journals, participate in seed industry conferences and trade shows and engage in various other educational and outreach programs as we deem appropriate.

Most of our international marketing efforts are accomplished through face-to-face meetings with our existing and potential customers and their end users. In addition, we participate in international trade shows to boost our international presence and sales efforts.

S&W Australia Sales and Marketing

S&W Australia sells a majority of its proprietary alfalfa seed (approximately 70-90% of its total sales per year) into Saudi Arabia, the United States and Argentina. S&W Australia sells the bulk of its proprietary clover seed to China, Europe and the U.S. Similar to S&W Seed, S&W Australia has historically relied upon a network of distributors to market and sell its products.

In marketing its products, S&W Australia's initial impetus was to gain market penetration through the sale of improved versions of proven varieties (e.g., SuperSiriver and SuperAurora) in the market place at competitive pricing. Subsequently, S&W Australia launched additional varieties such as SuperSonic. S&W Australia utilizes a variety of distribution strategies. Through distribution arrangements, S&W Australia's proprietary varieties are marketed directly as S&W Australia brands or under customer brand labels, and strategic allocations of full and partial exclusivity rights are made in specific countries and geographical regions to incentivize distributors to establish markets for S&W Australia products.

Alfalfa Seed Production

As of the end of our 2018 fiscal year, we have alfalfa seed production capabilities in California and most of the other states in the Western United States, including higher elevations and colder climatic regions where dormant alfalfa seed is produced, the Canadian provinces of Alberta, Manitoba and Saskatchewan and in the Australian States of South Australia, Victoria, and New South Wales.

S&W and IVS Alfalfa Seed Production

Historically, we fulfilled all of our alfalfa seed requirements under contracts with farmers primarily located in the San Joaquin Valley of California. For a brief period, beginning in fiscal 2013, we were engaged in our own internal farming operations and acquired, through purchase and lease, acreage on which to grow our seed directly. However, in fiscal 2015, we made a strategic decision to move away from internal farming, and we began selling some of the farmland acreage we had been using for that purpose. After completion of the fall 2015 harvest, we shut down our internal farming operations as a source of our alfalfa seed, and instead, returned to sourcing all of our production from third party growers.

As of June 30, 2018, we had contracts with several hundred growers in the Western United States and Canada. Generally, we enter into contracts to produce alfalfa seed, which is typical industry practice. Our normal contracts with U.S. growers range from one to three years, include a price for the seed that is determined annually and that generally do not vary from grower to grower or variety to variety. Under these contracts, we pay our growers based on the weight of cleaned and processed seed. The growers' contracts that we acquired in connection with the DuPont Pioneer acquisition were primarily for production in the Pacific Northwest and Canada. The terms of these contracts are similar in substance to the contracts we have historically entered into with the S&W grower base. Because a key to our success as a business is to have the product mix required by our customers, aligning the growers' production plan to the anticipated purchase needs of our customers is a challenge on which management has focused considerable efforts in recent periods, with increasing success.

Alfalfa seed is an extremely demanding crop. Our network of growers has the expertise needed to successfully grow high quality alfalfa seed. We have worked with many of the same growers for much of the past 35 years, and we believe that we have strong relationships with them. We allocate our seed production among our growers so that we can purchase the proper mix of seed varieties each year. The growers incur the greatest cost in the first year of production, when they plant seed, eradicate weeds and pests and manage the pollination process; they then may be able to harvest seed from the same stands for several additional years, with the average alfalfa seed field producing for three years. With the added resources of the DuPont Pioneer alfalfa business, we believe we have expanded our production capabilities in the Western United States and Canada with both existing growers and by recruiting new growers in these regions.

Alfalfa seed is harvested annually in the Northern Hemisphere beginning in July for the southwest region of the United States and concluding in October in the Canadian provinces.

S&W Australia Production

As of June 30, 2018, S&W Australia had contracts with approximately 150 individual growers in Western Victoria, South Australia and New South Wales to grow its alfalfa seed varieties on a total of approximately 20,000 irrigated and 8,000 non-irrigated acres. In the Southern Hemisphere, alfalfa seed is grown counter seasonally to the Northern Hemisphere and is harvested annually, in March through early May.

Under its current form of S&W Australia alfalfa seed production agreement, S&W Australia provides foundation seed to each grower and grants each grower a license to use its seed for the purpose of production of seed for sale to S&W Australia. Each grower is responsible for all costs of the crop production. Title in the produced seed passes to S&W Australia upon it being certified compliant; and, if the seed is not compliant, title will only pass to S&W Australia upon S&W Australia's further agreement to purchase the non-compliant seed. S&W Australia uses a staggered payment system with the growers of its alfalfa and white clover seed, and the payment amounts are based upon an estimated budget price ("EBP") for compliant seed. EBP is a forecast of the final price that S&W Australia believes will be achieved taking into account prevailing and predicted market conditions at the time the estimate is made. Following the grower's delivery of uncleaned seed to a milling facility, S&W Australia typically pays 40% of the EBP to the grower based on a percentage of the pre-cleaning weight. Following this initial

payment and prior to the final payment, S&W Australia will make a series of scheduled progress payments and, if applicable, a bonus payment for "first grade" (high quality) alfalfa seed. The final price payable to each grower (and therefore the total price) is dependent upon and subject to adjustment based upon the clean weight of the seed grown, on the average price at which S&W Australia sells the pooled seed and other costs incurred by S&W Australia. Accordingly, the total price paid by S&W Australia to its grower may be more or less than the EBP. S&W Australia's seed production agreements for alfalfa provide for an initial term of seven years and an optional renewal term of three years. S&W Australia's seed production agreements for white clover provide for an initial term of two years and an optional renewal term of one year. Historically, S&W Australia has not required its growers to harvest seed in every year under the seed production agreement. Some growers have elected to have non-harvest years, and their alfalfa is cut for hay or used for grazing instead of being harvested for seed production.

Seasonality

We contract with growers based upon our anticipated market demand; we mill, clean and stock the seed during the harvest season and ship from inventory throughout the year. However, our alfalfa seed business is seasonal.

Internal tests have shown that seed that has been held in inventory for over one year improves in quality. Therefore, provided that we have sufficient capital to carry additional inventory, we may increase our seed purchases and planned season end inventory if, in our judgment, we can generate increased margins and revenue with the aged seed. This will also reduce the potential for inventory shortages in the event that we have higher than anticipated demand or other factors, such as growers electing to plant alternative, higher priced crops, reducing our available seed supply in a particular year.

Clover Production and Distribution

In addition to its core business of producing and selling alfalfa seed, S&W Australia also operates a small white clover and annual clover production and distribution business. S&W Australia's white clover varieties are bred for winter activity, while the annual clover is particularly adapted to a variety of soil types ranging from sandy to heavy clays, which can be farmed under irrigation or under dry conditions. S&W Australia leverages its production, processing and distribution channels to also make available a total of five clover seed varieties. S&W Australia's clover seed is sold primarily in Europe, China, Argentina and Australia.

SV Genetics Crops - Expansion into Complementary Crops

In May 2016, we acquired the assets and business operations of SV Genetics, based in Queensland, Australia. Since 2006, SV Genetics has been in the business of breeding, selling and licensing hybrid sorghum and sunflower seed germplasm. We see this acquisition as an opportunity to leverage the worldwide research, production and distribution platforms we have built over the decades in alfalfa seed with the addition of complementary new crops that are consistent with our strategy to be the world's preferred provider of proprietary seed for forage, grain and specialty crops. As a result of the acquisition,

we currently license proprietary seed genetics and sell parent seed to local-market production/distribution partners. The licensees produce hybrid seed using the SV Genetics and pay a royalty on the seed produced and sold. We acquired licensing agreements with 14 different partners under which we provide grain sorghum, forage sorghum and sunflower genetics in approximately ten locations throughout the world, including Australia, Argentina, Brazil, Bolivia, China, Europe, Pakistan, South Africa, Ukraine and the United States. In addition to licensing, SV Genetics also engages in the production and selling of commercial varieties to international customers.

Stevia Breeding, Research and Development

Since we began our stevia business in 2010, our stevia activities have evolved from exploring on a small scale the potential commercial production of stevia in California to focusing on developing varieties we believe can add value at the front end of the supply chain through breeding of unique plant varieties. Since fiscal 2013 when we ceased pursuing the commercial production of stevia, we have leveraged our breeding research and development expertise in order to develop new varieties of stevia that embody specifically targeted characteristics, focusing in particular on increased yields and strong plant vigor, which are of value to farmers, and taste preferences of consumers, including sweet taste combined with little or no bitterness and aftertaste.

In our breeding program, we have identified stevia plant lines that we believe grow to heights and plant mass that compare favorably to the results for stevia plants grown in China and Paraguay, which have historically been the primary regions for growing stevia. Our lines contain high overall steviol glycosides, including Reb A, Reb B and Reb C as well as other minor glycosides. We conduct extensive high-pressure liquid chromatography ("HPLC") sample testing of stevia plants under development and make further selections and crosses of these plants based upon test results. The goal is to develop a stevia plant with an inherently pleasant taste profile, a large and hardy plant mass high levels of desirable stevia glycosides.

We are focused on developing our proprietary stevia germplasm into commercial varieties. Towards that end, we have been granted four patents by the U.S. Patent and Trademark Office ("USPTO") for unique stevia plant varieties. As our breeding program produces new lines, we plan to file additional patent applications in the future.

Two of the patents cover lines that have been developed with a pleasing taste profile, thereby enabling the resulting dried leaf to be consumed directly. At the present time, farmers are conducting trials with this variety. If these trials yield satisfactory results, we expect to develop a farmer based production system that may include payment of a royalty calculated as a percent of the gross sales.

Proprietary Rights

Ownership of and access to intellectual property rights are important to us and our competitors. We sell only our proprietary alfalfa seed varieties that have been specially selected to manifest the traits we deem best suited to particular regions in which our seed is planted for alfalfa hay. Our ability to compete effectively is dependent upon the proprietary nature of the seeds, seedlings, processes, technologies and materials owned by or used by us or our growers. If any competitors independently develop any technologies that substantially equal or surpass our process technology, it will adversely affect our competitive position.

In addition to patent protection for some of our alfalfa seed varieties that we acquired from DuPont Pioneer, we guard our proprietary varieties by exercising a high degree of control over the supply chain. As part of this control process, we require our growers to deliver back to us all seed derived from our proprietary varieties. Historically, we have found that this control mechanism has been an effective means to protect our proprietary seed. However, because we do not have more formal proprietary rights protections in place with our growers, it would be possible for persons with access to our seed or plants grown from our seed to potentially reproduce proprietary seed varieties, which could significantly harm our business and our reputation. In the future, we may deem it appropriate to implement more formal proprietary rights protections.

S&W Australia registers its varieties under the Australian Plant Breeder's Rights Act 1994 (Cth) (the "PBR Act"). Currently the varieties SuperSequel, SuperSiriver, SuperAurora, SuperSonic, SuperStar, SuperSiriver II, SuperNova, SuperLadino, SuperHuia and SuperHaifa are protected under the PBR Act. Seed from varieties with plant breeder's rights ("PBR") protection can only be bought from the PBR registrant, commercial partner, licensee or an agent authorized by the registrant. Exceptions exist for use of a PBR variety, including for private and non-commercial purposes, for experimental purposes, and for breeding other plant varieties. PBR protections last for 20 years in Australia in respect of registered plant varieties, and generally for 20 years in other member countries of the International Union for the Protection of New Varieties of Plants ("UPOV"), an international convention concerning plant breeder's rights. There are currently more than 70 countries that are members of the UPOV.

S&W Australia has licensed production and marketing rights of several of its varieties in exchange for royalties.

In addition to PBR and licensing arrangements, S&W Australia controls dissemination of its proprietary lines by including a demand right in its form of seed production agreement for the return of unused foundation seed if a grower fails to propagate the seed within 60 days after the grower acquires it.

We are also continuing to develop proprietary stevia lines for which we have been granted four patents by the USPTO. It is our intention to continue building our patent portfolio of proprietary stevia lines developed through the efforts of our stevia breeding program.

The SV Genetics proprietary products are protected via hybrid production systems. Male and female parent seed is provided to licensees for production of F1 Hybrid seed for sale to customers. Production of F1 Hybrid seed is only possible using the correct parents and it is not possible to produce parent seed from parent seed so the licensee is reliant on ongoing supply of parent seed from SV Genetics.

Competition

Competition in the alfalfa seed industry both domestically and internationally is intense. We face direct competition by other seed companies, including small family- owned businesses, as well as subsidiaries or other affiliates of chemical, pharmaceutical and biotechnology companies, many of which have substantially greater resources than we do.

Our principal competitors in our alfalfa seed business are Forage Genetics International (a subsidiary of Land O' Lakes, Inc.), Alforex Seeds (a subsidiary of Corteva), and Pacific International Seed Company, Inc. We believe that the key competitive drivers in the industry are proven performance, customer support in the field and value, which takes into account not simply the price of the seed but also yield in the field.

Breeding a new variety of alfalfa seed takes many years and considerable expertise and skill. We believe that our reputation for breeding and producing high-quality proprietary varieties of alfalfa seed that manifest the traits the farmers need provide us with a competitive advantage, not only in the niche market for high salt- and heat-tolerant, non-dormant alfalfa seed, which has been our core business for several decades, but also, with the December 2014 acquisition of the research and development assets of DuPont Pioneer, in the full range of dormant varieties suited for colder climates as well. We believe our research and development capabilities are unmatched in the industry and provide us with a distinct competitive advantage.

In addition to our competitors, S&W Australia's principal regional competitors in the proprietary alfalfa seed market are Heritage Seeds Pty. Ltd., PGG Wrightson Seeds Ltd, Naracoorte Seeds Pty. Ltd., Pasture Genetics Pty Ltd (formerly Seed Distributors Pty. Ltd.) and various other minor companies compete with S&W Australia through sales of Siriver, a common alfalfa variety. S&W Australia also faces competition from lower value alfalfa seed produced in the European Union and, to a lesser extent, Argentina. S&W Australia faces similar competitors in its proprietary white clover business. These companies compete with S&W Australia for acres and in sales by selling Haifa, a common white clover variety. Competitively priced white clover is also produced and sold from the European Union, USA, and New Zealand.

In relation to the SV Genetics business, sorghum and sunflower genetics tend to be concentrated globally amongst a few large international companies, resulting in a significant barrier to entry for many intermediate and regionally based seed companies and their reliance on just a few suppliers for elite genetics.

Despite the advantages we perceive we have over many of our competitors, many of our existing and potential competitors have substantially greater research and product development capabilities and financial, marketing and human resources than we do. As a result, these competitors may:

- succeed in developing products that are equal to or superior to our products or potential products or that achieve greater market acceptance than our products or potential products;
- devote greater resources to developing, marketing or selling their products;
- respond more quickly to new or emerging technologies or scientific advances and changes in customer requirements, which could render our products or potential products obsolete or less preferable;
- obtain patents that block or otherwise inhibit our ability to develop and commercialize potential products we might otherwise develop;
- withstand price competition more successfully than we can;
- establish cooperative relationships among themselves or with third parties that enhance their ability to address the needs of our customers or prospective customers;
- take advantage of acquisition or other opportunities more readily than we can; and
- control acreage and growers located in zones where GMO seed production is forbidden, thereby lessening the risks of GMO traits contaminating seed produced for overseas markets.

We are not aware of any significant domestic or international persons or companies engaged in ongoing stevia breeding activities similar to or that could be considered competitive with our stevia breeding program.

Environmental and Regulatory Matters

Our agricultural operations are subject to a broad range of evolving environmental laws and regulations. These laws and regulations include the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide and Rodenticide Act and the Comprehensive Environmental Response, Compensation and Liability Act.

These environmental laws and regulations are intended to address concerns related to air quality, storm water discharge and management and disposal of agricultural chemicals relating to seed treatment both for domestic and overseas varieties. We maintain particulate matter air emissions from our milling activities below annual tonnage limits through cyclone air handling systems. We maintain storm water onsite, which eliminates the risk of waterway or tributary contamination. Pesticide and agricultural chemicals are managed by trained individuals, certified and licensed through the California Department of Pesticide Regulation. County agricultural commissioners monitor all seed-treating activity for compliance.

Compliance with these laws and related regulations is an ongoing process that does not, and is not expected to, have a material effect on our capital expenditures, earnings or competitive position. Environmental concerns are, however, inherent in most major agricultural operations, including those conducted by us, and there can be no assurance that the cost of compliance with environmental laws and regulations will not be material. Moreover, it is possible that future developments, such as increasingly strict environmental laws and enforcement policies thereunder, and further restrictions on the use of agricultural chemicals, could result in increased compliance costs.

We also are subject to the Federal Seed Act (the "FSA"), which regulates the interstate shipment of agricultural and vegetable seed. The FSA requires that seed shipped in interstate commerce be labeled with information that allows seed buyers to make informed choices and mandates that seed labeling information and advertisements pertaining to seed must be truthful. The FSA also helps to promote uniformity among state laws and fair competition within the seed industry.

Because, under our existing business plan, we are acting as a breeder of stevia leaf and will not be extracting Reb-A or other derivatives from the leaves or adding such derivatives to any food or beverages, we believe that we do not need to apply to the U.S. Food and Drug Administration ("FDA") for a Generally Recognized as Safe ("GRAS") no-objections determination or any other FDA approval in connection with our stevia business. However, should our plans with respect to stevia cultivation and processing expand in future years, we will then reexamine the advisability of seeking a GRAS determination or other FDA approval. We do not believe that our current stevia operations are subject to any special regulatory oversight.

Internationally, we are subject to various government laws and regulations (including the U.S. Foreign Corrupt Practices Act and similar non-U.S. laws and regulations) and local government regulations. To help ensure compliance with these laws and regulations, we have adopted specific risk management and compliance practices and policies, including a specific policy addressing the U.S. Foreign Corrupt Practices Act.

We are also subject to numerous other laws and regulations applicable to businesses operating in California and other states, including, without limitation, health and safety regulations.

Our Australian operations are subject to a number of laws that regulate the conduct of business in Australia, and more specifically, S&W Australia's agricultural activities. Laws regulating the operation of companies in Australia, including in particular the Corporations Act 2001 (Cth) are central to S&W Australia's corporate actions and corporate governance issues in Australia. Competition laws and laws relating to employment and occupational health and safety matters are also of fundamental importance in the Australian regulatory environment. These include the Competition and Consumer Act 2010 (Cth), the Fair Work Act 2009 (Cth), the Work Health and Safety Act 2012 (SA) and related regulations. Notably Australian employment laws are much more favorable to the employee than U.S. employment laws.

S&W Australia's intellectual property rights in Australia are protected and governed by laws relating to plant breeder's rights, copyright, trademarks, the protection of confidential information, trade secrets and know-how. These include the PBR Act, the Copyright Act 1968 (Cth), the Trade Marks Act 1995 (Cth) and related regulations.

Our Australian operations are also subject to a number of environmental laws, regulations and policies, including in particular the Environment Protection Act 1993 (SA), the Agricultural and Veterinary Products (Control of Use) Act 2002 (SA), the Genetically Modified Crops Management Act 2004 (SA), the Dangerous Substances Act 1979 (SA), the Controlled Substances Act 1984 (SA) and related regulations and policies. These laws regulate matters including air quality, water quality and the use and disposal of agricultural chemicals.

Research and Development

R&D for the year ended June 30, 2018 totaled \$3,887,723 compared to \$3,032,112 in the year ended June 30, 2017.

Employees

As of September 20, 2018, S&W had 79 full-time employees, of which 18 are employed by S&W Australia. We also employ 5 part-time employees, of which 4 are S&W Australia employees. We also retain consultants for specific purposes when the need arises. None of our employees are represented by a labor union. We consider our relations with our employees to be good.

Corporate History

From 1980 until 2009, our business was operated as a general partnership. We bought out the former partners beginning in June 2008, incorporated in October 2009 in Delaware, and completed the buyout of the general partners in May 2010. We reincorporated in Nevada in December 2011.

In April 2013, we, together with our wholly-owned subsidiary, S&W Holdings Australia Pty Ltd, an Australia corporation (f/k/a S&W Seed Australia Pty Ltd "S&W Holdings"), consummated an acquisition of all of the issued and outstanding shares of Seed Genetics International Pty Ltd, an Australia corporation ("SGI"), from SGI's shareholders. In April 2018, SGI changed its name to S&W Seed Company Australia Pty Ltd ("S&W Australia").

Our Contact Information

Our principal business office is located at 106 K Street, Suite 300, Sacramento, CA 95814, and our telephone number is (559) 884-2535. Our website address is www.swseedco.com. Information contained on our website or any other website does not constitute part of this Annual Report on Form 10-K, and the inclusion of our website address in this report is an inactive textual reference only.

Item 1A. Risk Factors

Risks Relating to Our Business and Industry

Our earnings can be negatively impacted by declining demand brought on by varying factors, many of which are out of our control.

A variety of factors, notably a severe downturn in the dairy industry, could have a negative effect on sales of alfalfa hay, and as a result, the demand for our alfalfa seed in the domestic market. In addition, demand for our products could decline because of other supply and quality issues or for any other reason, including products of competitors that might be considered superior by end users. A decline in demand for our products could have a material adverse effect on our business, results of operations and financial condition.

Our earnings may also be sensitive to fluctuations in market prices for seed.

Market prices for our alfalfa seed can be impacted by factors such as the quality of the seed and the available supply, including whether lower quality, uncertified seed is available. Growing conditions, particularly weather conditions such as windstorms, floods, droughts and freezes, as well as diseases and pests and the adventitious presence of GMO, are primary factors influencing the quality and quantity of the seed and, therefore, the market price at which we can sell our seed to our customers. A decrease in the prices received for our products could have a material adverse effect on our business, results of operations and financial condition.

Our earnings are vulnerable to cost increases.

Future increase in costs, such as the costs of growing seed, could cause our margins and earnings to decline unless we are able to pass along the increased price of production to our customers. We may not be able to increase the price of our seed sufficiently to maintain our margins and earnings in the future.

Our inventory of seed can be adversely affected by the market price being paid for other crops.

Our seed production, whether in the U.S., Australia or Canada, relies entirely on unaffiliated growers to grow our proprietary seed and to sell it to us at negotiated prices each year. Growers have a choice of what crops to plant. If a particular crop is paying a materially higher price than has been paid in the past, growers may decide to not grow alfalfa seed in favor of receiving a higher return from an alternative crop planted on the same acreage. If our growers decline to a significant degree to plant the acreage on which we rely, and if we cannot find other growers to plant the lost acreage, our inventory of seed could be insufficient to satisfy the needs of our customers unless we are able to procure the necessary additional seed in the market at prices we cannot control. If these circumstances occur, our business, results of operations and financial condition could materially decline. In addition, our customers could look to other suppliers for their seed if we cannot satisfy their requirements, and we may not be able to regain them as customers once our inventory levels have returned to normal.

Adverse weather conditions, natural disasters, crop disease, pests and other natural conditions can impose significant costs and losses on our business.

Alfalfa seed, our primary product, is vulnerable to adverse weather conditions, including windstorms, floods, drought and temperature extremes, which are common but difficult to predict. In addition, alfalfa seed is vulnerable to crop disease and to pests, which may vary in severity and effect, depending on the stage of production at the time of infection or infestation, the type of treatment applied and climatic conditions. Unfavorable growing conditions can reduce both crop size and quality. Although we no longer grow any of our seed directly, these factors can still impact us by potentially decreasing the quality and yields of our seed and reducing our available inventory. These factors can increase costs, decrease revenue and lead to additional charges to earnings, which may have a material adverse effect on our business, results of operations and financial condition.

Because our alfalfa seed business is highly seasonal, our revenue, cash flows from operations and operating results may fluctuate on a seasonal and quarterly basis.

We expect that the majority of our revenue will continue to be generated from our alfalfa seed business for the foreseeable future. Our alfalfa seed business is seasonal. The seasonal nature of our operations results in significant fluctuations in our working capital during the growing and selling cycles. We have experienced, and expect to continue to experience, significant variability in net sales, operating cash flows and net income (loss) on a quarterly basis.

We have had a material concentration of revenue from a small group of customers that fluctuates, and the loss of any of these customers in any quarter could have a material adverse effect on our revenue.

On a historical basis, we have experienced a material concentration of revenue from a small group of customers. This concentration fluctuates from quarter to quarter, depending on our customer's specific requirements, which are themselves cyclical. However, in any particular quarter, we generally have a small group of customers that accounts for a substantial portion of that quarter's revenue. Most of these customers are not contractually obligated to purchase seed from us. The loss of one or more of these customers on a quarterly basis, when taken year over year, could have a material adverse impact on our business, financial position, results of operations and operating cash flows. We could also suffer a material adverse effect from any losses arising from a major customer's disputes regarding shipments, product quality or related matters, or from our inability to collect accounts receivable from any major customer. There are no assurances that we will be able to maintain our current customer relationships or that they will continue to purchase our seed in the current projected quantities. Any failure to do so may materially adversely impact our business.

Because we depend on a core group of significant customers, our sales, cash flows from operations and results of operations may be negatively affected if our key customers reduce the amount of products they purchase from us.

We rely upon a small group of customers for a large percentage of our net revenue. One customer, DuPont Pioneer, accounted for 62% of our fiscal 2018 revenue. Our production agreement with DuPont Pioneer (relating to GMO-traited varieties) will terminate on May 31, 2019. As a result, DuPont Pioneer's minimum purchase commitments from us will be reduced by approximately \$6 million annually, commencing with our Fiscal Year 2020. We expect that a small number of customers will continue to account for a substantial portion of our net revenue for the foreseeable future. There is no assurance that we will be able to maintain the relationships with our major customers or that they will continue to purchase our seed in the quantities that we expect and rely upon. If we cannot do so, our results of operations could suffer.

Because we do not grow the alfalfa seed that we sell, we are completely dependent on our network of contract growers, and our sales, cash flows from operations and results of operations may be negatively affected if we are unable to maintain an adequate network of contract growers to supply our seed requirements.

We do not directly grow any of the alfalfa seed that we sell, and therefore, we are entirely dependent upon our network of growers. While we have some supply contracts with our growers of two or three years in duration, many of our grower contracts cover only one year, which makes us particularly vulnerable to factors beyond our control. Events such as a shift in pricing caused by an increase in the value of commodity crops other than seed crops, increase in land prices, unexpected competition or reduced water availability could disrupt our supply chain. Any of these disruptions could limit the supply of seed that we obtain in any given year, adversely affecting supply and thereby lowering revenue. Such disruption could also damage our customer relationships and loyalty to us if we cannot supply the quantity of seed expected by them. In recent years, we have had some of our California growers decide to not grow alfalfa seed due to drought conditions. This situation could reoccur and could negatively impact our revenue if we do not otherwise have sufficient seed inventory available for sale.

S&W Australia relies on a pool of approximately 150 Australian growers to produce its proprietary seeds. Each grower arrangement is typically made for a term of seven to ten harvests. Although S&W Australia's grower pool is diversified, it is not without risks. Adverse agronomic, climatic or other factors could lead to grower exodus and negatively impact S&W Australia's revenue if S&W Australia does not otherwise have sufficient seed inventory available for sale.

Our ability to contract for sufficient acreage presents challenges.

In order to increase revenue and earnings, we continue to need more production acreage. As we continue to increase the number of acres under contract and/or to move production into new geographical locations, we face challenges that can impede our ability to produce as much seed inventory as we have budgeted. For example, when we move production into new geographical locations,

we may find it difficult to identify growers with the expertise to grow alfalfa seed, and we may not have sufficient company personnel available in such new locations to provide production advice on a timely basis. We also face increased competition for conventional seed acreage as the need for technology acres grows, which is further complicated by the field isolation issue relating to GMO crops that can reduce the amount of acreage available for conventional alfalfa seed crops. If we are unable to secure the acreage we need to meet our planned production for the crop year and are unable to purchase seed in the market, our results of operations could suffer, as would our reputation.

A lack of availability of water in the U.S., Australia or Canada could impact our business.

Adequate quantities and correct timing of the application of water are vital for most agriculture to thrive. Whether particular farms are experiencing water shortages depends, in large part, on their location. However, continuing drought conditions can threaten all farmland other than those properties with their own water sources. Foreign or domestic regulations regarding water usage and rights may also limit the availability of water. Although alfalfa seed is not a water-intensive crop, the availability or the cost of water is a factor in the planting of the alfalfa hay grown from our seed. Moreover, if the dairy farmers and others who purchase our alfalfa seed to grow hay cannot get an adequate supply of water, or if the cost of water makes it uneconomical for the farmers to grow alfalfa, we may not be able to sell our seed, which could have an adverse impact on our results of operations. We cannot predict if limitations on the availability of water will impact our business in the future, but if alfalfa hay growers are impacted by limitations on the availability of water, our business could also materially decline.

We face intense competition, and our inability to compete effectively for any reason could adversely affect our business.

The alfalfa seed market is highly competitive, and our products face competition from a number of small seed companies, as well as large agricultural and biotechnology companies. We compete primarily on the basis of consistency of product quality and traits, product availability, customer service and price. Many of our competitors are, or are affiliated with, large diversified companies that have substantially greater marketing and financial resources than we have. These resources give our competitors greater operating flexibility that, in certain cases, may permit them to respond better or more quickly to changes in the industry or to introduce new products more quickly and with greater marketing support. Increased competition could result in lower profit margins, substantial pricing pressure, reduced market share and lower operating cash flows. Price competition, together with other forms of competition, could have a material adverse effect on our business, financial position, results of operations and operating cash flows.

If we are unable to estimate our customers' future needs accurately and to match our production to the demand of our customers, our business, financial condition and results of operations may be adversely affected.

We sell our seed primarily to dealers and distributors who, in turn, sell primarily to hay and dairy farmers who grow hay for dairy cattle and other livestock. Due to the nature of the alfalfa seed industry, we normally produce seed according to our production plan before we sell and deliver seed to distributors

and dealers. Our dealers and distributors generally make purchasing decisions for our products based on market prices, economic and weather conditions and other factors that we and our dealers and distributors may not be able to anticipate accurately in advance. If we fail to accurately estimate the volume and types of products sought by the end users and otherwise adequately manage production amounts, we may produce more seed than our dealers and distributors want, resulting in excess inventory levels. For example, in large part due to decreased sales to the Saudi Arabia markets, our inventory levels as of June 30, 2016, 2017 and 2018 were \$21.8 million, \$31.5 million, and \$60.4 million, respectively. It may be difficult for us to dispose of all of our inventory on commercially reasonable terms, or at all, and we may need to record an impairment charge for a portion of this inventory in subsequent fiscal periods. Any such impairment charge or any failure to sell inventory on commercially reasonable terms could have a material adverse effect on our business, financial position, results of operations and operating cash flows.

On the other hand, if we underestimate demand, we may not be able to satisfy our dealers and distributors' demand for alfalfa seed, and thus damage our customer relations and end-user loyalty. Our failure to estimate end users' future needs and to match our production to the demand of our customers may adversely affect our business, financial condition and results of operations.

Our third-party distributors may not effectively distribute our products.

We depend in part on third-party distributors and strategic relationships for the marketing and selling of our products. We depend on these distributors' efforts to market our products, yet we are unable to control their efforts completely. In addition, we are unable to ensure that our distributors comply with all applicable laws regarding the sale of our products, including the United States Foreign Corrupt Practices Act of 1977, as amended. If our distributors fail to effectively market and sell our products, and in full compliance with applicable laws, our operating results and business may suffer.

We extend credit to our largest international customer and to certain of our other international customers, which exposes us to the difficulties of collecting our receivables in foreign jurisdictions if those customers fail to pay us.

Although payment terms for our seed sales generally are 90 to 120 days, we regularly extend credit to our largest international customer, Sorouh, and to other international customers up to 180 days. Sales of our alfalfa seed varieties to Sorouh and to other international customers represented a material portion of our revenue in historical periods and we expect that we will continue to extend credit in connection with future sales. Because these customers are located in foreign countries, collection efforts, were they to become necessary, could be much more difficult and expensive than pursuing similar claims in the United States. Moreover, future political and/or economic factors, as well as future unanticipated trade regulations, could negatively impact our ability to timely collect outstanding receivables from these important customers. The extension of credit to our international customers exposes us to the risk that our seed will be delivered but that we may not receive all or a portion of the payment therefor. If these customers are unable or unwilling to fully pay for the seed they purchase on credit, our results of operations and financial condition could be materially negatively impacted. Moreover, our internal forecasts on which we make business decisions throughout the year could be severely compromised, which could, in turn, mean that we spend capital for operations, investment or otherwise that we would not have spent had we been aware that the customer would not honor its credit extension obligation.

The future demand for our non-dormant alfalfa seed varieties in Saudi Arabia is uncertain.

Historically, sales to customers in Saudi Arabia have represented a significant portion of our revenue. Regulatory uncertainty in Saudi Arabia surrounding water use restrictions for large forage producers caused customers in the region to defer purchases and/or reduce inventory carrying levels. The outlook for demand for our non-dormant varieties in Saudi Arabia over the next two to four years continues to be uncertain because of the potential for water use restrictions and further regulations from the Saudi Arabian government on water usage. As a result of the continued decrease in sales to our customers in Saudi Arabia, we have experienced a material decline in revenue and earnings. Given the foregoing regulatory uncertainty, there may be a continued depressed demand from our customers in Saudi Arabia, and, in the absence of sales growth in other regions and other products, we may experience a further material decline in revenue and earnings.

Our current reliance on the seed development and production business does not permit us to spread our business risks among different business segments, and thus a disruption in our seed production or the industry would harm us more immediately and directly than if we were more diversified.

We currently operate primarily in the alfalfa seed business, and we do not expect this to change materially in the foreseeable future, despite recent diversification efforts into hybrid sorghum and sunflower seeds. Without business line diversity, we will not be able to spread the risk of our operations. Therefore, our business opportunities, revenue and income could be more immediately and directly affected by disruptions from such things as drought and disease or widespread problems affecting the alfalfa industry, payment disruptions and customer rejection of our varieties of alfalfa seed. If there is a disruption as described above, our revenue and earnings could be reduced, and our business operations might have to be scaled back.

If we fail to introduce and commercialize new alfalfa seed varieties, we may not be able to maintain market share, and our future sales may be harmed.

The performance of our new alfalfa seed varieties may not meet our customers' expectations, or we may not be able to introduce and commercialize specific seed varieties. Reorder rates are uncertain due to several factors, many of which are beyond our control. These include changing customer preferences, which could be further complicated by competitive price pressures, our failure to develop new products to meet the evolving demands of the end users, the development of higher-demand products by our competitors and general economic conditions. The process for new products to gain market recognition and acceptance is long and has uncertainties. If we fail to introduce and commercialize a new seed variety that meets the demand of the end user, if our competitors develop products that are favored by the end users, or if we are unable to produce our existing products in sufficient quantities, our growth prospects may be materially and adversely affected, and our revenue may decline. In addition, sales of our new products could replace sales of some of our current similar products, offsetting the benefit of a successful product introduction.

The presence of GMO alfalfa in Australia or California could impact our sales.

GMO crops currently are prohibited in most of the international markets in which our proprietary seed is currently sold. There are regions in the United States, including the Pacific Northwest, where even small quantities of GMO material inadvertently interspersed with conventional (non-GMO) seed make the seed undesirable, which causes customers to look elsewhere for their alfalfa seed requirements. The greater the use of GMO seed in California and other alfalfa seed growing regions, the greater the risk that the adventitious presence of GMO material in our seed production will occur due to pollination from hay fields or other seed fields. We regularly test for the adventitious presence of GMO in our conventional seed, and we have seen a slight increase in the percentage of GMO presence in conventional seed over the past several years. Our seed containing GMO material can only be sold domestically or in other jurisdictions that permit the importation of GMO alfalfa. If we are unable to isolate our conventional seed from inadvertently being contaminated by GMO seed, we may find it more difficult to sell that seed in our key markets and we may have insufficient quantities of seed to sell internationally, either of which could materially adversely impact our revenue over time.

We have limited experience in the hybrid sorghum and sunflower markets.

In May 2016, we acquired the assets and business operations of SV Genetic's hybrid sorghum and sunflower seed germplasm business in Queensland, Australia. Having spent over 35 years focused almost exclusively on the alfalfa seed market, these are new markets for us. If we are unable to successfully draw upon the research, development and distribution expertise we have developed in the alfalfa seed industry and apply it to the new crops into which we have recently diversified, we may not be able to attain the revenue and margins improvements we hope to achieve within our currently budgeted time frame, if at all.

The stevia market may not develop as we anticipate, and therefore our continued research and development activities with respect to stevia may never become profitable to us.

There are a number of challenges to market acceptance of stevia as a natural, non-caloric sweetener. Stevia has its own unique flavor, which can affect the taste of some foods and beverages. A common complaint about stevia is that some of its extracts and derivatives have a bitter aftertaste, and its taste does not uniformly correspond to all regional taste preferences or combine well with some food flavors. Other factors that could impact market acceptance include the price structure compared to other sugar substitutes and availability. If the high-intensity, non-caloric sweetener market declines or if stevia fails to achieve substantially greater market acceptance than it currently enjoys, we might never be able to profit from our continued research and development activities relating to stevia or any commercial applications that we derive therefrom. Even if products conform to applicable safety and quality standards, sales could be adversely affected if consumers in target markets lose confidence in the safety, efficacy and quality of stevia. Adverse publicity about stevia or stevia-based products may discourage consumers from buying

products that contain stevia. Any of these developments could adversely impact the future amount of dry leaf stevia, processed stevia leaves or extract we are able to sell, which could adversely impact our results of operations.

The loss of key employees or the failure to attract qualified personnel could have a material adverse effect on our ability to run our business.

The loss of any of our current executives, key employees or key advisors, or the failure to attract, integrate, motivate and retain additional key employees, could have a material adverse effect on our business. Although we have employment agreements with our Chief Executive Officer, our Chief Financial Officer, our Chief Operating Officer, and our Chief Marketing and Technology Officer, as well as certain other employees, any employee could leave our employ at any time if he or she chose to do so. We do not carry "key person" insurance on the lives of any of our management team. As we develop additional capabilities, we may require more skilled personnel who must be highly skilled and have a sound understanding of our industry, business or processing requirements. Recruiting skilled personnel is highly competitive. Although to date we have been successful in recruiting and retaining qualified personnel, there can be no assurance that we will continue to attract and retain the personnel needed for our business. The failure to attract or retain qualified personnel could have a material adverse effect on our business.

We may not be able to manage expansion of our operations effectively.

We expect our operations to continue to grow in the future, both as we expand our historical alfalfa seed business both domestically and internationally through internal growth and synergistic acquisitions and increase our growers' production. These efforts will require the addition of employees, expansion of facilities and greater oversight, perhaps in diverse locations. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, execute on our business strategies or respond to competitive pressures, and we may have difficulties maintaining and updating the internal procedures and the controls necessary to meet the planned expansion of our overall business.

Our management will also be required to maintain and expand our relationships with customers, suppliers and other third parties as well as attract new customers and suppliers. We expect that our sales and marketing costs will increase as we grow our product lines and as we increase our sales efforts in new and existing markets. Our current and planned operations, personnel, systems and internal procedures and controls may not be adequate to support our future growth.

We may be unable to successfully integrate the businesses we have recently acquired and may acquire in the future with our current management and structure.

As part of our growth strategy, we have acquired and may continue to acquire additional businesses, product lines or other assets. We may not be able to locate or make suitable acquisitions on acceptable terms, and future acquisitions may not be effectively and profitably integrated into our business. Our failure to successfully complete the integration of the businesses we acquire could have an adverse effect

on our prospects, business activities, cash flow, financial condition, results of operations and stock price. Integration challenges may include the following:

- assimilating the acquired operations, products and personnel with our existing operations, products and personnel;
- estimating the capital, personnel and equipment required for the acquired businesses based on the historical experience of management with the businesses with which they are familiar;
- minimizing potential adverse effects on existing business relationships with other suppliers and customers;
- developing and marketing the new products and services;
- entering markets in which we have limited or no prior experience; and
- coordinating our efforts throughout various distant localities and time zones.

In connection with any such transactions, we may also issue equity securities, incur additional debt, assume contractual obligations or liabilities or expend significant cash. Such transactions could harm our operating results and cash position and negatively affect the price of our stock.

For example, on September 5, 2018, we entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Novo Advisors (f/k/a Turnaround Advisory Group Inc.), solely in its capacity as the receiver for, and on behalf of, Chromatin, Inc., a Delaware corporation (together with certain of its subsidiaries and affiliates in receivership, "Chromatin") (the "Receiver"). Pursuant to the Asset Purchase Agreement, we agreed to purchase substantially all of Chromatin's assets, as well as assume certain contracts and other liabilities of Chromatin (collectively, the "Chromatin Acquisition"), for a purchase price of \$23.0 million. On September 14, 2018, we entered into an updated Asset Purchase Agreement with the Receiver to reflect updated terms and conditions of the Chromatin Acquisition, including a purchase price of \$26.5 million. To fund the Chromatin Acquisition, cover transaction expenses and provide additional working capital, we entered into a Securities Purchase Agreement (the "September SPA") with MFP Partners, L.P. ("MFP"), pursuant to which we agreed to sell and issue to MFP 1,607,717 shares of common stock of the Company (the "Common Shares") for approximate gross proceeds of \$5.0 million at an initial closing (the "Initial Closing") and, subject to the satisfaction of certain conditions, 7,235 shares of newly designated Series A Convertible Preferred Stock of the Company ("Preferred Shares") for aggregate gross proceeds of \$22.5 million at a second closing (the "Second Closing"), each in a private placement. The Initial Closing was completed on September 5, 2018.

We cannot guarantee that the Chromatin Acquisition will be consummated as expected, or at all. In addition, there can be no assurance we will achieve the revenues, growth prospects and synergies expected from this acquisition, our prior acquisitions or any future acquisitions, or that we will achieve such revenue, growth prospects and synergies in a manner consistent with our expectations. Our failure to do so could adversely affect our business, operating results and financial condition.

The diversion of management's attention and costs associated with acquisitions may have a negative impact on our business.

If management's attention is diverted from the management of our existing businesses as a result of its efforts in evaluating and negotiating new acquisitions and strategic transactions, the prospects, business activities, cash flow, financial condition and results of operations of our existing businesses may suffer. We also may incur unanticipated costs in connection with pursuing acquisitions and strategic transactions, whether they ultimately are consummated or not.

S&W Australia's alfalfa seed grower pool is dependent on a limited number of milling facilities to process its seed, with particular dependence on a dominant operator whose commercial interests may be adverse to S&W Australia.

Only five milling facilities are regularly used by S&W Australia's grower pool to clean and process S&W Australia seed. Should one or more of these facilities become unusable, there could be a significant effect on S&W Australia's ability to get its Australian seed to market in a timely manner or at all. S&W Australia's growers use Tatiara to process approximately 70% of the seed grown for S&W Australia. The owner of Tatiara has begun to sell his own common seed and is now a competitor of S&W Australia. This competing seed business creates a potential conflict of interest for Tatiara in the care and handling of S&W Australia's product and could impact S&W Australia's ability to have seed available to sell on the time schedule required by our customers.

S&W Australia is thinly capitalized and may become dependent upon us for financing.

Because S&W Australia has relatively little net working capital, it is substantially dependent upon its credit arrangement with National Australia Bank Ltd ("NAB") to purchase its seed inventory. If S&W Australia breaches its credit arrangement in the future or other reasons cause this credit arrangement to become unavailable to S&W Australia, S&W Australia may become reliant on us to finance its operations or for financial guarantees. We currently are a guarantor on S&W Australia's NAB credit facility. S&W Australia's financial dependency upon us could have a negative adverse effect upon our financial condition.

S&W Australia is dependent on a pool of seed growers and a favorable pricing model.

S&W Australia relies on a pool of approximately 150 Australian contract growers to produce its proprietary seeds. In this system, growers contract with S&W Australia to grow S&W Australia's seed for terms of seven to ten years in the case of alfalfa and two to three years for white clover. S&W Australia uses a staggered payment system with the growers of its alfalfa and white clover; the payment amounts are based upon an estimated budget price, or EBP, for compliant seed. EBP is a forecast of the final price that S&W Australia believes will be achieved taking into account prevailing and predicted market conditions at the time the estimate is made. Following the grower's delivery of uncleaned seed to a milling facility, S&W Australia typically pays 40% of the EBP to the grower based on pre-cleaning weight. Following this initial payment and prior to the final payment, S&W Australia makes a series of

scheduled progress payments and, if applicable, a bonus payment for "first grade" alfalfa seed. The final price payable to each grower (and therefore the total price) is dependent upon and subject to adjustment based upon the clean weight of the seed grown, on the average price at which S&W Australia sells the pooled seed and other costs incurred by S&W Australia. Accordingly, the total price paid by S&W Australia to its growers may be more or less than the EBP. This arrangement exposes S&W Australia's business to unique risks, including, the potential for current growers to make collective demands that are unfavorable to S&W Australia and the potential for our competitors to offer more favorable terms for seed production, including fixed (instead of variable) payment terms.

S&W Australia's reliance upon an estimated purchase price to growers could result in changes in estimates in our consolidated financial statements.

Our subsidiary, S&W Australia, does not fix the final price for seed payable to its growers until the completion of a given year's sales cycle, pursuant to the standard contract production agreement. We record an estimated unit price, and accordingly, inventory, cost of goods sold and gross profits are based upon management's best estimate of the final purchase price to our S&W Australia growers. To the extent the estimated purchase price varies from the final purchase price for seed, the adjustment to actual could materially impact the results in the period when the difference between estimates and actuals are identified. If the actual purchase price is in excess of our estimated purchase price, this would negatively impact our financial results, including a reduction in gross profits and net income.

We may need to raise additional capital in the future.

We may find it necessary or advisable to raise additional capital in the future, whether to enhance our working capital, to repay indebtedness, to fund acquisitions or for other reasons. If we are required or desire to raise additional capital in the future, such additional financing may not be available on favorable terms, or available at all, may be dilutive to our existing stockholders, if in the form of equity financing, or may contain restrictions on the operation of our business, if in the form of debt financing. If we fail to obtain additional capital as and when required, such failure could have a material impact on our business, results of operations and financial condition.

Changes in government policies and laws could adversely affect international sales and therefore our financial results.

Historically, sales to our distributors who sell our proprietary alfalfa seed varieties outside the United States have constituted a meaningful portion of our annual revenue. We anticipate that sales into international markets will continue to represent a meaningful portion of our total sales and that continued growth and profitability will require further international expansion, particularly in the Middle East and North Africa. Our financial results could be affected by changes in trade, monetary and fiscal policies, laws and regulations, or other activities of U.S. and non-U.S. governments, agencies and similar organizations. These conditions include but are not limited to changes in a country's or region's economic or political conditions, trade regulations affecting production, pricing and marketing of products, local labor conditions and regulations, reduced protection of intellectual property rights in some countries,

changes in the regulatory or legal environment, burdensome taxes and tariffs and other trade barriers. International risks and uncertainties, including changing social and economic conditions as well as terrorism, political hostilities and war, could lead to reduced distribution of our products into international markets and reduced profitability associated with such sales.

We are subject to risks associated with doing business globally.

Our operations, both inside and outside the United States, are subject to risks inherent in conducting business globally and under the laws, regulations and customs of various jurisdictions and geographies. Although we sell seed to various regions of the world, a large percentage of our sales outside the United States in fiscal year 2018, including those of S&W Australia, were principally to customers in the Middle East, North Africa and Mexico. Accordingly, developments in those parts of the world generally have a more significant effect on our operations than developments in other places. Our operations outside the United States are subject to special risks and restrictions, including, without limitation: fluctuations in currency values and foreign-currency exchange rates; exchange control regulations; changes in local political or economic conditions; governmental pricing directives; import and trade restrictions; import or export licensing requirements and trade policy; restrictions on the ability to repatriate funds; and other potentially detrimental domestic and foreign governmental practices or policies affecting U.S. companies doing business abroad, including the U.S. Foreign Corrupt Practices Act and the trade sanctions laws and regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control. Acts of terror or war may impair our ability to operate in particular countries or regions, and may impede the flow of goods and services between countries. Customers in weakened economies may be unable to purchase our products, or it could become more expensive for them to purchase imported products in their local currency, or sell their commodity at prevailing international prices, and we may be unable to collect receivables from such customers. Further, changes in exchange rates may affect our net earnings, the book value of our assets outside the United States and our stockholders' equity. Failure to comply with the laws and regulations that affect our global operations could have an adverse effect on our business, financial condition or results of operations.

Failure to comply with the United States Foreign Corrupt Practices Act or similar laws could subject us to penalties and other adverse consequences.

We are subject to the United States Foreign Corrupt Practices Act, which generally prohibits United States companies, including their suppliers, distributors and other commercial partners, from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices occur from time-to-time in the countries in which we distribute products. We have adopted formal policies and procedures designed to facilitate compliance with these laws. If our employees or other agents, including our distributors or suppliers, are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Environmental regulation affecting our alfalfa seed, sorghum, sunflower or stevia products could negatively impact our business.

As an agricultural company, we are subject to evolving environmental laws and regulations by federal and state governments. Federal laws and regulations include the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Federal Seed Act, and potentially regulations of the FDA and/or other State regulatory agencies.

Our Australian operations are also subject to a number of environmental laws, regulations and policies, including in particular the Environment Protection Act 1993 (SA), the Agricultural and Veterinary Products (Control of Use) Act 2002 (SA), the Genetically Modified Crops Management Act 2004 (SA), the Dangerous Substances Act 1979 (SA), the Controlled Substances Act 1984 (SA) and related regulations and policies. These laws regulate matters including air quality, water quality and the use and disposal of agricultural chemicals.

Our failure to comply with these laws and related regulations could have an adverse effect on our business, financial condition or results of operations. Moreover, it is possible that future developments, such as increasingly strict environmental laws and enforcement policies thereunder, and further restrictions on the use of agricultural chemicals, could result in increased compliance costs which, in turn, could have a material adverse effect on our business, financial condition or results of operations.

Insurance covering defective seed claims may become unavailable or be inadequate.

Defective seed could result in insurance claims and negative publicity. Although we carry general liability insurance to cover defective seed claims, such coverage may become unavailable or be inadequate. Even if coverage is offered, it may be at a price and on terms not acceptable to us. If claims exceed coverage limits, or if insurance is not available to us, the occurrence of significant claims could have a material adverse effect on our business, results of operations and financial condition.

We may be exposed to product quality claims, which may cause us to incur substantial legal expenses and, if determined adversely against us, may cause us to pay significant damage awards.

We may be subject to legal proceedings and claims from time to time relating to our seed or stevia quality. The defense of these proceedings and claims can be both costly and time consuming and may significantly divert efforts and resources of our management personnel. An adverse determination in any such proceeding could subject us to significant liability and damage our market reputation and prevent us from achieving increased sales and market share. Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase of our products.

Capital and credit market issues could negatively affect our liquidity, increase our costs of borrowing and disrupt the operations of our growers and customers.

The capital and credit markets have experienced increased volatility and disruption over the past several years, making it more difficult for companies to access those markets. Although we believe that our operating cash flows, recent access to the capital market and our lines of credit will permit us to meet our financing needs for the foreseeable future, continued or increased volatility and disruption in the capital and credit markets may impair our liquidity or increase our costs of borrowing, if we need to access the credit market. Our business could also be negatively impacted if our growers or customers experience disruptions resulting from tighter capital and credit markets or a slowdown in the general economy.

If we are unable to protect our intellectual property rights, our business and prospects may be harmed.

Our ability to compete effectively is dependent upon the proprietary nature of the seeds, seedlings, processes, technologies and materials owned by or used by us or our growers. If any competitors independently develop new traits, seeds, seedlings, processes or technologies that customers or end users determine are better than our existing products, such developments could adversely affect our competitive position. In addition to patent protection for some of our alfalfa seed varieties that we acquired from DuPont Pioneer, the USPTO has granted us patents covering stevia plant varieties SW201 and SW227 for the fresh and dry leaf market and varieties SW107 and SW 129 for the commercial processing market. We also rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable, processes for which patents are difficult to enforce and any other elements of our discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. Although we require our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information, or technology to enter into confidentiality agreements, we cannot be certain that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Furthermore, we guard our proprietary property by exercising a high degree of control over the alfalfa seed supply chain from our S&W varieties, as well as over our stevia material, while our newly-acquired hybrid sorghum and sunflower seed varieties are made available pursuant to licensing arrangements that reasonably safeguard our ownership and control of our intellectual property. In Australia, S&W Australia has secured protection under the PBR Act for its most popular varieties.

However, even with these measures in place, it would be possible for persons with access to our seed or plants grown from our seed to reproduce and market products substantially similar to our proprietary seed varieties, which could significantly harm our business and our reputation. We may be unable to obtain further protection for our intellectual property in the United States and other key jurisdictions, and third parties may challenge the validity, enforceability or scope of our existing patents, which may result in such patents being cancelled, narrowed, invalidated or held unenforceable. Furthermore, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. Litigation may be necessary to protect our

proprietary property and determine the validity and scope of the proprietary rights of competitors. Intellectual property litigation could result in substantial costs and diversion of our management and other resources. If we are unable to successfully protect our intellectual property rights, our competitors could market products that compete with our proprietary products without obtaining a license from us.

We currently depend on DuPont Pioneer for the majority of our sales of dormant alfalfa seed and have agreed to limitations on other sales of the seed varieties we sell to DuPont Pioneer. Any decline in DuPont Pioneer's demand will have a material adverse effect on our results of operations.

DuPont Pioneer was our largest customer in fiscal 2018. Our distribution agreement with DuPont Pioneer limits our ability to otherwise sell the specific varieties of dormant alfalfa seed we supply to DuPont Pioneer in the sales territory covered by DuPont Pioneer. The DuPont Pioneer sales territory includes the United States, Europe and many other of the principal dormant alfalfa seed markets. In these markets, our ability to sell the specified varieties through distribution channels other than DuPont Pioneer is limited to certain blended, private label and variety not stated forms and cannot exceed a specified percentage of DuPont Pioneer's demand. As result of these limitations, sales to DuPont Pioneer represent and, for the foreseeable future will continue to represent, the majority of our sales of dormant alfalfa seed. Any decline in DuPont Pioneer's demand for our dormant alfalfa seed products will have a material adverse effect on our results of operations.

DuPont Pioneer may purchase alfalfa seed from other sources and reduce its purchase commitments to us.

Under our distribution agreement with DuPont Pioneer, DuPont Pioneer has made minimum purchase commitments for our dormant alfalfa seed products that extend through September 30, 2024. However, there are circumstances under which DuPont Pioneer is permitted to purchase seed from other sources and reduce its purchase commitments to us, including:

- *Production Shortfalls.* If in any year we fail to produce an adequate supply of alfalfa seed to meet DuPont Pioneer's demand, and we are unable to source alternative supply, DuPont Pioneer may purchase seed from third parties to meet the shortfall in our production.
- *New Products.* If a third party offers for license a new product (a new transgenic and/or novel trait for alfalfa seed) that offers a superior value pricing opportunity compared to varieties we offer, and DuPont Pioneer wishes to sell the new product, we would have a one-year period to obtain rights to produce and sell the new product to DuPont Pioneer. If we fail to obtain rights to the new product within the one-year period or otherwise do not offer the new product on substantially the same terms as offered by a third party, then DuPont Pioneer would be free to purchase the new product from the third party, and DuPont Pioneer's minimum purchase commitment to us would be reduced by the amount of the new product purchased.

- *GMO-Treated Varieties.* Our December 2014 acquisition of DuPont Pioneer's conventional dormant alfalfa varieties contemplated a potential subsequent acquisition of DuPont Pioneer's GMO-treated alfalfa varieties and provided for an interim production agreement under which we produced those GMO-treated varieties for DuPont Pioneer. We did not (and do not expect to) complete the acquisition of DuPont Pioneer's GMO-treated alfalfa varieties. Our production agreement with DuPont Pioneer (relating to GMO-treated varieties) will terminate on May 31, 2019. As a result, DuPont Pioneer's minimum purchase commitments from us will be reduced by approximately \$6 million annually, commencing with our Fiscal Year 2020.

Any reduction in DuPont Pioneer's purchase commitment to us would have a material adverse effect on our results of operations.

We are committed to sell dormant alfalfa seed to DuPont Pioneer at initial fixed prices with fixed subsequent maximum price increases per year. Increases in our costs of production at rates higher than our contractual ability to increase prices would erode our profit margins and could have a material adverse effect on our results of operations.

Under our distribution agreement with DuPont Pioneer, we were committed to sell dormant alfalfa seed at initial fixed prices that can only increase by up to a fixed percentage per year by variety. Although DuPont Pioneer has agreed to discuss in good faith an increase in the fixed maximum percentage price increase cap for any sales year in which an increase in grower compensation costs due to changes in market conditions cause our total production costs to increase at a percentage exceeding the amount of the cap, we cannot be certain that any such discussions will result in additional pricing flexibility for us. If our grower compensation costs or other production costs increase at a rate greater than the fixed maximum percentage increase per year, our profit margins would erode, and we could potentially be required to sell product at a loss. Any such change in our cost structure would have a material adverse effect on our results of operations.

If we fail to perform our obligations under our distribution agreement and production agreement with DuPont Pioneer, DuPont Pioneer could terminate the agreements and reduce or eliminate purchases of alfalfa seed from us, and we could be exposed to claims for damages.

The DuPont Pioneer distribution agreement and the production agreement impose numerous obligations on us relating to, among other things, product and service quality and compliance with laws and third party obligations. Both the distribution agreement and the production agreement permit DuPont Pioneer to terminate the agreement if we materially breach the agreement and fail to cure the breach within a 60-day notice period, or in the case of certain bankruptcy or insolvency events. DuPont Pioneer can also immediately terminate the production agreement if we breach certain agreements or policies with FGI related to the production of GMO-treated varieties. If DuPont Pioneer terminates either the distribution agreement or the production agreement, DuPont Pioneer could reduce or eliminate altogether its purchase of alfalfa seed from us, and we could be left with inventory of seed that it would be difficult or impossible for us to dispose of on commercially reasonable terms. In addition, we could be exposed to significant claims for damages to DuPont Pioneer if the termination of an agreement results from our material breach of the agreement.

If we do not meet seed planting and production commitments to DuPont Pioneer, we could incur significant financial penalties.

Under our distribution agreement with DuPont Pioneer, if we fail to plant sufficient acreage (based on historical yields), together with any carryover inventory, to meet 110% of DuPont Pioneer's demand, and we actually fail to meet DuPont Pioneer's demand, then we are obligated to pay DuPont Pioneer a cash penalty based on the amount of the shortfall. We contract all of our production of dormant alfalfa seed with third-party growers. If, in any year, we are unable to obtain sufficient grower commitments to meet DuPont Pioneer's demand, we could be obligated to pay significant financial penalties to DuPont Pioneer.

Risks Related to our Financial Position and Investment in Our Securities

Raising additional capital may cause dilution to our stockholders or restrict our operations.

From time to time, we expect to finance our cash needs through a combination of equity and debt financings, as well as potentially entering into collaborations, strategic alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest could be diluted and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends and may be secured by all or a portion of our assets.

For example, on September 5, 2018, we entered into the September SPA with MFP and issued 1,607,717 shares of common stock at the Initial Closing, and are obligated to issue 7,235 shares of newly designated Series A Convertible Preferred Stock of the Company for aggregate gross proceeds of \$22.5 million at the Second Closing. As a result of the Initial Closing, our investors other than MFP experienced dilution of their ownership interests. If the Second Closing is completed, our investors will experience further dilution.

The value of our common stock can be volatile.

Our common stock is listed on the Nasdaq Capital Market. The overall market and the price of our common stock can fluctuate greatly. The trading price of our common stock may be significantly affected by various factors, including but not limited to:

- economic status and trends in the dairy industry, which underlies demand for our alfalfa seed;
- market conditions for alfalfa seed in the Middle East and North Africa, where a substantial amount of our seed historically has been purchased by end users;
- quarterly fluctuations in our operating results;

- our ability to meet the earnings estimates and other performance expectations of investors or financial analysts;
- fluctuations in the stock prices of our peer companies or in stock markets in general; and
- general economic or political conditions.

Our quarter-to-quarter performance may vary substantially, and this variance, as well as general market conditions, may cause the price of our securities to fluctuate greatly and potentially expose us to litigation.

Our alfalfa seed business, which is our primary source of revenue, is highly seasonal because it is tied to the growing and harvesting seasons. If sales in particular quarters are lower than expected, our operating results for these quarters could cause our share price to decline.

Our future expense estimates are based, in large part, on estimates of future revenue, which is difficult to predict. We expect to continue to make significant expenditures in order to expand production, sales, marketing and processes. We may be unable to, or may elect not to, adjust spending quickly enough to offset any unexpected revenue shortfall. If our increased expenses are not accompanied by increased revenue in the same quarter, our quarterly operating results would be harmed.

In one or more future quarters, our results of operations may fall below the expectations of investors or analysts, and the trading price of our securities may decline as a consequence. We believe that quarter-to-quarter comparisons of our operating results will not be a good indication of our future performance and should not be relied upon to predict the future performance of our stock price.

In the past, companies that have experienced volatility in the market price of their stock have often been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

If we issue shares of preferred stock, the holdings of those owning our common stock could be diluted or subordinated to the rights of the holders of preferred stock.

Our board of directors is authorized by our articles of incorporation to establish classes or series of preferred stock and fix the designation, powers, preferences and rights of the shares of each such class or series without any further vote or action by our stockholders. Any shares of preferred stock so issued could have priority over our common stock with respect to dividend or liquidation rights. For example, we are obligated to issue shares of preferred stock in the Second Closing of our September 2018 financing and the terms of such shares of preferred stock provide for a liquidation preference. If these shares of preferred stock are not converted into shares of common stock, they could subordinate your holdings to the higher priority rights of the holders of shares of such preferred stock. In addition, each share of the preferred stock is, following satisfaction of certain conditions, into 1,000 shares of common stock, and this conversion could cause further dilution to the existing holders of our common stock.

Our actual operating results may differ significantly from our guidance.

We routinely release annual guidance in our quarterly earnings releases, our quarterly earnings conference calls and in other forums we consider appropriate. Such guidance regarding our future performance represents our management's estimates as of the date of release or other communication. This guidance, which includes forward-looking statements, is based on projections prepared by our management. These projections are not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither our independent registered public accountants nor any other independent expert or outside party compiles or examines the projections, and accordingly, no such person expresses any opinion or any other form of assurance with respect thereto.

Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. If we issue guidance, we will generally state possible outcomes as high and low ranges or approximations that are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of the suggested ranges or approximations. The principal reason that we would release guidance would be to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance, when given, is only an estimate of what management believes is realizable as of the date of release or other communication. Actual results will vary from our guidance, and the variations may be material. In light of the foregoing, investors are urged not to rely upon, or otherwise consider, our guidance in making an investment decision about our securities.

We do not anticipate declaring any cash dividends on our common stock.

We have never declared or paid cash dividends on our common stock and do not plan to pay any cash dividends in the near future. Our current policy is to retain all funds and any earnings for use in the operation and expansion of our business. If we do not pay cash dividends, our stock may be less valuable to investors because a return on their investment will only occur if our stock price appreciates.

Anti-takeover provisions and our right to issue preferred stock could make a third-party acquisition of us difficult.

Our articles of incorporation and bylaws contain provisions that would make it more difficult for a third party to acquire control of us, including a provision that our board of directors may issue preferred stock without stockholder approval. In addition, certain anti-takeover provisions of Nevada law, if and when applicable, could make it more difficult for a third party to acquire control of us, even if such change in control would be beneficial to our stockholders.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following is a description of our material properties:

Location	Size	Primary Use	Leased or Owned
Arlington (Columbia County), Wisconsin	25 acres	Alfalfa research and development	Owned by S&W
Drayton, Queensland	3,068 sq. ft.	Sunflower and sorghum research and development facilities	Leased by S&W Australia
Five Points (Fresno County), CA	5 acres	Milling facilities	Owned by S&W
Kern County, CA	584 acres	Farmland suitable for farming alfalfa seed and alfalfa hay	Leased by S&W
Keith, South Australia	8.2 acres	Processing facility	Owned by S&W Australia
Keith, South Australia	38 acres	Research farm	Leased by S&W Australia
Nampa (Canyon County), Idaho	80 acres (approx.)	Alfalfa research and development facilities	Owned by S&W
Nampa (Canyon County), Idaho	16 acres	Milling facilities	Owned by S&W
Nampa (Canyon County), Idaho	8,000 sq. ft.	Production warehouse storage	Leased by S&W
Nampa (Canyon County), Idaho	7,500 sq. ft.	Production warehouse storage	Leased by S&W
Sacramento (Sacramento County), CA	4,885 sq. ft.	Corporate headquarters for S&W	Leased by S&W
Stirling, South Australia	1,690 sq. ft.	Corporate headquarters for S&W Australia	Leased by S&W Australia

We believe that our current facilities are adequate for our needs for the immediate future and that, should it be needed, suitable additional space will be available to accommodate expansion of our operations on commercially reasonable terms

Item 3. Legal Proceedings

From time to time, we are involved in lawsuits, claims, investigations and proceedings, including pending opposition proceedings involving patents that arise in the ordinary course of business. There are no matters pending that we expect to have a material adverse impact on our business, results of operations, financial condition or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market Information Regarding Our Common Stock

Our common stock is traded on the Nasdaq Capital Market under the symbol "SANW." The following table sets forth the range of high and low sales prices per share of common stock as reported on Nasdaq for the periods indicated. The closing price of our common stock on September 17, 2018 was \$3.05.

	High	Low
Year Ended June 30, 2017		
First Quarter	\$5.14	\$4.24
Second Quarter	5.35	4.25
Third Quarter	5.00	4.15
Fourth Quarter	5.20	3.80
Year Ended June 30, 2018		
First Quarter	\$4.20	\$2.90
Second Quarter	4.00	2.90
Third Quarter	4.40	3.30
Fourth Quarter	3.80	3.05

Holders

As of September 17, 2018, we had 25,956,252 shares of common stock outstanding held by 35 stockholders of record. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial stockholders represented by these record holders.

Dividend Policy

We have never declared or paid any cash dividends on our common stock. For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock. Any future determination to pay dividends will be at the discretion of the Board of Directors and will be dependent upon then existing conditions, including our financial condition and results of operations, capital requirements, contractual restrictions, business prospects and other factors that the Board of Directors considers relevant. In addition, our credit facility with KeyBank contains restrictions on our ability to pay dividends.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

There were no unregistered sales of equity securities in 2018 fiscal year that have not been previously reported on a Current Report on Form 8-K.

Purchases of Equity Securities by the Issuer and Affiliate Purchasers

None.

Item 6. Selected Financial Data

As a smaller reporting company, we are not required to provide information typically disclosed under this item.

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

You should read the following discussion of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included in Part II, Item 8, "Financial Statements" of this Annual Report on Form 10-K. In addition to our historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements as referred to on page 2 of this Annual Report on Form 10-K. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in Part I, Item 1A, "Risk Factors."

Executive Overview

Founded in 1980 and headquartered in Sacramento, California, we are a global agricultural company. Grounded in our historical expertise and what we believe is our present leading position in the breeding, production and sale of alfalfa seed, we continue to build towards our goal of being recognized as the world's preferred proprietary forage, grain and specialty crop seed company. In addition to our primary activities in alfalfa seed, we have recently expanded our product portfolio by adding hybrid sorghum and sunflower seed, which complement our alfalfa seed offerings by allowing us to leverage our infrastructure, research and development expertise and our distribution channels, as we begin to diversify into what we believe are higher margin opportunities. We also continue to conduct our stevia breeding program, having been granted four patents by the U.S. Patent and Trademark Office.

Following our initial public offering in fiscal year 2010, we expanded certain pre-existing business initiatives and added new ones, including:

- diversifying our production geographically by expanding from solely producing seed in the San Joaquin Valley of California to initially adding production capability in the Imperial Valley of California, then expanding into Australia (primarily South Australia) and, most recently, adding production in other western states and Canada;
- expanding from solely offering non-dormant varieties to now having a full range of both dormant and non-dormant varieties;

- expanding the depth and breadth of our research and development capabilities in order to develop new varieties of both dormant and non-dormant alfalfa seed with traits sought after by our existing and future customers;
- diversifying into complementary proprietary crops by acquiring the assets of a Queensland, Australia company specializing in breeding and licensing of hybrid sorghum and sunflower seed;
- expanding our distribution channels and customer base, initially through the acquisition of the customer list of a key international customer in the Middle East in July 2011, and thereafter, through certain strategic acquisitions;
- expanding our sales geographically both through the expansion of our product offerings to make available product needed in regions we historically did not cover and through an expansion of our sales and marketing efforts generally; and
- implementing a stevia breeding program focused on the potential development of new stevia varieties that incorporate the most desirable characteristics of this all-natural, zero calorie sweetener.

We have accomplished these expansion initiatives through a combination of organic growth and strategic acquisitions, foremost among them:

- the acquisition in July 2011 of certain intangible assets, including the customer information, related to the field seed and small grain business of Genetics International, Inc., which had previously operated in the Middle East and North Africa ("MENA") and which began our transition into selling directly to MENA distributors;
- the acquisition of Imperial Valley Seeds, Inc. ("IVS") in October 2012, which enabled us to expand production of non-GMO seed into California's Imperial Valley, thereby ensuring a non-GMO source of seed due to the prohibition on GMO crops in the Imperial Valley, as well as enabling us to diversify our production areas and distribution channels;
- the acquisition of a portfolio of dormant alfalfa seed germplasm in August 2012 to launch our entry into the dormant market;
- the acquisition of the leading local producer of non-dormant alfalfa seed in South Australia, S&W Seed Company Australia Pty Ltd (f/k/a Seed Genetics International Pty Ltd, "S&W Australia") in April 2013, which greatly expanded our production capabilities and geographic diversity;
- the acquisition of the alfalfa production and research facility assets and conventional (non-GMO) alfalfa germplasm from DuPont Pioneer in December 2014 (the "Pioneer Acquisition"), thereby substantially expanding upon our initial entrance into the dormant alfalfa seed market that began in 2012 and enabling us to greatly expand our production and research and product development capabilities;

- the acquisition, in May 2016, of the assets and business of SV Genetics Pty Ltd ("SV Genetics"), a private Australian company specializing in the breeding and licensing of proprietary hybrid sorghum and sunflower seed germplasm, which represents our initial effort to diversify our product portfolio beyond alfalfa seed breeding and production and stevia R&D; and
- the acquisition of a portfolio of sorghum germplasm in April 2018 to expand our portfolio of sorghum products to include biofuel types.

We believe our 2013 combination with S&W Australia created the world's largest non-dormant alfalfa seed company and gave us the competitive advantages of year-round production in that market. With the completion of the acquisition of dormant alfalfa seed assets from DuPont Pioneer in December 2014, we believe we have become the largest alfalfa seed company worldwide (by volume), with industry-leading research and development, as well as production and distribution capabilities in both hemispheres and the ability to supply proprietary dormant and non-dormant alfalfa seed. Our operations span the world's alfalfa seed production regions, with operations in the San Joaquin and Imperial Valleys of California, five additional Western states, Australia and three provinces in Canada.

Our May 2016 acquisition of the hybrid sorghum and sunflower germplasm business and assets of SV Genetics as well as our April 2018 acquisition of a portfolio of sorghum germplasm signals management's commitment to our strategy of identifying opportunities to diversify our product lines and improve our gross margins.

The Asset Purchase and Sale Agreement for the Pioneer Acquisition previously contemplated that, subject to the satisfaction of certain conditions, we would acquire certain GMO germplasm varieties and other related assets from DuPont Pioneer for a purchase price of \$7.0 million. The conditions for this additional acquisition were not satisfied by the required date, and DuPont Pioneer has informed us that it does not intend to extend the deadline or complete the transaction at this point in time. As a result, we do not expect to close the acquisition of DuPont Pioneer's GMO germplasm varieties and related assets in the previously disclosed structure or pay the \$7,000,000 purchase price.

We continue to have a long-term distribution agreement with DuPont Pioneer regarding conventional (non GMO) varieties, the term of which extends into 2024. Our production agreement with DuPont Pioneer (relating to GMO-traited varieties) terminates on May 31, 2019. As a result, DuPont Pioneer's minimum purchase commitments from us will be reduced by approximately \$6 million annually, commencing with our Fiscal Year 2020. Although the production agreement will terminate on May 31, 2019, the Company expects that the DuPont Pioneer distribution agreement will continue to be a significant source of the Company's annual revenue through December 2024.

We are in discussions with DuPont Pioneer regarding the orderly transition of activities previously conducted by us under the production and research agreements (relating to GMO-traited varieties), as well as the possibility of certain ongoing commercial relationships between us relating to GMO-traited varieties, among other things.

Components of Our Statements of Operations Data

Revenue and Cost of Revenue

Revenue

We derive most of our revenue from the sale of our proprietary alfalfa seed varieties. We expect that over the next several years, a substantial majority of our revenue will continue to be generated from the sale of alfalfa seed, although we are continually assessing other possible product offerings or means to increase revenue, including expanding into other, higher margin crops. In late fiscal year 2016, we began that expansion with the acquisition of the hybrid sorghum and sunflower business and assets of SV Genetics. Revenue from the SV Genetics germplasm will be primarily derived from the sale of sorghum and sunflower seed as well as royalty-based payments set forth in various licensing agreements.

Fiscal year 2016 was the first full fiscal year in which we had a full range of non-dormant and dormant alfalfa seed varieties. This is expected to enable us to significantly expand the geographic reach of our sales efforts. The mix of our product offerings will continue to change over time with the introduction of new alfalfa seed varieties resulting from our robust research and development efforts, including our potential expansion into gene edited varieties in future periods. Currently, we have a long-term distribution agreement with DuPont Pioneer, which we expect will be the source of a significant portion of our annual revenue through December 2024.

Our revenue will fluctuate depending on the timing of orders from our customers and distributors. Because some of our large customers and distributors order in bulk only one or two times per year, our product revenue may fluctuate significantly from period to period. However, some of this fluctuation is offset by having operations in both the northern and southern hemispheres.

Our stevia breeding program has yet to generate any meaningful revenue. However, management continues to evaluate this portion of our business and assess various means to monetize the results of our effort to breed new, better tasting stevia varieties. Such potential opportunities include possible licensing agreements and royalty-based agreements.

Cost of Revenue

Cost of revenue relates to sale of our seed varieties and consists of the cost of procuring seed, plant conditioning and packaging costs, direct labor and raw materials and overhead costs.

Operating Expenses

Research and Development Expenses

Seed and stevia research and development expenses consist of costs incurred in the discovery, development, breeding and testing of new products incorporating the traits we have specifically selected.

These expenses consist primarily of employee salaries and benefits, consultant services, land leased for field trials, chemicals and supplies and other external expenses. With the acquisition of SV Genetics in late fiscal 2016, similar costs are now being incurred as we continue the research and development efforts begun by SV Genetics in the development of new varieties of hybrid sorghum and sunflower seed germplasm. Because we have been in the alfalfa seed breeding business since our inception in 1980, we have expended far more resources in development of our proprietary alfalfa seed varieties throughout our history than on our stevia breeding program, which we commenced in fiscal year 2010.

In fiscal year 2013, we made the decision to shift the focus of our stevia program away from commercial production and towards the breeding of improved varieties of stevia. We have continued that effort, which has resulted in the granting by the USPTO of four patents covering stevia plant varieties SW 107, SW 201, SW 129 and SW 227.

Our research and development expenses increased significantly with the acquisition of the alfalfa research and development assets of DuPont Pioneer in December 2014. We also have expanded our genetics research both internally and in collaboration with third parties. In addition, we acquired additional research and development operations in connection with our May 2016 acquisition of SV Genetics that we expect will factor into an overall increase in R&D expense. Overall, we have been focused on controlling research and development expenses, while balancing that objective against the recognition that continued advancement in product development is an important part of our strategic planning. We expect our research and development expenses will fluctuate from period to period as a result of the timing of various research and development projects.

Our internal research and development costs are expensed as incurred, while third party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. The costs associated with equipment or facilities acquired or construed for research and development activities that have alternative future uses are capitalized and depreciated on a straight-line basis over the estimated useful life of the asset.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses consist primarily of employee costs, including salaries, employee benefits and share-based compensation, as well as professional service fees, insurance, marketing, travel and entertainment expense, public company expense and other overhead costs. We proactively take steps on an ongoing basis to control selling, general and administrative expense as much as is reasonably possible.

Depreciation and Amortization

Most of the depreciation and amortization expense on our statement of operations consists of amortization expense. We amortize intangible assets, including those acquired from DuPont Pioneer in December 2014 and from SV Genetics in May 2016, using the straight-line method over the estimated useful life of the asset, consisting of periods of 10-30 years for technology/IP/germplasm, 10-20 years for customer

relationships and trade names and 3-20 years for other intangible assets. Property, plant and equipment is depreciated using the straight-line method over the estimated useful life of the asset, consisting of periods of 5-28 years for buildings, 3-20 years for machinery and equipment and 3-5 years for vehicles.

Other Expense

Other expense consists primarily of foreign currency gains and losses, changes in the fair value of derivative liabilities related to our warrants, changes in the fair value of our contingent consideration obligations and interest expense in connection with amortization of debt discount. In addition, interest expense primarily consists of interest costs related to outstanding borrowings on our credit facilities, including our current KeyBank revolving line of credit and on S&W Australia's credit facilities, our three-year secured promissory note issued in December 2014 in connection with the DuPont Pioneer Acquisition which was paid off on December 1, 2017, and our newly issued secured promissory notes with Conterra Agricultural Capital, LLC ("Conterra").

Provision (Benefit) for Income Taxes

Our effective tax rate is based on income, statutory tax rates, differences in the deductibility of certain expenses and inclusion of certain income items between financial statement and tax return purposes, and tax planning opportunities available to us in the various jurisdictions in which we operate. Under U.S. GAAP, if we determine that a tax position is more likely than not of being sustained upon audit, based solely on the technical merits of the position, we recognize the benefit. Tax regulations require certain items to be included in the tax return at different times than when those items are required to be recorded in the consolidated financial statements. As a result, our effective tax rate reflected in our consolidated financial statements is different from that reported in our tax returns. Some of these differences are permanent, such as meals and entertainment expenses that are not fully deductible on our tax return, and some are temporary differences, such as depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in our tax return in future years for which we have already recorded the tax benefit in our consolidated statements of operations. In the fourth quarter of fiscal year 2017, we recorded a valuation allowance against all of our deferred tax assets. The full valuation allowance was recorded during the fiscal year 2017 as a result of changes to our operating results and future projections, resulting from a recent decline in export sales to Saudi Arabia. In addition, our available tax planning strategies are currently not expected to overcome the uncertainty of the Saudi Arabian market. As a result of these factors, we don't believe that it is more likely than not that our deferred tax assets will be realized.

Results of Operations

Fiscal Year Ended June 30, 2018 Compared to the Fiscal Year Ended June 30, 2017

Revenue and Cost of Revenue

Revenue for fiscal year ended June 30, 2018 was \$64,085,510 compared to \$75,373,810 for the year ended June 30, 2017. The \$11,288,300 decrease in revenue for the fiscal year ended June 30, 2018 was primarily due to a decrease of sales to the Saudi Arabia markets of approximately \$10.6 million. Regulatory uncertainty in Saudi Arabia surrounding water use restrictions for large forage producers caused customers in the region to defer purchases and/or reduce inventory carrying levels. The outlook for demand for our non-dormant varieties in Saudi Arabia over the next two to four years continues to be uncertain because of the potential for water use restrictions and further regulations from the Saudi Arabian government on water usage.

Sales into international markets represented 35% and 45% of revenue during the years ended June 30, 2018 and 2017, respectively. Domestic revenue accounted for 65% and 55% of our total revenue for the years ended June 30, 2018 and 2017, respectively. The increase in domestic revenue as a percentage of total revenue is primarily attributable to reduced sales to customers in Saudi Arabia.

We recorded sales of approximately \$39.5 million from our distribution and production agreements with DuPont Pioneer during the year ended June 30, 2018, which was an increase of \$2.6 million from the prior year amount of \$36.9 million. Our production agreement with DuPont Pioneer (relating to GMO-traited varieties) terminates on May 31, 2019. As a result, DuPont Pioneer's minimum purchase commitments from us will be reduced by approximately \$6 million annually, commencing with our Fiscal Year 2020. Although the production agreement will terminate on May 31, 2019, we expect sales to DuPont Pioneer under our distribution agreement will continue to represent a significant portion of our domestic sales, as well as overall sales, through December 2024.

The following table shows revenue from external sources by destination country:

	Years Ended June 30,			
	2018		2017	
United States	\$ 41,662,556	65%	\$ 41,505,305	55%
Mexico	4,932,105	8%	4,749,315	6%
Sudan	3,178,039	5%	2,747,923	4%
Argentina	2,748,492	4%	2,881,050	4%
Peru	1,844,898	3%	1,230,999	2%
Saudi Arabia	1,461,368	2%	12,055,276	16%
Australia	1,242,957	2%	1,882,899	2%
Italy	938,252	1%	151,415	0%
Libya	936,423	1%	158,500	0%
South Africa	802,629	1%	1,190,789	2%
Other	4,337,791	8%	6,820,338	9%
Total	\$ 64,085,510	100%	\$ 75,373,810	100%

Cost of revenue of \$49,332,052 for the year ended June 30, 2018 was 77.0% of revenue, while the cost of revenue of \$59,232,846 for the year ended June 30, 2017 was 78.6% of revenue. Cost of revenue decreased on a dollar basis primarily due to the decrease in revenue as well as a reduction in product costs.

Total gross profit margin for the fiscal year ended June 30, 2018 was 23.0% compared to 21.4% in the prior year. The increase in gross profit margins was primarily due to product sales mix during the current year where we had a higher concentration of sales, as a percentage of total revenue, to DuPont Pioneer which are higher margin sales. Additionally, the product costs of proprietary seed are lower in the current year due to more favorable production contracts and arrangements.

Selling, General and Administrative Expenses

Selling, General and Administrative ("SG&A") expense for the year ended June 30, 2018 totaled \$10,503,020 compared to \$11,794,024 for the year ended June 30, 2017. The \$1.3 million decrease in SG&A expense versus the prior year was primarily due to a decrease in stock-based compensation of \$660,852, a decrease in bad debt expense of \$370,610 as well as other expense reductions. As a percentage of revenue, SG&A expenses were 16.4% in the year ended June 30, 2018, compared to 15.6% in the prior year.

Research and Development Expenses

Research and development expenses for the year ended June 30, 2018 totaled \$3,887,723 compared to \$3,032,112 for the year ended June 30, 2017. The \$855,611 increase in research and development expense versus the prior year is driven by additional investment in our hybrid sorghum and sunflower programs as well as our stevia program. We expect our research and development spend for fiscal 2019 to increase as we expand our hybrid sorghum and sunflower programs.

Depreciation and Amortization

Depreciation and amortization expense for the year ended June 30, 2018 was \$3,439,287 compared to \$3,325,743 for the year ended June 30, 2017. Included in the amount was amortization expense for intangible assets, which totaled \$2,124,333 for the year ended June 30, 2018 and \$2,223,909 for the year ended June 30, 2017. The \$113,544 increase in depreciation and amortization expense over the prior year is primarily driven by additional depreciation expense associated with fixed asset additions.

Impairment Charges

We did not record an impairment charge during the year ended June 30, 2018. During the year ended June 30, 2017, we recorded an impairment charge of \$319,001. The impairment charge related to the carrying value of certain stand establishment assets which were deemed impaired and uncollectible from a certain sub-leasee.

Foreign Currency (Gain) Loss

We incurred a foreign currency gain of \$12,584 for the year ended June 30, 2018 compared to a loss of \$1,388 for the year ended June 30, 2017. The foreign currency gains and losses are associated with S&W Australia, our wholly-owned subsidiary in Australia.

Change in Derivative Warrant Liability

The derivative warrant liability was considered a level 3 fair value financial instrument and was measured at each reporting period until December 31, 2017 at which time the warrants were reclassified to equity due to the expiration of the down-round price protection provision. We recorded a non-cash change in derivative warrant liability gain of \$431,300 in the year ended June 30, 2018 compared to a gain of \$1,517,500 in the year ended June 30, 2017. The gain represents the decrease in fair value of the outstanding warrants issued in December 2014.

Change in Contingent Consideration Obligations

The contingent consideration obligations are considered level 3 fair value financial instruments and will be measured at each reporting period. There was no contingent consideration obligation expense during the year ended June 30, 2018. The \$231,584 charge to change in contingent consideration obligations expense for the year ended June 30, 2017 represented the increase in the estimated fair value of the contingent consideration obligations during that respective period due to the decrease in the present value discount factor used to estimate the fair value of the contingent consideration obligations.

Loss on Equity Method Investment

Loss on equity method investment totaled \$0 and \$144,841 for the years ended June 30, 2018 and 2017, respectively. The loss in the prior year represented our 50% share of losses incurred by our joint corporation (S&W Semillas S.A.) in Argentina. Our carrying value in the equity method investee company was reduced to zero in fiscal 2017, accordingly, no further losses will be recorded in our consolidated financial statements related to this equity method investment.

Interest Expense - Amortization of Debt Discount

Non-cash amortization of debt discount expense for the year ended June 30, 2018 was \$169,045 compared to \$1,176,023 for the year ended June 30, 2017. The expense in the current period represents the amortization of the debt issuance costs associated with our KeyBank working capital facility and our secured property and equipment notes with Conterra. The expense in the prior year represents the amortization of the debt discount, beneficial conversion feature and debt issuance costs associated with the convertible debentures issued December 31, 2014 and the debt issuance costs associated with our KeyBank working capital facility. As of March 1, 2017, the convertible debentures have been fully retired and accordingly, the amortization of debt discount associated with the convertible debentures is complete.

Interest Expense

Interest expense for the year ended June 30, 2018 totaled \$1,863,288 compared to \$1,324,945 for the year ended June 30, 2017. Interest expense for the year ended June 30, 2018 primarily consisted of interest incurred on the working capital credit facilities with KeyBank and NAB, and the new secured property and equipment loans entered into in November 2017. Interest expense for the year ended June 30, 2017 primarily consisted of interest incurred on the convertible debentures issued on December 31, 2014, on the note payable issued to DuPont Pioneer as part of the purchase consideration for the DuPont Pioneer Acquisition and the working capital credit facilities with KeyBank and NAB. The \$538,343 increase in interest expense for the year ended June 30, 2018 is primarily driven by \$592,128 of interest on the secured property and equipment loans as well as higher interest rates on the working capital credit facilities partially offset by a \$150,000 reduction in interest expense from the pay-off of the DuPont Pioneer note and a \$168,769 reduction in interest expense from the pay-off of the convertible debentures.

Provision for Income Taxes

Income tax expense totaled \$143,049 for the year ended June 30, 2018 compared to income tax expense of \$7,627,705 for the year ended June 30, 2017. Our effective tax rate was (3.1%) for the year ended June 30, 2018 compared to 181.9% for the year ended June 30, 2017. The decrease in our effective tax rate for the year ended June 30, 2018 was primarily attributable to the full valuation allowance recorded against substantially all of our deferred tax assets in the year ended June 30, 2017. Due to the valuation allowance, we do not record the income tax expense or benefit related to substantially all of our current year operating results, as such results are generally incorporated in our net operating loss deferred tax asset position, which has a full valuation allowance against it. However, we did record tax expense related to certain other factors occurring throughout the year. For example, we have certain intangible assets with indefinite lives for financial reporting purposes. The write down of these assets cannot be assumed and thus, the deferred tax liability created by the difference in the basis in these assets for financial reporting and tax purposes cannot be used as a source of taxable income against our deferred tax assets. The increase in the deferred tax liability due to the yearly tax amortization on these intangible

assets is recorded as income tax expense. We also analyzed additional information related to our tax return filings in the third quarter of fiscal 2018. To the extent that differences arise between the filed tax returns and the estimates of tax return filings that are completed during the preparation of the prior year financial statements, these differences are generally recorded in the quarter that they arise and are commonly referred to as provision to return adjustments. Such adjustments related to our Australian tax return filings also generated additional income tax expense for the year ended June 30, 2018.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act reduced the corporate tax rate from the maximum federal statutory rate of 35% to 21%. The Tax Act states that the 21% corporate tax rate is effective for tax years beginning on or after January 1, 2018. However, existing tax law, which was not amended under the Tax Act, governs when a change in tax rate is effective. Existing tax law provides that if the taxable year includes the effective date of any rate change (unless the change is the first date of the taxable year), taxes should be calculated by applying a blended rate to the taxable income for the year. Our blended federal rate is 27.6%. As a result of the new law, we have concluded that our deferred tax assets will need to be revalued. Our deferred tax assets represent a reduction in corporate taxes that are expected to be paid in the future. As a result of the Tax Act, we have estimated a reduction to the value of our deferred tax assets which is almost entirely offset by a reduction to our valuation allowance for the year ended June 30, 2018. The net impact of the decrease to both the deferred tax assets and the valuation allowance will be a remeasuring of our net deferred tax liability associated with indefinite lived intangibles for which we cannot predict a reversal into taxable income. In conjunction with the tax law changes, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act. We have recognized the provisional tax impacts related to deemed repatriated earnings, the potential impact of new section 162(m) rules on our deferred tax balances, and the revaluation of deferred tax assets and liabilities and included these amounts in our consolidated financial statements for the year ended June 30, 2018. The aforementioned provisional amounts are based on information available at this time and may change due to a variety of factors, including, among others, (i) anticipated guidance from the U.S. Department of Treasury about implementing the Tax Act, (ii) potential additional guidance from the Securities and Exchange Commission or the FASB related to the Act and (iii) management's further assessment of the Act and related regulatory guidance.

In addition to the impacts described above, the Tax Act also allows for one hundred percent expensing of the cost of qualified property acquired and placed in service after September 27, 2017 and before January 1, 2023. We do not plan to take advantage of this provision for the near term and have the option of opting out of this provision. In addition, net operating losses incurred in tax years beginning after December 31, 2017 are only allowed to offset a taxpayer's taxable income by eighty percent, but those net operating losses are allowed to be carried forward indefinitely with no expiration. Also, as part of the Tax Act, our net interest expense deductions are limited to 30% of earnings before interest, taxes, depreciation, and amortization through 2021 and of earnings before interest and taxes thereafter. This provision also takes effect for tax years beginning after 2017 and isn't expected to have a material impact to our deferred tax asset position. The Tax Act also incorporates changes to certain international tax

provisions. There is a one-time transition tax on foreign income earned by subsidiaries at a rate of 15.5% for cash and cash equivalents and at a rate of 8% for the remainder of the foreign earnings. There is a provision for the current inclusion in US taxable income of global intangible low-tax income and also the imposition of a tax equal to its base erosion minimum tax amount. The new laws incorporate a potential benefit for foreign derived intangible income, but the benefit only applies if the foreign derived sales and services income exceeds a calculated 'routine return' and if we have taxable income. We do not currently anticipate that any of the foreign provisions will have an impact to our tax accounts. The Company is not complete in its assessment of the impact of the Tax Act on its business and financial statements. While the effective date of most of the provisions of the Tax Act do not apply until the Company's tax year beginning July 1, 2018, we will continue the assessment of the impact of the Tax Act on our business and financial statements throughout the one-year measurement period as provided by ASC 740.

Liquidity and Capital Resources

Our working capital and working capital requirements fluctuate from quarter to quarter depending on the phase of the growing and sales cycle that falls during a particular quarter. Our need for cash has historically been highest in the second and third fiscal quarters (October through March) because we historically have paid our North American contracted growers progressively, starting in the second fiscal quarter. In fiscal year 2018, we paid our North American growers approximately 50% in October 2017 and the balance was paid in February 2018. This payment cycle to our growers was similar in fiscal year 2017. S&W Australia, our Australian-based subsidiary, has a production cycle that is counter-cyclical to North America; however, this also puts a greater demand on our working capital and working capital requirements during the second, third and fourth fiscal quarters based on timing of payments to growers in the second through fourth quarters.

Historically, due to the concentration of sales to certain distributors, our month-to-month and quarter-to-quarter sales and associated cash receipts are highly dependent upon the timing of deliveries to and payments from these distributors, which varies significantly from year to year. The timing of collection of receivables from DuPont Pioneer, which is our largest customer, is defined in the distribution agreement with DuPont Pioneer and consists of three installment payments, the first on September 15th, the second on January 15th, and the third payment on February 15th. Our future revenue and cash collections pertaining to the distribution agreement with DuPont Pioneer is expected to provide us with greater predictability.

We continuously monitor and evaluate our credit policies with all of our customers based on historical collection experience, current economic and market conditions and a review of the current status of the respective trade accounts receivable balance. Our principal working capital components include cash and cash equivalents, accounts receivable, inventory, prepaid expense and other current assets, accounts payable and our working capital lines of credit.

In addition to funding our business with cash from operations, we have historically relied upon occasional sales of our debt and equity securities and credit facilities from financial institutions, both in the United States and South Australia.

In recent periods, we have consummated the following equity and debt financings:

On December 31, 2014, in connection with the Pioneer Acquisition, we issued a secured promissory note (the "Pioneer Note") payable by us to DuPont Pioneer in the initial principal amount of \$10,000,000 (issued at closing), and a potential earn-out payment (payable as an increase in the principal amount of the Pioneer Note) of up to \$5,000,000 based on our sales under the distribution and production agreements entered into in connection with the Pioneer Acquisition, as well as other sales of products we consummate containing the acquired germplasm in the three-year period following the closing. The earn-out payment of \$2,500,000 to DuPont Pioneer was finalized in October 2017 and this amount was added to the Pioneer Note in October 2017. The Pioneer Note accrued interest at 3% per annum. Interest was payable in three annual installments, in arrears, commencing on December 31, 2015. On December 1, 2017, we repaid the Pioneer Note. The repayment amount included the \$2.5 million earn-out payment related to the Pioneer Acquisition that was added to the principal amount of the Pioneer Note in October 2017.

On November 30, 2017, we entered into a secured note financing transaction (the "Loan Transaction") with Conterra for \$12.5 million in gross proceeds. Pursuant to the Loan Transaction, we issued two secured promissory notes (the "Notes") to Conterra as follows:

- Secured Real Estate Note. We issued one Note in the principal amount of \$10.4 million (the "Secured Real Estate Note") that is secured by a first priority security interest in the property, plant and fixtures (the "Real Estate Collateral") located at our Five Points, California and Nampa, Idaho production facilities and our Nampa, Idaho and Arlington, Wisconsin research facilities (the "Facilities"). The Secured Real Estate Note matures on November 30, 2020, which, subject to Conterra's approval, may be extended to November 30, 2022. The Secured Real Estate Note bears interest of 7.75% per annum. We have agreed to make semi-annual payments of interest and amortized principal on a 20-year amortization schedule, for a combined payment of \$515,711, starting July 1, 2018, in addition to a one-time interest only payment on January 1, 2018. We may prepay the Secured Real Estate Note, in whole or in part, at any time after we have paid a minimum of twelve months of interest on the Secured Real Estate Note.
- Secured Equipment Note. We issued a second Note in the principal amount of \$2.1 million (the "Secured Equipment Note") that is secured by a first priority security interest in certain equipment not attached to real estate located at the Facilities. The Secured Equipment Note is also secured by the Real Estate Collateral. The Secured Equipment Note matures on November 30, 2019, which, subject to Conterra's approval, may be extended to November 30, 2020. The Secured Equipment Note bears interest at a rate of 9.5% per annum. We have agreed to make semi-annual payments of interest and amortized principal on a 20-year amortization schedule, for a combined payment of \$118,223, starting July 1, 2018, in addition to a one-time interest only payment on January 1, 2018. We may prepay the Secured Equipment Note, in whole or in part, at any time.

On December 1, 2017, we used the proceeds from the Loan Transaction to repay the Pioneer Note.

On August 15, 2018, we closed on a sale-leaseback transaction with American AgCredit involving certain equipment located at our Five Points, California and Nampa, Idaho production facilities. Under the terms of the sale-leaseback transaction:

- We sold the equipment to American AgCredit for \$2,106,395 million in proceeds. The proceeds were used to pay off in full the Secured Equipment Note mentioned above.
- We entered into a lease agreement with American AgCredit relating to the equipment. The lease agreement has a five-year term and provides for monthly lease payments of \$40,023 (representing an annual interest rate of 5.6%). At the end of the lease term, we will repurchase the equipment for \$1.

On September 22, 2015, we entered into a credit and security agreement (the "KeyBank Credit Facility") with KeyBank. Key provisions of the KeyBank Credit Facility, as amended, include:

- An aggregate principal amount that we may borrow, repay and reborrow, of up to \$35.0 million in the aggregate, subject to a requirement that we maintain a reduced loan balance of (i) not more than \$20.0 million for at least 30 consecutive days over the prior twelve months (measured each quarter on a trailing 12 month basis) and (ii) not more than \$25.0 million for at least 60 consecutive days over the prior twelve months (measured each quarter on a trailing 12 month basis).
- All amounts due and owing, including, but not limited to, accrued and unpaid principal and interest, will be payable in full on September 12, 2019.
- A borrowing base of up to 85% of eligible domestic accounts receivable and 90% of eligible foreign accounts receivable, plus up to the lesser of (i) 75% of the cost eligible inventory or (ii) 90% of the net orderly liquidation value of the inventory, subject to lender reserves.
- Loans may be based on a Base Rate or Eurodollar Rate (which is increased by an applicable margin of 2.2% per annum) (both as defined in the KeyBank Credit Facility), generally at our option. In the event of a default, at the option of KeyBank, the interest rate on all obligations owing will increase by 3% per annum over the rate otherwise applicable.
- Subject to certain exceptions, the KeyBank Credit Facility is secured by a first priority perfected security interest in all our now owned and after acquired tangible and intangible assets and our domestic subsidiaries, which have guaranteed our obligations under the KeyBank Credit Facility. The KeyBank Credit Facility is further secured by a lien on, and a pledge of, 65% of the stock of our wholly-owned subsidiary, S&W Holdings Australia Pty Ltd.
- At June 30, 2018, we were in compliance with all KeyBank debt covenants.

S&W Australia finances the purchase of most of its seed inventory from growers pursuant to a seasonal credit facility with National Australia Bank Ltd ("NAB"). The current facility, referred to as the 2016 NAB Facilities, was amended as of April 13, 2018 and expires on March 30, 2020. As of June 30, 2018, AUD \$10,400,000 (USD \$7,697,040) was outstanding under the 2016 NAB Facilities.

The 2016 NAB Facilities, as currently in effect, comprises two distinct facility lines: (i) an overdraft facility (the "Overdraft Facility"), having a credit limit of AUD \$1,000,000 (USD \$740,100 at June 30, 2018) and a borrowing base facility (the "Borrowing Base Facility"), having a credit limit of AUD \$12,000,000 (USD \$8,881,200 at June 30, 2018).

Both facilities constituting the 2016 NAB Facilities are secured by a fixed and floating lien over all the present and future rights, property and undertakings of S&W Australia and are guaranteed by us as noted above. The 2016 NAB Facilities contain customary representations and warranties, affirmative and negative covenants and customary events of default that permit NAB to accelerate S&W Australia's outstanding obligations, all as set forth in the NAB facility agreements. S&W Australia was in compliance with all NAB debt covenants at June 30, 2018.

In January 2015, NAB and S&W Australia entered into a new business markets - flexible rate loan (the "Keith Building Loan") and a separate machinery and equipment facility (the "Keith Machinery and Equipment Facility"). In February 2016, NAB and S&W Australia also entered into a master asset finance facility (the "Master Assets Facility"). The Master Asset Facility has various maturity dates through 2021 and have interest rates ranging from 4.86% to 5.31%.

The Keith Building Loan and Keith Machinery and Equipment Facility are used for the construction of a building on S&W Australia's Keith, South Australia property, purchase of adjoining land and for the machinery and equipment for use in the operations of the building. The Keith Building Loan matures on November 30, 2024. The interest rate on the Keith Building Loan varies from pricing period to pricing period (each such period approximately 30 days), based on the weighted average of a specified basket of interest rates (6.31% as of June 30, 2018). Interest is payable each month in arrears. The Keith Machinery and Equipment Facility bears interest, payable in arrears, based on the Australian Trade Refinance Rate quoted by NAB at the time of the drawdown, plus 2.9%. The Keith Credit Facilities contain customary representations and warranties, affirmative and negative covenants and customary events of default that permit NAB to accelerate S&W Australia's outstanding obligations, all as set forth in the facility agreement. They are secured by a lien on all the present and future rights, property and undertakings of S&W Australia, our corporate guarantee and a mortgage on S&W Australia's Keith, South Australia property.

On July 19, 2017, we entered into a Securities Purchase Agreement with certain purchasers, pursuant to which we sold and issued an aggregate of 2,685,000 shares of our Common Stock at a purchase price of \$4.00 per share, for aggregate gross proceeds of \$10.74 million.

On October 11, 2017, we entered into a Securities Purchase Agreement with Mark W. Wong, our President and Chief Executive Officer, pursuant to which we sold and issued an aggregate of 75,000 shares of our Common Stock at a purchase price of \$3.50 per share, for aggregate gross proceeds of \$262,500.

On December 22, 2017, we completed the closing of our rights offering of 3,500,000 shares of our Common Stock. At the closing, we sold and issued an aggregate of 2,594,923 shares of our Common Stock at a subscription price of \$3.50 per share (the "Subscription Price"). Pursuant to a backstop commitment with MFP Partners, L.P. ("MFP"), concurrently with the closing of rights offering, we sold and issued the remaining 905,077 shares of our Common Stock not purchased in the rights offering to MFP at the subscription price of \$3.50 per share. Combined, we sold and issued an aggregate of 3,500,000 shares of our common stock for aggregate gross proceeds of \$12.25 million.

On September 5, 2018, we entered into a Securities Purchase Agreement with MFP, pursuant to which we sold 1,607,717 shares of our common stock to MFP at a purchase price of \$3.11 per share at an initial closing held on September 5, 2018, for gross proceeds of approximately \$5.0 million. In addition, subject to the satisfaction of certain conditions, we agreed to sell and issue to MFP 7,235 shares of newly designated Series A Convertible Preferred Stock at a purchase price of \$3,100 per share at a second closing (the "Second Closing"). The consummation of the Second Closing is contingent upon, among other things, certain conditions to the closing of the Chromatin Acquisition having been satisfied or reasonably expected to be satisfied.

Summary of Cash Flows

The following table shows a summary of our cash flows for the years ended June 30, 2018 and 2017:

	Years Ended	
	June 30,	
	2018	2017
Cash flows from operating activities	\$ (22,200,241)	\$ (10,300,160)
Cash flows from investing activities	(1,436,511)	(2,239,188)
Cash flows from financing activities	27,342,196	6,202,881
Effect of exchange rate changes on cash	(129,551)	176,968
Net increase (decrease) in cash and cash equivalents	3,575,893	(6,159,499)
Cash and cash equivalents, beginning of period	745,001	6,904,500
Cash and cash equivalents, end of period	\$ 4,320,894	\$ 745,001

Operating Activities

For the year ended June 30, 2018, operating activities used \$22,200,241 in cash. Net loss plus and minus the adjustments for non-cash items as detailed on the statement of cash flows used \$48,491 in cash, and changes in operating assets and liabilities as detailed on the statement of cash flows used \$22,151,750 in cash. The decrease in cash from changes in operating assets and liabilities was primarily driven by increases in inventory of \$29,860,271 due to an increase in production coupled with a decrease in revenue, partially offset by a decrease in accounts receivable of \$9,207,302.

For the year ended June 30, 2017, operating activities used \$10,300,160 in cash. Net loss plus and minus the adjustments for non-cash items as detailed on the statement of cash flows provided \$1,602,136 in cash, and changes in operating assets and liabilities as detailed on the statement of cash flows used

\$11,902,296 in cash. The decrease in cash from changes in operating assets and liabilities was primarily driven by an increase in inventories of \$9,343,989 and a decrease in accounts payable (including related parties) of \$7,464,977 partially offset by a decrease in accounts receivable of \$4,110,609.

Investing Activities

Investing activities during the year ended June 30, 2018 used \$1,436,511 in cash. These activities consisted primarily of additions to a build out of a new research and development facility in Nampa, Idaho as well as the acquisition of germplasm assets.

Investing activities during the year ended June 30, 2017 used \$2,239,188 in cash. These activities consisted primarily of additions to a build out of a new research and development facility in Nampa, Idaho and investment in internal use software. The sale of farmland generated net proceeds of approximately \$0.9 million.

Financing Activities

Financing activities during the year ended June 30, 2018 provided \$27,342,196 in cash. We completed two separate private placements of common stock during the year ended June 30, 2018 which raised net proceeds of \$10.7 million in cash. In December 2017, we also completed the closing of our rights offering and backstop commitment with MFP. Pursuant to the rights offering and backstop commitment with MFP, we sold and issued an aggregate of 3,500,000 shares of our common stock in December 2017 for aggregate net proceeds of \$11.8 million. On November 30, 2017, we entered into a secured note financing transaction for \$12.5 million in gross proceeds. The proceeds from the secured note financing were used to repay the Pioneer Note. The repayment amount included the \$2.5 million earn-out payment related to the Pioneer Acquisition that was added to the principal amount of the Pioneer Note in October 2017.

Financing activities during the year ended June 30, 2017 provided \$6,202,881 in cash. We had net borrowings of \$10.5 million on our lines of credit and made \$4.7 million of redemptions on our convertible debentures. We also generated \$0.6 million in net proceeds from the exercise of stock options during the nine months ended June 30, 2017.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations, including our revenue and income from continuing operations. However, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Off Balance Sheet Arrangements

We did not have any off-balance sheet arrangements during the year ended June 30, 2018.

Capital Resources and Requirements

Our future liquidity and capital requirements will be influenced by numerous factors, including:

- the extent and duration of future operating income;
- the level and timing of future sales and expenditures;
- working capital required to support our growth;
- investment capital for plant and equipment;
- our sales and marketing programs;
- investment capital for potential acquisitions;
- our ability to renew and/or refinance our debt on acceptable terms;
- competition; and
- market developments.

Critical Accounting Policies

The accounting policies and the use of accounting estimates are set forth in the footnotes to our consolidated financial statements.

In preparing our financial statements, we must select and apply various accounting policies. Our most significant policies are described in Note 2 - Summary of Significant Accounting Policies of the footnotes to the consolidated financial statements. In order to apply our accounting policies, we often need to make estimates based on judgments about future events. In making such estimates, we rely on historical experience, market and other conditions, and on assumptions that we believe to be reasonable. However, the estimation process is by its nature uncertain given that estimates depend on events over which we may not have control. If market and other conditions change from those that we anticipate, our results of operations, financial condition and changes in financial condition may be materially affected. In addition, if our assumptions change, we may need to revise our estimates, or to take other corrective actions, either of which may also have a material effect on our results of operations, financial condition or changes in financial condition. Members of our senior management have discussed the development and selection of our critical accounting estimates, and our disclosure regarding them, with the audit committee of our board of directors, and do so on a regular basis.

We believe that the following estimates have a higher degree of inherent uncertainty and require our most significant judgments. In addition, had we used estimates different from any of these, our results of operations, financial condition or changes in financial condition for the current period could have been materially different from those presented.

Intangible Assets

All amortizable intangible assets are assessed for impairment whenever events indicate a possible loss. Such an assessment involves estimating undiscounted cash flows over the remaining useful life of the intangible. If the review indicates that undiscounted cash flows are less than the recorded value of the intangible asset, the carrying amount of the intangible is reduced by the estimated cash-flow shortfall on a discounted basis, and a corresponding loss is charged to the consolidated statement of operations. Significant changes in key assumptions about the business, market conditions and prospects for which the intangible asset is currently utilized or expected to be utilized could result in an impairment charge.

Stock-Based Compensation

We account for stock-based compensation in accordance with FASB Accounting Standards Codification Topic 718 Stock Compensation, which establishes accounting for equity instruments exchanged for employee services. Under such provisions, stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense, under the straight-line method, over the employee's requisite service period (generally the vesting period of the equity grant).

We account for equity instruments, including stock options issued to non-employees, in accordance with authoritative guidance for equity-based payments to non-employees (FASB ASC 505-50). Stock options issued to non-employees are accounted for at their estimated fair value. The fair value of options granted to non-employees is re-measured as they vest.

We utilize the Black-Scholes-Merton option pricing model to estimate the fair value of options granted under share-based compensation plans. The Black-Scholes-Merton model requires us to estimate a variety of factors including, but not limited to, the expected term of the award, stock price volatility, dividend rate, risk-free interest rate. The input factors to use in the valuation model are based on subjective future expectations combined with management judgment. The expected term used represents the weighted-average period that the stock options are expected to be outstanding. We have used the historical volatility for our stock for the expected volatility assumption required in the model, as it is more representative of future stock price trends. We use a risk-free interest rate that is based on the implied yield available on U.S. Treasury issued with an equivalent remaining term at the time of grant. We have not paid dividends in the past and currently do not plan to pay any dividends in the foreseeable future, and as such, dividend yield is assumed to be zero for the purposes of valuing the stock options granted. We evaluate the assumptions used to value stock awards on a quarterly basis. If factors change, and we employ different assumptions, share-based compensation expense may differ significantly from what we have recorded in the past. When there are any modifications or cancellations of the underlying unvested securities, we may be required to accelerate, increase or cancel any remaining unearned share-based compensation expense. To the extent that we grant additional equity securities to employees, our share-based compensation expense will be increased by the additional unearned compensation resulting from those additional grants.

Income Taxes

We regularly assess the likelihood that deferred tax assets will be recovered from future taxable income. To the extent management believes that it is more likely than not that a deferred tax asset will not be realized, a valuation allowance is established. When a valuation allowance is established or increased, an income tax charge is included in the consolidated financial statements and net deferred tax assets are adjusted accordingly. Changes in tax laws, statutory tax rates and estimates of our future taxable income levels could result in actual realization of the deferred tax assets being materially different from the amounts provided for in the consolidated financial statements. If the actual recovery amount of the deferred tax asset is less than anticipated, we would be required to write-off the remaining deferred tax asset and increase the tax provision, resulting in a reduction of earnings and stockholders' equity.

Inventories

All inventories are accounted for on a lower of cost or net realizable value. Inventories consist of raw materials and finished goods. Depending on market conditions, the actual amount received on sale could differ from our estimated value of inventory. In order to determine the value of inventory at the balance sheet date, we evaluate a number of factors to determine the adequacy of provisions for inventory. The factors include the age of inventory, the amount of inventory held by type, future demand for products and the expected future selling price we expect to realize by selling the inventory. Our estimates are judgmental in nature and are made at a point in time, using available information, expected business plans and expected market conditions. We perform a review of our inventory by product line on a quarterly basis.

Our subsidiary, S&W Australia, does not fix the final price for seed payable to its growers until the completion of a given year's sales cycle pursuant to its standard contract production agreement. We record an estimated unit price accordingly, inventory, cost of revenue and gross profits are based upon management's best estimate of the final purchase price to our S&W Australia growers. To the extent the estimated purchase price varies from the final purchase price for seed, the adjustment to actual could materially impact the results in the period when the difference between estimates and actuals are identified. If the actual purchase price is in excess of our estimated purchase price, this would negatively impact our financial results including a reduction in gross profits and earnings.

Allowance for Doubtful Accounts

We regularly assess the collectability of receivables and provide an allowance for doubtful trade receivables equal to the estimated uncollectible amounts. That estimate is based on historical collection experience, current economic and market conditions and a review of the current status of each customer's trade accounts receivable. Our estimates are judgmental in nature and are made at a point in time. Management believes the allowance for doubtful accounts is appropriate to cover anticipated losses in our accounts receivable under current conditions; however, unexpected, significant deterioration in any of the factors mentioned above or in general economic conditions could materially change these expectations.

Item 7A. Qualitative and Quantitative Disclosures about Market Risk

As a smaller reporting company, we are not required to provide information typically disclosed under this item.

Item 8. Financial Statements

Index to Consolidated Financial Statements

	Page
Report of Independent Registered Public Accounting Firm	71
Consolidated Balance Sheets at June 30, 2018 and 2017	72
Consolidated Statements of Operations for the Fiscal Years Ended June 30, 2018 and 2017	73
Consolidated Statements of Comprehensive Loss for the Fiscal Years Ended June 30, 2018 and 2017	74
Consolidated Statements of Stockholders' Equity for the Fiscal Years Ended June 30, 2018 and 2017	75
Consolidated Statements of Cash Flows for the Fiscal Years Ended June 30, 2018 and 2017	76
Notes to Consolidated Financial Statements	77

Report of Independent Registered Public Accounting Firm

Stockholders and the Board of Directors of S&W Seed Company
Sacramento, California

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of S&W Seed Company (the "Company") as of June 30, 2018 and 2017, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the two years in the period ended June 30, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended June 30, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Crowe LLP

We have served as the Company's auditor since 2015.

San Francisco, California
September 20, 2018

S&W SEED COMPANY
CONSOLIDATED BALANCE SHEETS

	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,320,894	\$ 745,001
Accounts receivable, net	13,861,932	23,239,325
Inventories, net	60,419,276	31,489,945
Prepaid expenses and other current assets	1,279,794	1,249,921
TOTAL CURRENT ASSETS	<u>79,881,896</u>	<u>56,724,192</u>
Property, plant and equipment, net	13,180,132	13,581,576
Intangibles, net	33,109,780	34,939,079
Goodwill	10,292,265	10,292,265
Other assets	1,303,135	1,563,176
TOTAL ASSETS	<u>\$ 137,767,208</u>	<u>\$ 117,100,288</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 5,935,454	\$ 7,157,745
Accounts payable - related parties	-	331,694
Deferred revenue	212,393	880,326
Accrued expenses and other current liabilities	3,114,799	2,733,718
Lines of credit, net	32,630,559	27,399,784
Current portion of contingent consideration obligation	-	2,500,000
Current portion of long-term debt, net	503,012	10,309,664
TOTAL CURRENT LIABILITIES	<u>42,396,217</u>	<u>51,312,931</u>
Long-term debt, net, less current portion	12,977,087	1,096,155
Derivative warrant liabilities	-	2,836,600
Other non-current liabilities	651,780	632,947
TOTAL LIABILITIES	<u>56,025,084</u>	<u>55,878,633</u>
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$0.001 par value; 50,000,000 shares authorized; 24,367,906 issued and 24,342,906 outstanding at June 30, 2018; 18,004,681 issued and 17,979,681 outstanding at June 30, 2017;	24,367	18,004
Treasury stock, at cost, 25,000 shares	(134,196)	(134,196)
Additional paid-in capital	108,803,991	83,312,518
Accumulated deficit	(21,161,376)	(16,436,286)
Accumulated other comprehensive loss	(5,790,662)	(5,538,385)
TOTAL STOCKHOLDERS' EQUITY	<u>81,742,124</u>	<u>61,221,655</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 137,767,208</u>	<u>\$ 117,100,288</u>

See notes to consolidated financial statements.

S&W SEED COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended	
	June 30,	
	2018	2017
Revenue	\$ 64,085,510	\$ 75,373,810
Cost of revenue	49,332,052	59,232,846
Gross profit	14,753,458	16,140,964
Operating expenses		
Selling, general and administrative expenses	10,503,020	11,794,026
Research and development expenses	3,887,723	3,032,112
Depreciation and amortization	3,439,287	3,325,743
Disposal of property, plant and equipment (gain) loss	(82,980)	78,538
Impairment charges	-	319,001
Total operating expenses	17,747,050	18,549,420
Loss from operations	(2,993,592)	(2,408,456)
Other expense		
Foreign currency (gain) loss	(12,584)	1,388
Change in derivative warrant liabilities	(431,300)	(1,517,500)
Change in contingent consideration obligations	-	231,584
Loss on equity method investment	-	144,841
Anticipated loss on sub-lease land	-	424,600
Interest expense - amortization of debt discount	169,045	1,176,023
Interest expense	1,863,288	1,324,945
Loss before income taxes	(4,582,041)	(4,194,337)
Provision for income taxes	143,049	7,627,705
Net loss	\$ (4,725,090)	\$ (11,822,042)
Net loss per common share:		
Basic	\$ (0.21)	\$ (0.67)
Diluted	\$ (0.21)	\$ (0.67)
Weighted average number of common shares outstanding:		
Basic	22,481,491	17,718,057
Diluted	22,481,491	17,718,057

See notes to consolidated financial statements.

S&W SEED COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Years Ended	
	June 30,	
	2018	2017
Net loss	\$ (4,725,090)	\$ (11,822,042)
Foreign currency translation adjustment, net of income taxes	(252,277)	251,278
Comprehensive loss	<u>\$ (4,977,367)</u>	<u>\$ (11,570,764)</u>

See notes to consolidated financial statements.

S&W SEED COMPANY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	<u>Common Stock</u>		<u>Treasury Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Balance, June 30, 2016	17,086,111	\$ 17,086	(25,000)	\$ (134,196)	\$ 78,282,461	\$ (4,614,244)	\$ (5,789,663)	\$ 67,761,444
Stock-based compensation - options, restricted stock, and RSUs	-	-	-	-	1,409,368	-	-	1,409,368
Net issuance to settle RSUs	72,468	72	-	-	(143,599)	-	-	(143,527)
Issuance of common stock upon conversion of principal and interest of convertible debentures	684,321	684	-	-	3,160,588	-	-	3,161,272
Exercise of stock options, net of withholding taxes	161,781	162	-	-	603,700	-	-	603,862
Other comprehensive income	-	-	-	-	-	-	251,278	251,278
Net loss	-	-	-	-	-	(11,822,042)	-	(11,822,042)
Balance, June 30, 2017	<u>18,004,681</u>	<u>18,004</u>	<u>(25,000)</u>	<u>(134,196)</u>	<u>83,312,518</u>	<u>(16,436,286)</u>	<u>(5,538,385)</u>	<u>61,221,655</u>
Stock-based compensation - options, restricted stock, and RSUs	-	-	-	-	748,516	-	-	748,516
Net issuance to settle RSUs	103,225	103	-	-	(115,422)	-	-	(115,319)
Proceeds from sale of common stock, net of fees and expenses	6,260,000	6,260	-	-	22,453,079	-	-	22,459,339
Reclassification of warrants upon expiration of repricing provisions	-	-	-	-	2,405,300	-	-	2,405,300
Other comprehensive loss	-	-	-	-	-	-	(252,277)	(252,277)
Net loss	-	-	-	-	-	(4,725,090)	-	(4,725,090)
Balance, June 30, 2018	<u>24,367,906</u>	<u>\$ 24,367</u>	<u>(25,000)</u>	<u>\$ (134,196)</u>	<u>\$108,803,991</u>	<u>\$ (21,161,376)</u>	<u>\$ (5,790,662)</u>	<u>\$ 81,742,124</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended	
	June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (4,725,090)	\$ (11,822,042)
Adjustments to reconcile net loss from operating activities to net cash used in operating activities		
Stock-based compensation	748,516	1,409,368
Change in allowance for doubtful accounts	78,980	449,590
Change in inventory provision	482,250	-
Depreciation and amortization	3,439,287	3,325,743
(Gain) loss on disposal of property, plant and equipment	(82,980)	78,538
Impairment charges	-	319,001
Change in deferred tax asset	-	7,269,420
Change in foreign exchange contracts	272,801	112,970
Change in derivative warrant liabilities	(431,300)	(1,517,500)
Change in contingent consideration obligation	-	231,584
Amortization of debt discount	169,045	1,176,023
Loss on equity method investment	-	144,841
Anticipated loss on sub-lease land	-	424,600
Changes in:		
Accounts receivable	9,207,302	4,110,609
Inventories	(29,860,271)	(9,343,989)
Prepaid expenses and other current assets	(241,394)	(41,928)
Other non-current asset	259,683	(9,487)
Accounts payable	(1,052,624)	(7,400,553)
Accounts payable - related parties	(336,494)	(64,424)
Deferred revenue	(456,643)	369,688
Accrued expenses and other current liabilities	307,500	314,402
Other non-current liabilities	21,191	163,386
Net cash used in operating activities	(22,200,241)	(10,300,160)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,187,307)	(2,960,620)
Proceeds from disposal of property, plant and equipment	45,830	877,617
Acquisition of germplasm assets	(295,034)	-
Additions to internal use software	-	(156,185)
Net cash used in investing activities	(1,436,511)	(2,239,188)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from sale of common stock	22,459,339	-
Net proceeds from exercise of common stock options	-	603,862
Taxes paid related to net share settlements of stock-based compensation awards	(115,319)	(143,527)
Borrowings and repayments on lines of credit, net	5,439,382	10,488,213
Payment of contingent consideration obligation	(2,500,000)	-
Borrowings of long-term debt	12,590,318	280,654
Debt issuance costs	(257,964)	-
Repayments of long-term debt	(10,273,560)	(304,770)
Repayments of convertible debt	-	(4,721,551)
Net cash provided by financing activities	27,342,196	6,202,881
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(129,551)	176,968
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,575,893	(6,159,499)
CASH AND CASH EQUIVALENTS, beginning of the period	745,001	6,904,500
CASH AND CASH EQUIVALENTS, end of period	\$ 4,320,894	\$ 745,001
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid (received) during the period for:		
Interest	\$ 1,830,277	\$ 1,366,854
Income taxes	(150,139)	210,682

See notes to consolidated financial statements.

S&W SEED COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BACKGROUND AND ORGANIZATION

Organization

S&W Seed Company, a Nevada corporation (the "Company"), began as S&W Seed Company, a general partnership, in 1980 and was originally in the business of breeding, growing, processing and selling alfalfa seed. We then incorporated a corporation with the same name in Delaware in October 2009, which is the successor entity to Seed Holding, LLC, having purchased a majority interest in the general partnership between June 2008 and December 2009. Following the Company's initial public offering in May 2010, the Company purchased the remaining general partnership interests and became the sole owner of the general partnership's original business. Seed Holding, LLC remains a consolidated subsidiary of the Company.

In December 2011, the Company reincorporated in Nevada as a result of a statutory short-form merger of the Delaware corporation into its wholly-owned subsidiary, S&W Seed Company, a Nevada corporation.

On April 1, 2013, the Company, together with its wholly-owned subsidiary, S&W Holdings Australia Pty Ltd, an Australia corporation (f/k/a S&W Seed Australia Pty Ltd "S&W Holdings"), consummated an acquisition of all of the issued and outstanding shares of Seed Genetics International Pty Ltd, an Australia corporation ("SGI"), from SGI's shareholders. In April 2018, SGI changed its name to S&W Seed Company Australia Pty Ltd ("S&W Australia").

Business Overview

Since its establishment, the Company, including its predecessor entities, has been principally engaged in breeding, growing, processing and selling agricultural seeds, primarily alfalfa seed. The Company owns seed cleaning and processing facilities, which are located in Five Points, California, Nampa, Idaho and Keith, South Australia. The Company's seed products are primarily grown under contract by farmers. The Company began its stevia initiative in fiscal year 2010 and is currently focused on breeding improved varieties of stevia and developing marketing and distribution programs for its stevia products.

The Company has also been actively engaged in expansion initiatives through a combination of organic growth and strategic acquisitions, including in December 31, 2014, when the Company purchased certain alfalfa research and production facilities and conventional (non-GMO) alfalfa germplasm assets and assumed certain related liabilities ("the Pioneer Acquisition") of Pioneer Hi-Bred International, Inc. ("DuPont Pioneer").

The Company has a long-term distribution agreement with DuPont Pioneer regarding conventional (non-GMO) varieties, the term of which extends into 2024. The Company's production agreement with DuPont Pioneer (relating to GMO-traited varieties) terminates on May 31, 2019. Although the production agreement will terminate on May 31, 2019, the Company expects that the DuPont Pioneer distribution agreement will continue to be a significant source of the Company's annual revenue through December 2024.

In May 2016, the Company acquired the assets and business of SV Genetics, a private Australian company specializing in the breeding and licensing of proprietary hybrid sorghum and sunflower seed germplasm, which represented the Company's initial effort to diversify its product portfolio beyond alfalfa seed and stevia.

The Company's operations span the world's alfalfa seed production regions with operations in the San Joaquin and Imperial Valleys of California, five other U.S. states, Australia, and three provinces in Canada, and the Company sells its seed products in more than 30 countries around the globe.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company maintains its accounting records on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The consolidated financial statements include the accounts of Seed Holding, LLC and its other wholly-owned subsidiaries, S&W Holdings, which owns 100% of S&W Australia, and Stevia California, LLC. All significant intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are adjusted to reflect actual experience when necessary. Significant estimates and assumptions affect many items in the financial statements. These include allowance for doubtful trade receivables, inventory valuation, asset impairments, provisions for income taxes, grower accruals (an estimate of amounts payable to farmers who grow seed for the Company), contingent consideration obligations, derivative liabilities, contingencies and litigation. Significant estimates and assumptions are also used to establish the fair value and useful lives of depreciable tangible and certain intangible assets, goodwill as well as valuing stock-based compensation. Actual results may differ from those estimates and assumptions, and such results may affect income, financial position or cash flows.

Certain Risks and Concentrations

The Company's revenue is principally derived from the sale of alfalfa seed, the market for which is highly competitive. The Company depends on a core group of significant customers. One customer accounted for 62% of its revenue for the year ended June 30, 2018. Two customers accounted for 58% of its revenue for the year ended June 30, 2017.

One customer accounted for 35% of the Company's accounts receivable at June 30, 2018. Two customers accounted for 52% of the Company's accounts receivable at June 30, 2017.

In addition, the Company sells a substantial portion of its products to international customers. Sales to international markets represented 35% and 45% of revenue during the years ended June 30, 2018 and 2017, respectively. The net book value of fixed assets located outside the United States was 20% and 19% of total assets at June 30, 2018 and June 30, 2017, respectively. Cash balances located outside of the United States may not be insured and totaled \$369,803 and \$192,879 at June 30, 2018 and June 30, 2017, respectively.

The following table shows revenue from external sources by destination country:

	Years Ended June 30,			
	2018		2017	
United States	\$ 41,662,556	65%	\$ 41,505,305	55%
Mexico	4,932,105	8%	4,749,315	6%
Sudan	3,178,039	5%	2,747,923	4%
Argentina	2,748,492	4%	2,881,050	4%
Peru	1,844,898	3%	1,230,999	2%
Saudi Arabia	1,461,368	2%	12,055,276	16%
Australia	1,242,957	2%	1,882,899	2%
Italy	938,252	1%	151,415	0%
Libya	936,423	1%	158,500	0%
South Africa	802,629	1%	1,190,789	2%
Other	4,337,791	8%	6,820,338	9%
Total	\$ 64,085,510	100%	\$ 75,373,810	100%

International Operations

The Company translates its foreign operations' assets and liabilities denominated in foreign currencies into U.S. dollars at the current rates of exchange as of the balance sheet date and income and expense items at the average exchange rate for the reporting period. Translation adjustments resulting from exchange rate fluctuations are recorded in the cumulative translation account, a component of accumulated other comprehensive income. Gains or losses from foreign currency transactions are included in the consolidated statement of operations.

Revenue Recognition

The Company derives its revenue primarily from sale of seed and other crops and milling services. Revenue from seed and other crop sales is recognized when risk and title to the product is transferred to the customer.

The Company recognizes revenue from milling services according to the terms of the sales agreements and when delivery has occurred, performance is complete and pricing is fixed or determinable at the time of sale.

Additional conditions for recognition of revenue for all sales include the requirements that the collection of sales proceeds must be reasonably assured based on historical experience and current market conditions, the sales price is fixed and determinable and that there must be no further performance obligations under the sale.

Cost of Revenue

The Company records purchasing and receiving costs, inspection costs and warehousing costs in cost of revenue. When the Company is required to pay for outward freight and/or the costs incurred to deliver products to its customers, the costs are included in cost of revenue.

Cash and Cash Equivalents

For financial statement presentation purposes, the Company considers time deposits, certificates of deposit and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At times, cash and cash equivalents balances exceed amounts insured by the Federal Deposit Insurance Corporation.

Accounts Receivable

The Company provides an allowance for doubtful trade receivables equal to the estimated uncollectible amounts. That estimate is based on historical collection experience, current economic and market conditions and a review of the current status of each customer's trade accounts receivable. The allowance for doubtful trade receivables was \$584,202 and \$526,495 at June 30, 2018 and June 30, 2017, respectively.

Inventories

Inventories consist of seed and packaging materials.

Inventories are stated at the lower of cost or net realizable value, and an inventory reserve permanently reduces the cost basis of inventory. Inventories are valued as follows: Actual cost is used to value raw materials such as packaging materials, as well as goods in process. Costs for substantially all finished goods, which include the cost of carryover crops from the previous year, are valued at actual cost. Actual cost for finished goods includes plant conditioning and packaging costs, direct labor and raw materials and manufacturing overhead costs based on normal capacity. The Company records abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage) as current period charges and allocates fixed production overhead to the costs of finished goods based on the normal capacity of the production facilities.

The Company's subsidiary, S&W Australia, does not fix the final price for seed payable to its growers until the completion of a given year's sales cycle pursuant to its standard contract production agreement. S&W Australia records an estimated unit price; accordingly, inventory, cost of revenue and gross profits are based upon management's best estimate of the final purchase price to growers.

Inventory is periodically reviewed to determine if it is marketable, obsolete or impaired. Inventory that is determined to be obsolete or impaired is written off to expense at the time the impairment is identified. Because the germination rate, and therefore the quality, of alfalfa seed improves over the first year of proper storage, inventory obsolescence for alfalfa seed is not a material concern. The Company sells its inventory to distributors, dealers and directly to growers.

Components of inventory are:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Raw materials and supplies	\$ 344,620	\$ 266,551
Work in progress and growing crops	2,775,398	5,603,825
Finished goods	57,299,258	25,619,569
	<u>\$ 60,419,276</u>	<u>\$ 31,489,945</u>

Property, Plant and Equipment

Property, plant and equipment is depreciated using the straight-line method over the estimated useful life of the asset - periods of 5-28 years for buildings, 3-20 years for machinery and equipment, and 3-5 years for vehicles.

Intangible Assets

Intangible assets acquired in business acquisitions are reported at their initial fair value less accumulated amortization. Intangible assets are amortized using the straight-line method over the estimated useful life of the asset. Periods of 10-30 years for technology/IP/germplasm, 10-20 years for customer relationships and trade names and 3-20 for other intangible assets. The weighted average estimated useful lives are 26 years for technology/IP/germplasm, 18 years for customer relationships and 20 years for trade names and other intangible assets.

Goodwill

Goodwill originated from acquisitions of Imperial Valley Seeds, Inc. ("IVS") and S&W Australia in fiscal year 2013, the acquisition of the alfalfa business from DuPont Pioneer in fiscal year 2015 and the acquisition of assets of SV Genetics in fiscal year 2016. Goodwill is assessed at least annually, or when certain triggering events occur, for impairment using fair value measurement techniques. These events could include a significant change in the business climate, legal factors, a decline in operating performance, competition, sale or disposition of a significant portion of the business, or other factors. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair

value of a reporting unit is less than its carrying amount, including goodwill. If management concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, management conducts a two-step quantitative goodwill impairment test. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. The Company uses market capitalization and an estimate of a control premium to estimate the fair value of its one reporting unit. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit. The Company performed a quantitative assessment of goodwill at June 30, 2018 and 2017 and determined that goodwill was not impaired.

Equity Method Investments

Investee companies that are not consolidated, but over which the Company exercises significant influence, are accounted for under the equity method of accounting. Whether or not the Company exercises significant influence with respect to an investee depends on an evaluation of several factors including, among others, representation on the investee company's board of directors and ownership level, which is generally a 20% to 50% interest in the voting securities of the investee company. Under the equity method of accounting, an investee company's accounts are not reflected within the Company's consolidated balance sheets and statements of operations; however, the Company's share of the earnings or losses of the investee company is reflected in the caption "Loss on equity method investment" in the consolidated statements of operations. The Company's carrying value in an equity method investee company is included in the Company's consolidated balance sheets. When the Company's carrying value in an equity method investee company is reduced to zero, no further losses are recorded in the Company's consolidated financial statements unless the Company guaranteed obligations of the investee company or has committed additional funding. When the investee company subsequently reports income, the Company will not record its share of such income until it equals the amount of its share of losses not previously recognized.

Cost Method Investments

Investee companies not accounted for under the consolidation or the equity method of accounting are accounted for under the cost method of accounting. Under this method, the Company's share of the earnings or losses of such investee companies is not included in the consolidated balance sheet or statement of operations. However, impairment charges are recognized in the consolidated statement of operations. If circumstances suggest that the value of the investee company has subsequently recovered, such recovery is not recorded.

Research and Development Costs

The Company is engaged in ongoing research and development ("R&D") of proprietary seed and stevia varieties. All R&D costs must be charged to expense as incurred. Accordingly, internal R&D costs are expensed as incurred. Third-party R&D costs are expensed when the contracted work has been performed or as milestone results have been achieved. The costs associated with equipment or facilities acquired or constructed for R&D activities that have alternative future uses are capitalized and depreciated on a straight-line basis over the estimated useful life of the asset.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial statement and tax basis of assets and liabilities, as well as a consideration of net operating loss and credit carry forwards, using enacted tax rates in effect for the period in which the differences are expected to impact taxable income. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount that is more likely than not to be realized. The Company's effective tax rate for the years ended June 30, 2018 and 2017 has been effected by the valuation allowance on the Company's deferred tax assets.

Net Income (Loss) Per Common Share Data

Basic net income (loss) per common share ("EPS"), is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting both the numerator (net income (loss)) and the denominator (weighted-average number of shares outstanding) for the dilutive effects of potentially dilutive securities, including options, restricted stock awards, convertible debt and common stock warrants.

- The if-converted method is used for convertible debt. Under the if-converted method, interest expense recognized in the period on the convertible debt is added to net income, and the number of shares that would be obtained upon conversion is added to the denominator.
- The treasury stock method is used for common stock warrants, stock options, and restricted stock awards. Under this method, consideration that would be received upon exercise (as well as remaining compensation cost to be recognized for awards not yet vested) is assumed to be used repurchase shares of stock in the market, with net number of shares assumed to be issued added to the denominator.

The calculation of Basic and Diluted EPS is shown in the table below. Classes of securities identified in the table with no adjustments in the calculation of Diluted EPS were determined to be antidilutive for the applicable periods.

	Years Ended	
	June 30,	
	2018	2017
Numerator:		
Net loss	\$ (4,725,090)	\$ (11,822,042)
Numerator for basic EPS	<u>(4,725,090)</u>	<u>(11,822,042)</u>
Effect of dilutive securities:		
Warrants	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Numerator for diluted EPS	\$ (4,725,090)	\$ (11,822,042)
Denominator:		
Denominator for basic EPS - weighted-average shares	22,481,491	17,718,057
Effect of dilutive securities:		
Employee stock options	-	-
Employee restricted stock units	-	-
Warrants	<u>-</u>	<u>-</u>
Dilutive potential common shares	<u>-</u>	<u>-</u>
Denominator for diluted EPS - adjusted weighted average shares and assumed conversions	<u>22,481,491</u>	<u>17,718,057</u>
Basic EPS	\$ <u>(0.21)</u>	\$ <u>(0.67)</u>
Diluted EPS	\$ <u>(0.21)</u>	\$ <u>(0.67)</u>

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for impairment annually or more often if events and circumstances warrant. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of long-lived assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset.

Derivative Financial Instruments

Foreign Exchange Contracts

The Company's subsidiary, S&W Australia, is exposed to foreign currency exchange rate fluctuations in the normal course of its business, which the Company at times manages through the use of foreign currency forward contracts.

The Company has entered into certain derivative financial instruments (specifically foreign currency forward contracts), and accounts for these instruments in accordance with ASC Topic 815, "Derivatives and Hedging", which establishes accounting and reporting standards requiring that derivative instruments be recorded on the balance sheet as either an asset or liability measured at fair value. The Company's foreign currency contracts are not designated as hedging instruments under ASC 815; accordingly, changes in the fair value are recorded in current period earnings.

Derivative Liabilities

The Company reviews the terms of the common stock, warrants and convertible debt it issues to determine whether there are embedded derivative instruments, including embedded conversion options and redemption options, which are required to be bifurcated and accounted for separately as derivative financial instruments.

Fair Value of Financial Instruments

The Company discloses assets and liabilities that are recognized and measured at fair value, presented in a three-tier fair value hierarchy, as follows:

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

No assets or liabilities were valued at fair value on a non-recurring basis as of June 30, 2018 or June 30, 2017.

The carrying value of cash and cash equivalents, accounts payable, short-term and all long-term borrowings, as reflected in the consolidated balance sheets, approximate fair value because of the short-term maturity of these instruments or interest rates commensurate with market rates. There have been no changes in operations and/or credit characteristics since the date of issuance that could impact the relationship between interest rate and market rates. The Company used a discounted cash flows approach to measure the fair value using Level 3 inputs.

Assets and liabilities that are recognized and measured at fair value on a recurring basis are categorized as follows:

Fair Value Measurements as of June 30, 2018			
Using:			
	Level 1	Level 2	Level 3
Foreign exchange contract liability	\$ -	\$ 100,138	\$ -
Contingent consideration obligations	-	-	-
Total	\$ -	\$ 100,138	\$ -

Fair Value Measurements as of June 30, 2017			
Using:			
	Level 1	Level 2	Level 3
Foreign exchange contract asset	\$ -	\$ 166,629	\$ -
Contingent consideration obligations	-	-	2,500,000
Derivative warrant liabilities	-	-	2,836,600
Total	\$ -	\$ 166,629	\$ 5,336,600

During the year ended June 30, 2018, a change in derivative warrant liability of \$431,300 was recorded in earnings. Upon expiration of the round-down pricing protection on December 31, 2017, the warrants were reclassified from derivative warrant liabilities to equity.

During the year ended June 30, 2018, there was no change in the contingent consideration obligations. The DuPont contingent consideration was settled on December 1, 2017. Refer to Note 5 for further discussion.

Recently Adopted and Issued Accounting Pronouncements

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, *Simplifying the Test for Goodwill Impairment ("ASU 2017-04")*. This standard eliminates Step 2 from the goodwill impairment test. Instead, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit. ASU 2017-04 is effective for the Company beginning July 1, 2020. The adoption is not expected to have a material impact on the consolidated financial statements.

In August 2016, the FASB issued Accounting Standards Update No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments ("ASU 2016-15")*. This standard addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. ASU 2016-15 is effective for the Company beginning July 1, 2018 and the Company is currently evaluating the impact that ASU 2016-15 will have on its consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, *Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09")*. This standard was issued as part of the FASB's Simplification Initiative that involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. Some of the areas for simplification apply only to

nonpublic entities. For public business entities, ASU 2016-09 is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. The method of adoption is dependent on the specific aspect of accounting addressed in this new guidance. Early adoption is permitted in any interim or annual period. The Company adopted ASU 2016-09 in the first quarter of the fiscal year ended June 30, 2018. The adoption did not have a material impact on the consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02: *Leases* ("ASU 2016-02"). This standard amends various aspects of existing accounting guidance for leases, including the recognition of a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. This standard also introduces new disclosure requirements for leasing arrangements. For public business entities, ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The new standard must be adopted using a modified retrospective approach, and provides for certain practical expedients. The Company is evaluating the impact of the adoption of ASU 2016-02 on its consolidated financial statements and related disclosures.

ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606"), is mandatorily effective for the Company in the first quarter of its next fiscal year, which begins on July 1, 2018. This ASC topic outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most existing revenue recognition guidance under U.S. GAAP. The core principle of the guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Topic 606 also requires enhanced disclosures about the nature, amount, timing, and uncertainty of revenues and cash flows arising from contracts with customers. The Company has the option of adopting Topic 606 using either 1) a full retrospective approach, in which comparative periods presented would be adjusted to reflect the provisions of Topic 606, or 2) a modified retrospective approach, in which the cumulative effect of applying the new standards to open contracts as of July 1, 2018 would be recognized as a cumulative effect adjustment. The Company currently anticipates adopting the new standard using the full retrospective approach.

The Company is near finalization of its evaluation of the impact of the adoption of Topic 606 on its consolidated financial statements and related disclosures. From that evaluation, the Company has identified a need to potentially change the accounting for revenue from the DuPont Pioneer distribution agreement, which made up 62% of the Company's revenues in the year ended June 30, 2018. The result of this change would be that revenue would be recognized earlier than it currently is, because the provisions of Topic 606 would require recognition during processing of the seed, rather than upon delivery, which is the current accounting. The Company believes that the total amount of revenue for each fiscal year will remain the same, but that a significant portion of the Pioneer revenue would be recognized in earlier quarters under ASC 606.

The Company has preliminarily concluded that the new standards will not result in changes to its revenue recognition policies for the rest of its customer contracts. The Company continues to work on preparing the enhanced revenue disclosures that will be presented in the first quarter of fiscal year 2019.

NOTE 3 - GOODWILL AND INTANGIBLE ASSETS

The following table summarizes the activity of goodwill for the years ended June 30, 2018 and 2017, respectively.

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Balance at June 30, 2018</u>
Goodwill	\$ 10,292,265	\$ -	\$ 10,292,265

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Balance at June 30, 2017</u>
Goodwill	\$ 10,292,265	\$ -	\$ 10,292,265

Intangible assets consist of the following:

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance at June 30, 2018</u>
Trade name	\$ 1,244,306	\$ -	\$ (84,480)	\$ 1,159,826
Customer relationships	1,258,163	-	(101,208)	1,156,955
Non-compete	102,035	-	(39,315)	62,720
GI customer list	78,803	-	(7,164)	71,639
Supply agreement	1,153,415	-	(75,632)	1,077,783
Distribution agreement	6,728,753	-	(384,500)	6,344,253
Production agreement	111,670	-	(111,670)	-
Grower relationships	1,858,616	-	(105,408)	1,753,208
Intellectual property	21,725,539	295,034	(1,147,180)	20,873,393
Internal use software	677,779	-	(67,776)	610,003
	<u>\$ 34,939,079</u>	<u>\$ 295,034</u>	<u>\$ (2,124,333)</u>	<u>\$ 33,109,780</u>

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance at June 30, 2017</u>
Trade name	\$ 1,328,786	\$ -	\$ (84,480)	\$ 1,244,306
Customer relationships	1,359,371	-	(101,208)	1,258,163
Non-compete	198,999	-	(96,964)	102,035
GI customer list	85,967	-	(7,164)	78,803
Supply agreement	1,229,047	-	(75,632)	1,153,415
Distribution agreement	7,113,253	-	(384,500)	6,728,753
Production agreement	335,002	-	(223,332)	111,670
Grower relationships	1,964,024	-	(105,408)	1,858,616
Intellectual property	22,870,760	-	(1,145,221)	21,725,539
Internal use software	521,593	156,186	-	677,779
	<u>\$ 37,006,802</u>	<u>\$ 156,186</u>	<u>\$ (2,223,909)</u>	<u>\$ 34,939,079</u>

Amortization expense totaled \$2,124,333 and \$2,223,909 for the years ended June 30, 2018 and 2017, respectively. Estimated aggregate remaining amortization is as follows:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Thereafter</u>
Amortization expense	\$ 1,989,188	\$ 1,989,188	\$ 1,989,188	\$ 1,989,188	\$ 1,983,896	\$ 23,169,132

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Components of property, plant and equipment were as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Land and improvements	\$ 2,068,742	\$ 2,223,674
Buildings and improvements	8,888,196	6,401,277
Machinery and equipment	5,731,293	5,435,542
Vehicles	1,130,276	1,005,455
Construction in progress	220,089	2,196,513
Total property, plant and equipment	<u>18,038,596</u>	<u>17,262,461</u>
Less: accumulated depreciation	<u>(4,858,464)</u>	<u>(3,680,885)</u>
Property, plant and equipment, net	<u>\$ 13,180,132</u>	<u>\$ 13,581,576</u>

Depreciation expense totaled \$1,314,954 and \$1,101,834 for the years ended June 30, 2018 and 2017, respectively.

NOTE 5 - DEBT

Total debt outstanding is presented on the consolidated balance sheet as follows:

	June 30, 2018	June 30, 2017
Working capital lines of credit		
KeyBank	\$ 25,050,464	\$ 18,695,896
National Australia Bank Limited	7,697,040	8,703,888
Debt issuance costs	(116,945)	-
Total working capital lines of credit, net	<u>\$ 32,630,559</u>	<u>\$ 27,399,784</u>
Current portion of long-term debt		
Capital lease	\$ 27,241	\$ 26,648
Keith facility (building loan) - National Australia Bank Limited	3,701	-
Keith facility (machinery & equipment loans) - National Australia Bank Limited	198,251	183,016
Unsecured subordinate promissory note	100,000	100,000
Promissory note - DuPont Pioneer	-	10,000,000
Secured real estate note - Conterra	229,789	-
Debt issuance costs	(76,981)	-
Secured equipment note - Conterra	37,824	-
Debt issuance costs	(16,813)	-
Total current portion, net	<u>503,012</u>	<u>10,309,664</u>
Long-term debt, less current portion		
Capital lease	-	26,648
Keith facility (building loan) - National Australia Bank Limited	421,857	499,524
Keith facility (machinery & equipment loans) - National Australia Bank Limited	431,754	569,983
Secured real estate note - Conterra	10,170,211	-
Debt issuance costs	(100,576)	-
Secured equipment note - Conterra	2,062,176	-
Debt issuance costs	(8,335)	-
Total long-term portion, net	<u>12,977,087</u>	<u>1,096,155</u>
Total debt, net	<u>\$ 13,480,099</u>	<u>\$ 11,405,819</u>

On September 22, 2015, the Company entered into a credit and security agreement (the "KeyBank Credit Facility") with KeyBank. Key provisions of the KeyBank Credit Facility, as amended, include:

- An aggregate principal amount that the Company may borrow, repay and reborrow, of up to \$35.0 million in the aggregate, subject to a requirement that the Company maintain a reduced loan balance of (i) not more than \$20.0 million for at least 30 consecutive days over the prior twelve months (measured each quarter on a trailing 12 month basis) and (ii) not more than \$25.0 million for at least 60 consecutive days over the prior twelve months (measured each quarter on a trailing 12 month basis).
- All amounts due and owing, including, but not limited to, accrued and unpaid principal and interest, will be payable in full on September 12, 2019.
- A borrowing base of up to 85% of eligible domestic accounts receivable and 90% of eligible foreign accounts receivable, plus up to the lesser of (i) 75% of the cost eligible inventory or (ii) 90% of the net orderly liquidation value of the inventory, subject to lender reserves.

- Loans may be based on a Base Rate or Eurodollar Rate (which is increased by an applicable margin of 2.2% per annum) (both as defined in the KeyBank Credit Facility), generally at the Company's option. In the event of a default, at the option of KeyBank, the interest rate on all obligations owing will increase by 3% per annum over the rate otherwise applicable.
- Subject to certain exceptions, the KeyBank Credit Facility is secured by a first priority perfected security interest in all of the Company's now owned and after acquired tangible and intangible assets and its domestic subsidiaries, which have guaranteed the Company's obligations under the KeyBank Credit Facility. The KeyBank Credit Facility is further secured by a lien on, and a pledge of, 65% of the stock of its wholly-owned subsidiary, S&W Holdings Australia Pty Ltd.
- At June 30, 2018, the Company was in compliance with all KeyBank debt covenants.

On December 31, 2014, the Company issued a three-year secured promissory note to DuPont Pioneer in the initial principal amount of \$10,000,000 (the "Pioneer Note"), with a maturity date of December 31, 2017. The Pioneer Note accrued interest at 3% per annum. Interest was payable in three annual installments, in arrears, commencing on December 31, 2015. On December 31, 2014, the Company also issued contingent consideration to DuPont Pioneer which required the Company to increase the principal amount of the Pioneer Note by up to an additional \$5,000,000 if the Company met certain performance metrics during the three-year period following December 31, 2014. The earn out payment to DuPont Pioneer was finalized in October 2017 and this amount of \$2,500,000 was added to the Pioneer Note in October 2017. On December 1, 2017, the Company repaid the Pioneer Note. The repayment amount included the \$2.5 million earn-out payment related to the Pioneer Acquisition that was added to the principal amount of the Pioneer Note in October 2017.

On November 30, 2017, the Company entered into a secured note financing transaction (the "Loan Transaction") with Conterra Agricultural Capital, LLC ("Conterra") for \$12.5 million in gross proceeds. Pursuant to the Loan Transaction, the Company issued two secured promissory notes (the "Notes") to Conterra as follows:

- Secured Real Estate Note. The Company issued one Note in the principal amount of \$10.4 million (the "Secured Real Estate Note") that is secured by a first priority security interest in the property, plant and fixtures (the "Real Estate Collateral") located at the Company's Five Points, California and Nampa, Idaho production facilities and its Nampa, Idaho and Arlington, Wisconsin research facilities (the "Facilities"). The Secured Real Estate Note matures on November 30, 2020, which, subject to Conterra's approval, may be extended to November 30, 2022. The Secured Real Estate Note bears interest of 7.75% per annum. The Company has agreed to make semi-annual payments of interest and amortized principal on a 20-year amortization schedule, for a combined payment of \$515,711, starting July 1, 2018, in addition to a one-time interest only payment on January 1, 2018. The Company may prepay the Secured Real Estate Note, in whole or in part, at any time after it has paid a minimum of twelve months of interest on the Secured Real Estate Note.
- Secured Equipment Note. The Company issued a second Note in the principal amount of \$2.1 million (the "Secured Equipment Note") that is secured by a first priority security interest in certain equipment not attached to real estate located at the Facilities. The Secured Equipment Note is also secured by the Real Estate Collateral. The Secured Equipment Note matures on November 30, 2019, which, subject to Conterra's approval, may be extended to November 30, 2020. The Secured Equipment Note bears interest at a rate of 9.5% per annum. The Company has agreed to make semi-annual payments of interest and amortized principal on a 20-year amortization schedule, for a combined payment of \$118,223, starting July 1, 2018, in addition to a one-time interest only payment on January 1, 2018. The Company may prepay the Secured Equipment Note, in whole or in part, at any time.

The Notes and related documents include customary representations and warranties in addition to customary affirmative and negative covenants (including financial covenants), and customary events of default that permit Conterra to accelerate the Company's obligations under the Notes, including, among other things, that a default under one of the Notes would constitute a default under the other Note. On December 1, 2017, the Company used the proceeds from the Loan Transaction to repay the Pioneer Note.

S&W Australia finances the purchase of most of its seed inventory from growers pursuant to a seasonal credit facility with National Australia Bank Ltd ("NAB"). The current facility, referred to as the 2016 NAB Facilities, was amended as of April 13, 2018 and expires on March 30, 2020. As of June 30, 2018, AUD \$10,400,000 (USD \$7,697,040) was outstanding under the 2016 NAB Facilities.

The 2016 NAB Facilities, as currently in effect, comprises two distinct facility lines: (i) an overdraft facility (the "Overdraft Facility"), having a credit limit of AUD \$1,000,000 (USD \$740,100 at June 30, 2018) and a borrowing base facility (the "Borrowing Base Facility"), having a credit limit of AUD \$12,000,000 (USD \$8,881,200 at June 30, 2018).

The Borrowing Base Facility permits S&W Australia to borrow funds for periods of up to 180 days, at S&W Australia's discretion, provided that the term is consistent with its trading terms. Interest for each drawdown is set at the time of the drawdown as follows: (i) for Australian dollar drawings, based on the Australian Trade Refinance Rate plus 1.5% per annum and (ii) for foreign currency drawings, based on the British Bankers' Association Interest Settlement Rate for the relevant foreign currency for the relevant period, or if such rate is not available, the rate reasonably determined by NAB to be the appropriate equivalent rate, plus 1.5% per annum. As of June 30, 2018, the Borrowing Base Facility accrued interest on Australian dollar drawings at approximately 5.3% calculated daily. The Borrowing Base Facility is secured by a lien on all the present and future rights, property and undertakings of S&W Australia, the mortgage on S&W Australia's Keith, South Australia property and the Company's corporate guarantee (up to a maximum of AUD \$15,000,000).

The Overdraft Facility permits S&W Australia to borrow funds on a revolving line of credit up to the credit limit. Interest accrues daily and is calculated by applying the daily interest rate to the balance owing at the end of the day and is payable monthly in arrears. As of June 30, 2018, the Overdraft Facility accrued interest at approximately 6.77% calculated daily.

For both the Overdraft Facility and the Borrowing Base Facility, interest is payable each month in arrears. In the event of a default, as defined in the NAB Facility Agreement, the principal balance due under the facilities will thereafter bear interest at an increased rate per annum above the interest rate that would otherwise have been in effect from time to time under the terms of each facility (*i.e.*, the interest rate increases by 4.5% per annum under the Borrowing Base Facility and the Overdraft Facility rate increases to 13.92% per annum upon the occurrence of an event of default).

Both facilities constituting the 2016 NAB Facilities are secured by a fixed and floating lien over all the present and future rights, property and undertakings of S&W Australia and are guaranteed by the Company as noted above. The 2016 NAB Facilities contain customary representations and warranties, affirmative and negative covenants and customary events of default that permit NAB to accelerate S&W Australia's outstanding obligations, all as set forth in the NAB facility agreements. S&W Australia was in compliance with all NAB debt covenants at June 30, 2018.

In January 2015, NAB and S&W Australia entered into a new business markets - flexible rate loan (the "Keith Building Loan") and a separate machinery and equipment facility (the "Keith Machinery and Equipment Facility"). In February 2016, NAB and S&W Australia also entered into a master asset finance facility (the "Master Assets Facility"). The Master Asset Facility has various maturity dates through 2021 and have interest rates ranging from 4.86% to 5.31%.

The Keith Building Loan and Keith Machinery and Equipment Facility are used for the construction of a building on S&W Australia's Keith, South Australia property, purchase of adjoining land and for the machinery and equipment for use in the operations of the building. The Keith Building Loan matures on November 30, 2024. The interest rate on the Keith Building Loan varies from pricing period to pricing period (each such period approximately 30 days), based on the weighted average of a specified basket of interest rates (6.31% as of June 30, 2018). Interest is payable each month in arrears. The Keith Machinery and Equipment Facility bears interest, payable in arrears, based on the Australian Trade Refinance Rate quoted by NAB at the time of the drawdown, plus 2.9%. The Keith Credit Facilities contain customary representations and warranties, affirmative and negative covenants and customary events of default that permit NAB to accelerate S&W Australia's outstanding obligations, all as set forth in the facility agreement. They are secured by a lien on all the present and future rights, property and undertakings of S&W Australia, the Company's corporate guarantee and a mortgage on S&W Australia's Keith, South Australia property.

The annual maturities of short-term and long-term debt, excluding convertible debt addressed in Note 6, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 596,806
2020	2,647,415
2021	10,162,183
2022	87,676
2023	77,711
Thereafter	111,013
Total	<u>\$ 13,682,804</u>

NOTE 6 - SENIOR CONVERTIBLE NOTES AND WARRANTS

On December 31, 2014, the Company consummated the sale of senior secured convertible debentures (the "Debentures") and common stock purchase warrants (the "Warrants") to various institutional investors ("Investors") pursuant to the terms of a securities purchase agreement among the Company and the Investors. At closing, the Company received \$27,000,000 in gross proceeds. Offering expenses of \$1,931,105 attributed to the Debentures were recorded as deferred financing fees and recorded as a debt discount and offering expenses of \$424,113 attributed to the Warrants were expensed during the year ended June 30, 2015. The net proceeds were paid directly to DuPont Pioneer in partial consideration for the purchase of certain DuPont Pioneer assets, the closing for which also took place on December 31, 2014.

Debentures

At the date of issuance, the Debentures were due and payable on November 30, 2017, unless earlier converted or redeemed. The Debentures bore interest on the aggregate unconverted and then outstanding principal amount at 8% per annum, payable in arrears monthly beginning February 2, 2015. The monthly interest was payable in cash, or in any combination of cash or shares of the Company's common stock at the Company's option, provided certain "equity conditions" defined in the Debentures were satisfied.

Beginning on July 1, 2015, the Company was required to make monthly payments of principal as well, payable in cash or any combination of cash or shares of its common stock at the Company's option, provided all of the applicable equity conditions are satisfied.

As of June 30, 2017, the Debentures were fully retired and had no outstanding balance.

The Debentures were initially convertible, at the holder's option, into the Company's common stock at a conversion price of \$5.00. Pursuant to the terms of the Debentures, the conversion price was reset to \$4.63 on September 30, 2015.

During the year ended June 30, 2017, certain holders of the Debentures converted an aggregate of \$3,168,342 of principal and interest into 684,321 shares of the Company's common stock in accordance with the terms of the Debentures. Upon conversion, the Company recognized interest expense of \$194,939 related to unamortized debt discount on the Debentures and incurred \$7,070 of stock issuance costs.

Warrants

The Warrants entitle the holders to purchase, in the aggregate, 2,699,999 shares of the Company's common stock. The Warrants are exercisable through their expiration on June 30, 2020, unless earlier redeemed. The Warrants were initially exercisable at an exercise price equal to \$5.00. On September 30, 2015, pursuant to the terms of the Warrants, the exercise price was reset to \$4.63. In addition, if the Company issues or is deemed to have issued securities at a price lower than the then applicable exercise price during the three-year period ending December 31, 2017, the exercise price of the Warrants will adjust based on a weighted average anti-dilution formula ("down-round protection"). On November 24,

2015, the Company closed on a private placement transaction in which 1,180,722 common shares were sold at \$4.15 per share. Pursuant to the down-round protection terms of the Warrants, the exercise price was adjusted to \$4.59 on November 24, 2015. On February 29, 2016, the Company completed a rights offering and accompanying noteholders' participation rights offering in which an aggregate of 2,125,682 shares of common stock were sold at \$4.15 per share, triggering an adjustment of the exercise price of the Warrants to \$4.53. On July 19, 2017, the Company completed a private placement transaction in which an aggregate of 2,685,000 shares of common stock were sold at \$4.00 per share, triggering an adjustment of the exercise price of the Warrants to \$4.46. On December 22, 2017, the Company completed a rights offering and backstop commitment in which an aggregate of 3,500,000 shares of common stock were sold at \$3.50 per share, triggering an adjustment of the exercise price of the Warrants to \$4.32. The down-round protection provision of the warrants expired on December 31, 2017.

The Warrants may be exercised for cash, provided that, if there is no effective registration statement available registering the exercise of the Warrants, the Warrants may be exercised on a cashless basis. At any time that (i) all equity conditions set forth in the Warrants have been satisfied, and (ii) the closing sales price of the common stock equals or exceeds \$12.00 for 15 consecutive trading days (subject to adjustment for stock splits, reverse stock splits and other similar recapitalization events), the Company may redeem all or any part of the Warrants then outstanding for cash in an amount equal to \$0.25 per Warrant.

Accounting for the Conversion Option and Warrants

Due to the down-round price protection included in the terms of the Warrants, the Warrants were treated as a derivative liability in the consolidated balance sheet, measured at fair value and marked to market each reporting period until December 31, 2017, when the down-round protection expires. The down-round price protection expired on December 31, 2017, accordingly, the fair value of the Warrants as of December 31, 2017 was reclassified to additional paid in capital within the equity section of the balance sheet. At December 31, 2017 and June 30, 2017, the fair value of the Warrants was estimated at \$2,405,300 and \$2,836,600, respectively. The Warrants were valued at December 31, 2017 using the Monte Carlo simulation model, under the following assumptions: (i) remaining expected life of 2.5 years, (ii) volatility of 39.0%, (iii) risk-free interest rate of 1.92% and (iv) dividend rate of zero. The aggregate fair value of the Warrants derived via the Monte Carlo analysis were also weighted by a prior third-party market transaction and third-party indications of fair value. The prior third-party market transaction was provided a weighting of 10.0% while the third-party indications of fair value were provided a 50% weighting in the fair value analysis.

The Warrants were valued at June 30, 2017 using the Monte Carlo simulation model, under the following assumptions: (i) remaining expected life of 3 years, (ii) volatility of 45.6%, (iii) risk-free interest rate of 1.54% and (iv) dividend rate of zero. The aggregate fair value of the Warrants derived via the Monte Carlo analysis were also weighted by a prior third-party market transaction and third-party indications of fair value. The prior third-party market transaction was provided a weighting of 10.0% while the third-party indications of fair value were provided a 50% weighting in the fair value analysis.

NOTE 7 - INCOME TAXES

Loss before income taxes consists of the following:

	<u>Years Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
United States	\$ (5,112,254)	\$ (3,545,631)
Foreign	530,213	(648,706)
Loss before income taxes	<u>\$ (4,582,041)</u>	<u>\$ (4,194,337)</u>

Significant components of the provision for income taxes from continuing operations are as follows:

	<u>Years Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Current:		
Federal	\$ -	\$ -
State	-	1,680
Foreign	100,122	-
Total current provision	<u>100,122</u>	<u>1,680</u>
Deferred:		
Federal	20,785	6,945,260
State	22,142	691,135
Foreign	-	(10,370)
Total deferred provision (benefit)	<u>42,927</u>	<u>7,626,025</u>
Provision for income taxes	<u>\$ 143,049</u>	<u>\$ 7,627,705</u>

The differences between the total calculated income tax provision and the expected income tax computed using the U.S. federal income tax rate are as follows:

	<u>Years Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Tax expense (benefit) at statutory tax rate	\$ (1,262,509)	\$ (1,426,075)
State taxes (benefit), net of federal tax (benefit)	(133,666)	(112,798)
Mark to market on financial instruments	(118,838)	(515,950)
Section 965 toll tax	584,086	-
Other permanent differences	(144,049)	33,251
Federal and state research credits - current year	(89,572)	(103,006)
Foreign rate differential	(971)	25,407
Shortfall on restricted stock vest	155,783	129,627
Tax Cuts and Jobs Act	3,264,391	-
Valuation allowance	(2,145,250)	9,615,586
Other	33,644	(18,337)
	<u>\$ 143,049</u>	<u>\$ 7,627,705</u>

The Company recognizes federal and state current tax liabilities or assets based on its estimate of taxes payable to or refundable by tax authorities in the current fiscal year. The Company also recognizes federal and state deferred tax liabilities or assets based on the Company's estimate of future tax effects attributable to temporary differences and carry forwards. The Company records a valuation allowance to reduce any deferred tax assets by the amount of any tax benefits that, based on available evidence and judgment, are not expected to be realized.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during periods in which those temporary differences become deductible. The Company considers projected future taxable income and planning strategies in making this assessment. Based on projections of taxable income, the Company had previously determined that it is more likely than not that the deferred tax assets will not be realized. Accordingly, a valuation allowance had been recorded as of June 30, 2017. The Company's valuation allowance position has not changed for the year ended June 30, 2018, as the Company does not believe that it is more likely than not that it will realize its deferred tax assets. The valuation allowance decreased \$2,110,572 for the year ended June 30, 2018 related primarily to the change in the value of the Company's deferred tax assets as a result of the Tax Cuts and Jobs Act.

The U.S. Internal Revenue Code of 1986, as amended, generally imposes an annual limitation on a corporation's ability to utilize net operating loss carryovers ("NOLs") if it experiences an ownership change as defined in Section 382. In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50% over a three-year period. In the event that an ownership change has occurred, or were to occur, utilization of the Company's NOLs would be subject to an annual limitation under Section 382 as determined by multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term tax-exempt rate as defined in the Internal Revenue Code. Any unused annual limitation may be carried over to later years. The Company could experience an ownership change under Section 382 as a result of events in the past in combination with events in the future. If so, the use of the Company's NOLs, or a portion thereof, against future taxable income may be subject to an annual limitation under Section 382, which may result in expiration of a portion of the NOLs before utilization. To the extent our use of net operating loss carryforwards is significantly limited under the rules of Section 382, our income could be subject to U.S. corporate income tax earlier than it would if we were able to use net operating loss carryforwards, which could result in lower profits. Any carryforwards that expire prior to utilization as a result of such limitations will be removed, if applicable, from deferred tax assets with a corresponding reduction of the valuation allowance. As of June 30, 2018, the Company is not aware of any applicable Section 382 limitations that may exist on its net operating losses.

Significant components of the Company's deferred tax assets are shown below.

	June 30,	
	2018	2017
Deferred tax assets:		
Net operating loss carry forwards	\$ 6,771,974	\$ 8,511,398
Compensation accruals	144,550	327,462
Allowance for bad debts	151,972	182,723
Stock compensation	241,837	451,303
Tax credit carry forwards	434,245	341,411
Deferred rent	90,466	153,656
Other, net	277,065	220,208
Total deferred tax assets	8,112,109	10,188,161
Valuation allowance for deferred tax assets	(7,506,759)	(9,617,331)
Deferred tax assets, net of valuation allowance	605,350	570,830
Deferred tax liabilities		
Intangible assets	(519,942)	(235,218)
Fixed assets	(355,491)	(562,763)
Total deferred tax liabilities	(875,433)	(797,981)
Net deferred tax asset / (liability)	\$ (270,083)	\$ (227,151)

As of June 30, 2018, the Company had federal and state net operating loss carry forwards of approximately \$27,860,303 and \$12,512,969, respectively, which will begin to expire June 30, 2030, unless previously utilized. The Company has federal research credits of \$414,425 which will expire June 30, 2031, unless previously utilized. The Company also has foreign tax credits of \$157,859 which will begin to expire June 30, 2023, unless previously utilized. The Company has state research credits of \$25,089 that do not expire.

As of June 30, 2018, the Company has not provided for U.S. federal and state income taxes and foreign withholding taxes on approximately \$4,109,000 of undistributed earnings of its foreign subsidiary as these earnings are considered indefinitely reinvested outside of the United States. The Company does not plan to repatriate any earnings that are currently located in its foreign subsidiaries as of June 30, 2018. However, to the extent that the foreign subsidiaries accrue earnings and profits in the future years, the Company does plan to repatriate those funds to the U. S. and will record withholding taxes as those earnings and profits are incurred.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. While the Company believes that it has appropriate support for the positions taken on its tax returns, the Company regularly assesses the potential outcome of examinations by tax authorities in determining the adequacy of its provision for income taxes.

The Company believes that it has appropriate support for the income tax positions taken on its tax returns and that its accruals for tax liabilities are adequate for all open years based on an assessment of many factors, including past experience and interpretations of tax law applied to the facts of each matter. The Company is open for audit for all years since the entity became a corporation.

The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. The Company has not accrued interest and penalties associated with uncertain tax positions as of June 30, 2018 and 2017. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act reduced the corporate tax rate from the maximum federal statutory rate of 35% to a flat rate of 21%. The Tax Act states that the 21% corporate tax rate is effective for tax years beginning on or after January 1, 2018. However, existing tax law, which was not amended under the Tax Act, governs when a change in tax rate is effective. Existing tax law provides that if the taxable year includes the effective date of any rate change (unless the change is the first date of the taxable year), taxes should be calculated by applying a blended rate to the taxable income for the year. Our blended federal rate is 27.55%.

As a result of the new law, we have concluded that our deferred tax assets will need to be revalued. Our deferred tax assets represent a reduction in corporate taxes that are expected to be paid in the future. As a result of the Tax Act, we estimated a reduction to the value of our deferred tax assets which is almost entirely offset by a reduction to our valuation allowance in the second quarter of the year ended June 30, 2018. The net impact of the decrease to both the deferred tax assets and the valuation allowance will be a remeasuring of our net deferred tax liability associated with indefinite lived intangibles for which we cannot predict a reversal into taxable income. In conjunction with tax law changes, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act. We have recognized the provisional tax impacts related to deemed repatriated earnings, the potential impact of new section 162(m) rules on our deferred tax balances, and the revaluation of deferred tax assets and liabilities and included these amounts in our consolidated financial statements for the year end June 30, 2018. In all cases, we will continue to refine our calculations as additional analysis is completed. In addition, our estimates may also be affected as we gain a more thorough understanding of the tax law.

The Tax Act allows for one hundred percent expensing of the cost of qualified property acquired and placed in service after September 27, 2017 and before January 1, 2023. We do not plan to take advantage of this provision for the near term and have the option of opting out of this provision. In addition, net operating losses incurred in tax years beginning after December 31, 2017 are only allowed to offset a taxpayer's taxable income by eighty percent, but those net operating losses are allowed to be carried forward indefinitely with no expiration. Also, as part of the Tax Act, our net interest expense deductions are limited to 30% of earnings before interest, taxes, depreciation, and amortization through 2021 and of earnings before interest and taxes thereafter. This provision also takes effect for tax years beginning after 2017 and isn't expected to have a material impact to our deferred tax asset position. The Tax Act also incorporates changes to certain international tax provisions. There is a one-time transition tax on foreign income earned by subsidiaries at a rate of 15.5% for cash and cash equivalents and at a rate of 8% for the remainder of the foreign earnings. There is a provision for the current inclusion in US taxable income of global intangible low-tax income and also the imposition of a tax equal to its base erosion minimum tax amount. The new laws incorporate a potential benefit for foreign derived intangible income, but the

benefit only applies if the foreign derived sales and services income exceeds a calculated 'routine return' and if we have taxable income. We do not currently anticipate that any of the foreign provisions will have a net impact to our tax accounts.

NOTE 8 - WARRANTS

The following table summarizes the total warrants outstanding at June 30, 2018:

	<u>Issue Date</u>	<u>Exercise Price Per Share</u>	<u>Expiration Date</u>	<u>Outstanding as of June 30, 2017</u>	<u>New Issuances</u>	<u>Expired</u>	<u>Outstanding as of June 30, 2018</u>
Warrants	Dec 2014	\$ 4.32	Jun 2020	2,699,999	-	-	2,699,999
				<u>2,699,999</u>	<u>-</u>	<u>-</u>	<u>2,699,999</u>

The following table summarizes the total warrants outstanding at June 30, 2017:

	<u>Issue Date</u>	<u>Exercise Price Per Share</u>	<u>Expiration Date</u>	<u>Outstanding as of June 30, 2016</u>	<u>New Issuances</u>	<u>Expired</u>	<u>Outstanding as of June 30, 2017</u>
Underwriter warrants	May 2012	\$ 6.88	Feb 2017	50,000	-	(50,000)	-
Warrants	Dec 2014	\$ 4.53	Jun 2020	2,699,999	-	-	2,699,999
				<u>2,749,999</u>	<u>-</u>	<u>(50,000)</u>	<u>2,699,999</u>

NOTE 9 - FOREIGN CURRENCY CONTRACTS

The Company's subsidiary, S&W Australia, is exposed to foreign currency exchange rate fluctuations in the normal course of its business, which the Company manages through the use of foreign currency forward contracts. These foreign currency contracts are not designated as hedging instruments; accordingly, changes in the fair value are recorded in current period earnings. These foreign currency contracts had a notional value of \$3,980,100 at June 30, 2018 and their maturities range from July to December 2018.

The Company records an asset or liability on the consolidated balance sheet for the fair value of the foreign currency forward contracts. The foreign currency contract liabilities totaled \$100,138 at June 30, 2018 and foreign currency contract asset totaled \$166,629 at June 30, 2017. The Company recorded a loss on foreign exchange contracts of \$272,801 and a gain on foreign exchange contracts of \$205,531, which is reflected in cost of revenue for the years ended June 30, 2018 and 2017, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Contingencies

Based on information currently available, management is not aware of any other matters that would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Legal Matters

The Company may be subject to various legal proceedings from time to time. The results of any future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources, and other factors. Any current litigation is considered immaterial and counter claims have been assessed as remote.

Leases

The Company has entered into various non-cancelable operating lease agreements. Rent expense under operating leases was \$401,375 and \$555,583 for the years ended June 30, 2018 and 2017, respectively.

The following table sets forth the Company's estimates of future lease payment obligations as of June 30, 2018:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024 and beyond</u>	<u>Total^(a)</u>
Operating lease obligations	\$ 411,055	\$ 358,099	\$ 239,012	\$ 143,083	\$ 118,772	\$ 116,800	\$ 1,386,821

(a) Minimum payments have not been reduced by minimum subleases rentals of \$525,600 due in the future under noncancelable sublease.

The following table sets forth the composition of total rental expense for all operating leases except those with terms of a month or less that were not renewed.

	<u>Years Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Minimum rentals	\$ 401,375	\$ 555,583
Less: Sublease rentals	(43,800)	(223,200)
	<u>\$ 357,575</u>	<u>\$ 332,383</u>

NOTE 11 - RELATED PARTY TRANSACTIONS

Glen D. Bornt, a member of the Company's Board of Directors until January 9, 2018, is the founder and President of Imperial Valley Milling Co. ("IVM"). He is IVM's majority shareholder and a member of its Board of Directors. Glen D. Bornt is also a majority shareholder of Kongal Seeds Pty. Ltd. ("Kongal"). IVM had a 15-year supply agreement with IVS, and this agreement was assigned by IVS to the Company when it purchased the assets of IVS in October 2012. IVM contracts with alfalfa seed growers in California's Imperial Valley and sells its growers' seed to the Company pursuant to a supply agreement. Under the terms of the supply agreement, IVM's entire certified and uncertified alfalfa seed production must be offered and sold to the Company, and the Company has the exclusive option to purchase all or any portion of IVM's seed production. The Company paid \$2,682,946 and \$8,482,663 to IVM during the years ended June 30, 2018 and June 30, 2017, respectively. Amounts due to IVM totaled \$97,136 and \$326,941 at June 30, 2018 and June 30, 2017, respectively. The Company paid \$159,156 and \$94,744 to Kongal during the years ended June 30, 2018 and June 30, 2017, respectively. Amounts due to Kongal totaled \$357 and \$4,753 at June 30, 2018 and June 30, 2017, respectively.

On July 19, 2017, the Company entered into a Securities Purchase Agreement with certain purchasers, including MFP Partners, L.P. ("MFP"), a stockholder of the Company, and certain entities related to Wynnefield Capital Management LLC (collectively, "Wynnefield"), pursuant to which MFP purchased approximately \$3.7 million of shares of its common stock and Wynnefield purchased approximately \$3.0 million of shares of its common stock. Each of MFP and Wynnefield is a beneficial owner of more than 5% of the Company's common stock. Alexander C. Matina, a member of the Company's Board, is Vice President, Investments of MFP. Robert D. Straus, a member of the Company's Board since January 9, 2018, is a Portfolio Manager and Analyst at Wynnefield.

On October 11, 2017, the Company entered into a Securities Purchase Agreement with Mark W. Wong, the Company's President and Chief Executive Officer, pursuant to which the Company sold and issued an aggregate of 75,000 shares of its Common Stock at a purchase price of \$3.50 per share, for aggregate gross proceeds of \$262,500.

On December 22, 2017, the Company completed the closing of its previously announced rights offering. At the closing, the Company sold and issued an aggregate of 2,594,923 shares of its Common Stock at a subscription price of \$3.50 per share pursuant to the exercise of subscriptions and oversubscriptions in the rights offering from its existing stockholders. Pursuant to an Investment Agreement, dated October 3, 2017, between the Company and MFP, MFP agreed to purchase, at the subscription price, all of the shares not purchased in the Rights Offering (the "Backstop Commitment"). Accordingly, on December 22, 2017, the Company and MFP completed the closing of the Backstop Commitment, in which the Company sold and issued 905,077 shares of its Common Stock to MFP. Combined, the Company sold and issued an aggregate of 3,500,000 shares of its common stock for aggregate gross proceeds of \$12.25 million.

NOTE 12 - EQUITY-BASED COMPENSATION

2009 Equity Incentive Plan

In October 2009 and January 2010, the Company's Board of Directors and stockholders, respectively, approved the 2009 Equity Incentive Plan (as amended and/or restated from time to time, the "2009 Plan"). The plan authorized the grant and issuance of options, restricted shares and other equity compensation to the Company's directors, employees, officers and consultants, and those of the Company's subsidiaries and parent, if any. In October 2012 and December 2012, the Company's Board of Directors and stockholders, respectively, approved the amendment and restatement of the 2009 Plan, including an increase in the number of shares available for issuance as grants and awards under the Plan to 1,250,000 shares. In September 2013 and December 2013, the Company's Board of Directors and stockholders, respectively, approved the amendment and restatement of the 2009 Plan, including an increase in the number of shares available for issuance as grants and awards under the Plan to 1,700,000 shares. In September 2015 and December 2015, the Company's Board of Directors and stockholders, respectively, approved the amendment and restatement of the 2009 Plan, including an increase in the number of shares available for issuance as grants and awards under the Plan to 2,450,000 shares.

The term of incentive stock options granted under the 2009 Plan may not exceed ten years, or five years for incentive stock options granted to an optionee owning more than 10% of the Company's voting stock. The exercise price of options granted under the 2009 Plan must be equal to or greater than the fair market value of the shares of the common stock on the date the option is granted. An incentive stock option granted to an optionee owning more than 10% of voting stock must have an exercise price equal to or greater than 110% of the fair market value of the common stock on the date the option is granted.

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. Stock options issued to non-employees are accounted for at their estimated fair value. The fair value of options granted to non-employees is re-measured as they vest. The Company amortizes stock-based compensation expense on a straight-line basis over the requisite service period.

The Company utilizes a Black-Scholes-Merton option pricing model, which includes assumptions regarding the risk-free interest rate, dividend yield, life of the award, and the volatility of the Company's common stock to estimate the fair value of employee options grants.

Weighted average assumptions used in the Black-Scholes-Merton model are set forth below:

	Years Ended June	
	30,	
	2018	2017
Risk free rate	1.7% -	1.2% -
Dividend yield	2.3%	2.0%
	0%	0%
Volatility	45.3% -	46.9% -
Average forfeiture assumptions	45.5%	50.8%
	1.4%	2.4%

During year ended June 30, 2018, the Company granted 103,283 options to its Directors, certain members of the executive management team and other employees at exercise prices ranging from \$3.00 - \$4.03. These options vest in either quarterly or annual periods over one to three years, and expire ten years from the date of grant.

A summary of stock option activity for the years ended June 30, 2018 and 2017 is presented below:

	Number Outstanding	Weighted - Average Exercise Price Per Share	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at June 30, 2016	1,021,418	\$ 5.14	4.2	\$ 142,381
Granted	230,610	4.19	-	-
Exercised	(232,000)	4.20	-	-
Canceled/forfeited/expired	(29,500)	5.95	-	-
Outstanding at June 30, 2017	990,528	5.12	4.3	100,344
Granted	103,283	3.45	-	-
Exercised	(49,000)	3.95	-	-
Canceled/forfeited/expired	(252,737)	6.46	-	-
Outstanding at June 30, 2018	792,074	4.55	6.3	10,413
Options vested and exercisable at June 30, 2018	579,018	4.81	5.4	1,977
Options vested and expected to vest as of June 30, 2018	791,493	\$ 4.55	6.3	\$ 10,334

The weighted average grant date fair value of options granted and outstanding at June 30, 2018 was \$1.54. At June 30, 2018, the Company had \$275,584 of unrecognized stock compensation expense, net of estimated forfeitures, related to the options under the 2009 Plan, which will be recognized over the weighted average remaining service period of 1.68 years. The Company settles employee stock option exercises with newly issued shares of common stock.

During the year ended June 30, 2017, the Company issued 77,275 restricted stock units to its directors, certain members of the executive management team, and other employees. The restricted stock units have varying vesting periods ranging from immediate vesting to annual installments over a three-year period. The fair value of the awards totaled \$374,530 and was based on the closing stock price on the date of grants.

During the year ended June 30, 2018, the Company issued 78,642 restricted stock units to its directors, certain members of the executive management team and other employees. The restricted stock units vest in either quarterly or annual periods over one to three-years. The fair value of the awards totaled \$279,611 and was based on the closing stock price on the date of grants.

The Company recorded \$487,391 and \$1,032,170 of stock-based compensation expense associated with grants of restricted stock units during the years ended June 30, 2018 and 2017, respectively. A summary of activity related to non-vested restricted stock units is presented below:

Year Ended June 30, 2018			
	Number of Nonvested Restricted Share Units	Weighted - Average Grant Date Fair Value	Weighted - Average Remaining Contractual Life (Years)
Beginning nonvested restricted units outstanding	120,971	\$ 5.59	1.0
Granted	78,642	3.56	1.3
Vested	(105,985)	5.49	-
Forfeited	(4,435)	4.45	-
Ending nonvested restricted units outstanding	89,193	\$ 3.98	1.1

At June 30, 2018, the Company had \$203,138 of unrecognized stock compensation expense related to the restricted stock units, which will be recognized over the weighted average remaining service period of 1.1 years.

At June 30, 2018, there were 713,636 shares available under the 2009 Plan for future grants and awards.

Stock-based compensation expense recorded for stock options, restricted stock grants and restricted stock units for the years ended June 30, 2018 and 2017, totaled \$748,516 and \$1,409,368, respectively.

NOTE 13 - NON-CASH ACTIVITIES FOR STATEMENTS OF CASH FLOWS

The below table represents supplemental information to the Company's consolidated statements of cash flows for non-cash activities during the years ended June 30, 2018 and 2017, respectively.

	Years Ended June 30,	
	2018	2017
Issuance of common stock upon conversion of principal and interest of convertible debentures	\$ -	\$ 3,168,342
Reclassification of warrants upon expiration of repricing provisions	\$ 2,405,300	\$ -

NOTE 14 - SUBSEQUENT EVENTS

On August 15, 2018, the Company closed on a sale-leaseback transaction with American AgCredit involving certain equipment located at the Company's Five Points, California and Nampa, Idaho production facilities. Under the terms of the sale-leaseback transaction:

- S&W sold the equipment to American AgCredit for \$2,106,395 million in proceeds. The proceeds were used to pay off in full a note (in the principal amount of \$2,081,527, plus accrued interest of \$24,868) held by Conterra Agricultural Capital, LLC, which had an interest rate of 9.5% per annum and was secured by, among other things, the equipment.
- S&W entered into a lease agreement with American AgCredit relating to the equipment. The lease agreement has a five-year term and provides for monthly lease payments of \$40,023 (representing an annual interest rate of 5.6%). At the end of the lease term, S&W will repurchase the equipment for \$1.

On September 5, 2018, the Company entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Novo Advisors (f/k/a Turnaround Advisory Group Inc.), solely in its capacity as the receiver (the "Receiver") for, and on behalf of, Chromatin, Inc., a Delaware corporation (together with certain of its subsidiaries and affiliates in receivership, "Chromatin"), in a receivership action pending in the United States District Court for the Northern District of Illinois (the "Court"). Pursuant to the Asset Purchase Agreement, the Company agreed to purchase substantially all of Chromatin's assets (the "Purchased Assets"), as well as assume certain contracts ("Assigned Contracts") and other liabilities of Chromatin (collectively, the "Chromatin Acquisition"), for a purchase price of \$23.0 million.

Pursuant to sale procedures approved by the Court, other parties had an opportunity to submit a competing bid by September 7, 2018 and, if a qualified competing bid was submitted, an auction would be held on September 13, 2018. At an auction held on September 13, 2018, the Company was designated the highest bidder, with a winning bid of \$26.5 million. A hearing to consider approval of the Chromatin Acquisition was held before the Court on September 17, 2018, and the sale remains subject to the Court's approval.

In connection with the Company's winning bid, on September 14, 2018, the Company entered into an updated Asset Purchase Agreement (the "Second Asset Purchase Agreement") with the Receiver to reflect the updated terms and conditions under which the Company agreed to complete the Chromatin Acquisition, including the purchase price of \$26.5 million.

The closing of the Chromatin Acquisition is contingent upon, among other things, (a) the entry of a sale order by the Court ("Order"), (b) the written consent of CIBC Bank USA (f/k/a The PrivateBank and Trust Company) and all other holders of any lien or other security interest in any of the Purchased Assets to the sale and transfer of the Purchased Assets to the Company, and (c) the Receiver obtaining executed written consents to the assignment to the Company of certain Assigned Contracts from the counterparties thereto, including a waiver and release of any termination or other contract rights based upon or related to Chromatin having been placed in receivership or the financial condition or insolvency of Chromatin.

On September 5, 2018, the Company entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with MFP, pursuant to which the Company agreed to sell and issue to MFP 1,607,717 shares of its common stock (the "Common Shares") at a purchase price of \$3.11 per share at an initial closing (the "Initial Closing") and, subject to the satisfaction of certain conditions, 7,235 shares of newly designated Series A Convertible Preferred Stock of the Company ("Preferred Shares") at a purchase price of \$3,100 per share at a second closing (the "Second Closing"). The Initial Closing was completed on September 5, 2018. The consummation of the Second Closing is contingent upon, among other things, the Court's entry of the Order and the other conditions to the closing of the Chromatin Acquisition having been satisfied or reasonably expected to be satisfied. The Company will use the proceeds from the Second Closing for the Chromatin Acquisition and working capital purposes. The Securities Purchase Agreement may be terminated prior to the completion of the Second Closing if the Chromatin Acquisition has not been completed by October 31, 2018.

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

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Principal Executive Officer and our Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2018 (the "Evaluation Date"). The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2018, our Principal Executive Officer and Principal Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has conducted, with the participation of our Principal Executive Officer and our Principal Accounting Officer, an assessment, including testing of the effectiveness, of our internal control over financial reporting as of the Evaluation Date. Management's assessment of internal control over financial reporting was conducted using the criteria set forth by the Committee of Sponsoring Organizations of the

Treadway Commission (COSO) in Internal Control-Integrated Framework (2013 Framework). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. In connection with our management's assessment of our internal control over financial reporting as required under Section 404 of the Sarbanes-Oxley Act of 2002, we have not identified any material weaknesses in our internal control over financial reporting as of the Evaluation Date. We have thus concluded that our internal control over financial reporting was effective as of the Evaluation Date.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to an exemption for smaller reporting companies under Section 989G of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) or in other factors that occurred during the period of our evaluation that have significantly affected, or are reasonably likely to significantly affect, our internal control over financial reporting.

Item 9B. Other Information

As disclosed in our Current Report on Form 8-K, filed with the SEC on September 5, 2018, on September 5, 2018, we entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with Novo Advisors (f/k/a Turnaround Advisory Group Inc.), solely in its capacity as the receiver for, and on behalf of, Chromatin, Inc., a Delaware corporation (together with certain of its subsidiaries and affiliates in receivership, "Chromatin") (the "Receiver"), in a receivership action pending in the United States District Court for the Northern District of Illinois (the "Court"). Pursuant to the Asset Purchase Agreement, we agreed to purchase substantially all of Chromatin's assets, as well as assume certain contracts and other liabilities of Chromatin (collectively, the "Chromatin Acquisition"), for a purchase price of \$23.0 million.

Pursuant to sale procedures approved by the Court, other parties had an opportunity to submit a competing bid by September 7, 2018 and, if a qualified competing bid was submitted, an auction would be held on September 13, 2018. At an auction held on September 13, 2018, we were designated the highest bidder, with a winning bid of \$26.5 million. A hearing to consider approval of the Chromatin Acquisition was held before the Court on September 17, 2018, and the sale remains subject to the Court's approval.

In connection with our winning bid, on September 14, 2018, we entered into an updated Asset Purchase Agreement (the "Second Asset Purchase Agreement") with the Receiver to reflect the updated terms and conditions under which we agreed to complete the Chromatin Acquisition, including the purchase price of \$26.5 million.

The closing of our acquisition of the Chromatin Assets is contingent upon, among other things, (a) the entry of a sale order by the Court, (b) the written consent of CIBC Bank USA (f/k/a The PrivateBank and Trust Company) and all other holders of any lien or other security interest in any of Chromatin's assets to the sale and transfer of Chromatin's assets to us, and (c) the Receiver obtaining executed written consents to the assignment to us of certain contracts from the counterparties thereto, including a waiver and release of any termination or other contract rights based upon or related to Chromatin having been placed in receivership or the financial condition or insolvency of Chromatin.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 regarding directors, executive officers, promoters and control persons is incorporated by reference to the information appearing under the caption "Directors and Executive Officers" in our definitive Proxy Statement relating to our 2018 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after the close of our fiscal year.

Our written Code of Ethics applies to all of our directors and employees, including our executive officers, including without limitation our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. The Code of Ethics is available on our website at <http://www.swseedco.com> in the Investors section under "Corporate Governance." Changes to or waivers of the Code of Ethics will be disclosed on the same website. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to, or waiver of, any provision of the Code of Ethics by disclosing such information on the same website.

Item 11. Executive Compensation

The information required by Item 11 is incorporated by reference to the information appearing under the caption "Executive Compensation" in our definitive Proxy Statement relating to our 2018 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after the close of our fiscal year.

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

The information required by Item 12 is incorporated by reference to the information appearing under the caption "Security Ownership" in our definitive Proxy Statement relating to our 2018 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after the close of our fiscal year.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is incorporated by reference to the information appearing under the caption "Certain Relationships and Related Transactions" in our definitive Proxy Statement relating to our 2018 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after the close of our fiscal year.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 is incorporated by reference to the information appearing under the caption "Principal Accounting Fees and Services" in our definitive Proxy Statement relating to our 2018 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after the close of our fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1) Financial Statements:

Reference is made to the Index to Consolidated Financial Statements of S&W Seed Company under Item 8 in Part II of this Form 10-K.

(2) Financial Statement Schedules:

As a smaller reporting company, no financial statement schedules are required.

(3) Exhibits:

The information required by this Section (a)(3) of Item 15 is incorporated by reference or filed with this report as set forth on the exhibit index that follows below.

(b) Exhibits**INDEX TO EXHIBITS**

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	SEC File Number	Exhibit Number	Filing Date	
<u>2.1</u>	Asset Acquisition Agreement among the Registrant, Imperial Valley Seeds, Inc. ("IVS"), Glen D. Bornt, Fred Fabre and the Bornt Family Trust, dated September 28, 2012	8-K	000-34719	2.1	10/2/12	
<u>2.2</u>	Asset Purchase and Sale Agreement between the Registrant and Pioneer Hi-Bred International, Inc. ("Pioneer"), dated December 19, 2014	8-K	000-34719	2.1	12/29/14	
<u>2.3</u>	First Amendment to Asset Purchase and Sale Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	2.1	1/7/15	
<u>2.4</u>	Second Amendment to the Asset Purchase and Sale Agreement between the Registrant and Pioneer, dated April 23, 2015	10-K	000-34719	2.6	9/28/15	
<u>2.5</u>	Third Amendment to Asset Purchase and Sale Agreement between the Registrant and Pioneer, dated July 23, 2015	10-K	000-34719	2.7	9/28/15	
<u>2.6</u>	Fourth Amendment to Asset Purchase and Sale Agreement between the Registrant and Pioneer, dated July 23, 2015	10-Q	000-34719	2.1	2/8/18	
<u>2.7</u>	Asset Acquisition Agreement between the Registrant and SV Genetics Pty Ltd, dated May 26, 2016	8-K	000-34719	2.1	5/31/16	
<u>2.8⁽¹⁾</u>	Asset Purchase Agreement by and between Novo Advisors, solely in its capacity as the receiver for, and on behalf of, Chromatin, Inc., dated September 5, 2018					X
<u>2.9⁽¹⁾</u>	Asset Purchase Agreement by and between Novo Advisors, solely in its capacity as the receiver for, and on behalf of, Chromatin, Inc., dated September 14, 2018					X
<u>3.1</u>	Registrant's Articles of Incorporation	8-K	001-34719	3.1	12/19/11	
<u>3.2</u>	Registrant's Amended and Restated Bylaws, together with Amendments One, Two and Three thereto	10-K	000-34719	3.2	9/28/15	
<u>4.1</u>	Form of Common Stock Certificate	S-3	333-219726	4.3	8/4/17	
<u>4.2</u>	Form of Common Stock Purchase Warrant	8-K	000-34719	10.3	12/31/14	
<u>10.1</u>	Assignment and Assumption Agreement between the Registrant and IVS, dated October 1, 2012	8-K	000-34719	10.1	10/2/12	
<u>10.2</u>	Supply Agreement between IVS and Imperial Valley Milling Co. ("IV Milling"), dated October 1, 2012 (assigned to the Registrant)	10-Q	000-34719	10.2	2/13/13	
<u>10.3</u>	Subordinated Promissory Note made by the Registrant in favor of IVS, dated October 1, 2012	8-K	000-34719	10.3	10/2/12	

<u>10.4</u>	Service Level Agreement with IV Milling dated April 4, 2014	10-K	000-34719	10.45	9/29/14	
<u>10.5[±]</u>	Roundup Ready® Alfalfa Co-Breeding Agreement between the Registrant and Forage Genetics International, LLC, dated March 21, 2013	10-K	000-34719	10.28	9/30/13	
<u>10.6[±]</u>	Contract Alfalfa Production Services Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.2	1/7/15	
<u>10.7</u>	First Amendment to Contract Alfalfa Production Services Agreement between the Registrant and Pioneer, dated July 23, 2015	10-K	000-34719	10.7	9/28/15	
<u>10.8</u>	Second Amendment to Contract Alfalfa Production Services Agreement between the Registrant and Pioneer, dated August 7, 2015	8-K	000-34719	10.2	8/17/15	
<u>10.9</u>	Third Amendment to Contract Alfalfa Production Services Agreement between the Registrant and Pioneer, dated December 21, 2017	10-Q	000-34719	10.6	2/8/18	
<u>10.10^{±±}</u>	Fourth Amendment to Contract Alfalfa Production Services Agreement between the Registrant and Pioneer, dated August 2, 2018					X
<u>10.11[±]</u>	Alfalfa Distribution Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.1	1/7/15	
<u>10.12</u>	First Amendment to Alfalfa Distribution Agreement between the Registrant and Pioneer, dated July 23, 2015	10-K	000-34719	10.10	9/28/15	
<u>10.13</u>	Second Amendment to Alfalfa Distribution Agreement between the Registrant and Pioneer, dated August 7, 2015	8-K	000-34719	10.1	8/17/15	
<u>10.14[±]</u>	Research Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.3	1/7/15	
<u>10.15</u>	First Amendment to Research Agreement between the Registrant and Pioneer Hi-Bred International, Inc., dated December 21, 2017.	10-Q	000-34719	10.7	2/8/18	
<u>10.16[±]</u>	Non-Exclusive Alfalfa Licensing and Assignment Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.4	1/7/15	
<u>10.17[±]</u>	Lease Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.5	1/7/15	
<u>10.18[±]</u>	Information Technology Transition Services Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.6	1/7/15	
<u>10.19</u>	Promissory Note issued by the Registrant in favor of Pioneer, dated December 31, 2014	8-K	000-34719	10.7	1/7/15	

<u>10.20</u>	Security Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.8	1/7/15
<u>10.21</u>	Mortgage from the Registrant to Pioneer, dated December 31, 2014	8-K	000-34719	10.9	1/7/15
<u>10.22</u>	Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing among the Registrant, TitleOne Corporation, as trustee, and Pioneer, as beneficiary, dated December 31, 2014	8-K	000-34719	10.10	1/7/15
<u>10.23</u>	Patent License Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.11	1/7/15
<u>10.24</u>	Patent Assignment Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.12	1/7/15
<u>10.25</u>	Know-How Transfer Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.13	1/7/15
<u>10.26</u>	Data Transfer Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.14	1/7/15
<u>10.27</u>	Assignment Agreement of Plant Variety Certificates, Plant Breeders' Rights, Maintenance Rights and Registration Rights between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.15	1/7/15
<u>10.28</u>	First Amendment to the Assignment Agreement of Plant Variety Certificates, Plant Breeders' Rights, Maintenance Rights and Registration Rights between the Registrant and Pioneer, dated April 23, 2015	10-K	000-34719	10.25	9/28/15
<u>10.29</u>	Assignment and Assumption Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	000-34719	10.16	1/7/15
<u>10.30</u>	General Warranty Deed by Pioneer in favor of the Registrant, dated December 31, 2014	8-K	000-34719	10.17	1/7/15
<u>10.31</u>	Warranty Deed by Pioneer in favor of the Registrant, dated December 31, 2014	8-K	000-34719	10.18	1/7/15
<u>10.32</u>	Form of Indemnification Agreement with Officers, Directors and Employees of the Registrant and Subsidiaries	8-K	000-34719	10.1	7/24/14
<u>10.33*</u>	Amended and Restated 2009 Equity Incentive Plan as amended through Amendment No. 2, forms of Stock Option Grant and Agreement, Restricted Stock Unit Grant and Restricted Stock Award	10-K	000-34719	10.34	9/28/15
<u>10.34*</u>	Employment Agreement between the Registrant and Mark S. Grewal, dated March 18, 2016	8-K	000-34719	10.1	3/23/16

<u>10.35*</u>	Employment Agreement between the Registrant and Matthew K. Szot, dated March 18, 2016	8-K	000-34719	10.2	3/23/16
<u>10.36*</u>	Employment Agreement between the Registrant and Dennis C. Jury, dated March 18, 2016	8-K	000-34719	10.3	3/23/16
<u>10.37*</u>	Contract of Employment between Seed Genetics International Pty, Ltd. and Dennis C. Jury, dated as of March 28, 2013	8-K	000-34719	10.1	4/5/13
<u>10.38*</u>	Employment Agreement between the Registrant and Mark W. Wong, dated June 19, 2017	10-K	000-34719	10.35	9/20/17
<u>10.39*</u>	Employment Agreement between the Registrant and Danielson B. Gardner, dated August 15, 2016	10-K	000-34719	10.36	9/20/17
<u>10.40[±]</u>	Collaboration Agreement between the Registrant and Calyxt, Inc., dated May 28, 2015 and entered into by the Registrant on June 4, 2015	10-K	000-34719	10.39	9/28/15
<u>10.41</u>	Credit and Security Agreement between the Registrant and KeyBank, National Association ("KeyBank"), dated September 22, 2015	8-K	000-34719	10.1	9/23/15
<u>10.42</u>	First Amendment to Credit and Security Agreement between the Registrant and KeyBank, dated June 29, 2016	10-K	000-34719	10.39	9/20/17
<u>10.43</u>	Second Amendment to Credit and Security Agreement between the Registrant and KeyBank, dated October 4, 2016	10-K	000-34719	10.40	9/20/17
<u>10.44</u>	Third Amendment to Credit and Security Agreement between the Registrant and KeyBank, dated March 13, 2017	10-K	000-34719	10.41	9/20/17
<u>10.45</u>	Fourth Amendment Agreement between the Registrant and KeyBank, dated September 13, 2017	10-Q	000-34719	10.3	11/9/17
<u>10.46</u>	Fifth Amendment to Credit and Security Agreement between the Registrant and KeyBank, dated March 14, 2018	10-Q	000-34719	10.1	5/10/18
<u>10.47</u>	Sixth Amendment Agreement between the Registrant and KeyBank, dated June 28, 2018				X
<u>10.48</u>	Revolving Credit Note dated September 22, 2015 in favor of KeyBank	8-K	000-34719	10.2	9/23/15
<u>10.49</u>	Intellectual Property Security Agreement of the Registrant in favor of KeyBank, dated September 22, 2015	8-K	000-34719	10.4	9/23/15
<u>10.50</u>	Pledge Agreement by the Registrant in favor of KeyBank, dated September 22, 2015	8-K	000-34719	10.3	9/23/15
<u>10.51</u>	Security Agreement (Subsidiary) by U.S. Subsidiaries of Registrant in favor of KeyBank, dated September 22, 2015	8-K	000-34719	10.6	9/23/15

<u>10.52</u>	Guaranty of Payment (Subsidiary) by U.S. Subsidiaries of Registrant in favor of KeyBank, dated September 22, 2015	8-K	000-34719	10.5	9/23/15
<u>10.53</u>	Form of Registration Rights Agreement among the Registrant and purchasers of the 8% Senior Secured Convertible Debentures and Warrants	8-K	000-34719	10.4	12/31/14
<u>10.54</u>	Registration Rights Agreement between the Registrant and MFP Partners, L.P., dated November 23, 2015	8-K	000-34719	10.2	11/24/15
<u>10.55</u>	Securities Purchase Agreement between the Registrant and MFP Partners, L.P., dated December 31, 2014	8-K	000-34719	4.1	12/31/14
<u>10.56</u>	Securities Purchase Agreement between the Registrant and MFP Partners, L.P. dated November 23, 2015	8-K	000-34719	10.1	11/24/15
<u>10.57</u>	Business Letter of Offer dated January 19, 2015 from NAB for SGI credit facilities	10-K	000-34719	10.43	9/28/15
<u>10.58</u>	Business Letter of Offer dated April 13, 2015 from NAB for SGI credit facilities	10-K	000-34719	10.44	9/28/15
<u>10.59</u>	Business Letter of Advice dated April 13, 2015 from NAB modifying SGI Farm Management Overdraft Facility	10-K	000-34719	10.45	9/28/15
<u>10.60</u>	Corporate Guarantee executed by the Registrant on April 21, 2015 in favor of National Australia Bank with respect to SGI credit facilities	10-K	000-34719	10.46	9/28/15
<u>10.61</u>	Business Letter of Advice to SGI dated as of April 28, 2016 (executed by SGI on May 6, 2016) from NAB for SGI credit facilities	8-K	000-34719	10.1	5/12/16
<u>10.62</u>	Business Letter of Advice for S&W Seed Company Pty Ltd from National Australia Bank Ltd, dated April 13, 2018	10-Q	000-34719	10.2	5/10/18
<u>10.63</u>	Form of Security Agreement among the Registrant and purchasers of the 8% Senior Secured Convertible Debentures	8-K	000-34719	10.5	12/31/14
<u>10.64</u>	Form of Guaranty provided by Seed Holding, LLC and Stevia California, LLC in favor of the purchasers of the 8% Senior Secured Convertible Debentures	8-K	000-34719	10.6	12/31/14
<u>10.65</u>	Form of Intercreditor and Subordination Agreement among Wells Fargo Bank, N.A., Hudson Bay Fund LP, in its capacity as agent for the holders of the 8% Senior Secured Convertible Debentures and Pioneer	8-K	000-34719	10.7	12/31/14
<u>10.66</u>	Securities Purchase Agreement between the Registrant and the Purchasers named therein, dated July 19, 2017	8-K	000-34719	99.1	7/20/17
<u>10.67</u>	Registration Rights Agreement between the Registrant and the Purchasers, dated July 19, 2017	8-K	000-34719	99.2	7/20/17
<u>10.68</u>	Investment Agreement, by and between the Registrant and MFP Partners, L.P., dated October 3, 2017	8-K	000-34719	99.1	10/4/17

<u>10.69</u>	Securities Purchase Agreement by and between the Registrant and Mark W. Wong, dated October 11, 2017	8-K	000-34719	99.1	10/12/17	
<u>10.70</u>	Registration Rights Agreement by and between the Registrant and Mark W. Wong, dated October 11, 2017	8-K	000-34719	99.2	10/12/17	
<u>10.71</u>	Secured Promissory Notes issued by the Registrant in favor of Conterra Agricultural Capital, LLC, dated November 30, 2017 and related documents	10-Q	000-34719	10.5	2/8/18	
<u>10.72</u>	Registration Rights Agreement by and between the Registrant and MFP Partners, L.P., dated December 22, 2017	S-3	333-222916	4.17	2/7/18	
<u>10.73</u>	Sale and Lease Agreement by and between the Registrant and American AgCredit, dated August 15, 2018					X
<u>10.74</u>	Securities Purchase Agreement dated September 5, 2018, by and among the Registrant and MFP	8-K	000-34719	10.1	9/6/18	
<u>10.75</u>	Voting Rights Agreement dated September 5, 2018, by and among the Registrant and MFP	8-K	000-34719	10.2	9/6/18	
<u>10.76</u>	Registration Rights Agreement dated September 5, 2018, by and among the Registrant and MFP	8-K	000-34719	10.3	9/6/18	
<u>21.1</u>	Subsidiaries of the Registrant					X
<u>23.1</u>	Consent of Independent Registered Public Accounting Firm					X
24.1	Power of Attorney (see signature page)					X
<u>31.1</u>	Chief Executive Officer Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended					X
<u>31.2</u>	Chief Financial Officer Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended					X
<u>32.1**</u>	Chief Executive Officer Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
<u>32.2**</u>	Chief Financial Officer Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X

101 The following materials from the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets at June 30, 2018 and June 30, 2017; (ii) the Consolidated Statements of Operations for the Fiscal Years Ended June 30, 2018 and 2017; (iii) the Consolidated Statements of Comprehensive (Loss) Income for the Fiscal Years Ended June 30, 2018 and 2017; (iv) the Consolidated Statement of Stockholders' Equity; (v) the Consolidated Statement of Cash Flows for the Fiscal Years Ended June 30, 2018 and 2017; and (vi) the Notes to Consolidated Financial Statements

X

+ Portions of this exhibit have been omitted pursuant to an Order Granting Confidential Treatment under the Securities Exchange Act of 1934, as amended.

++ Confidential treatment has been requested with respect to certain portions of this exhibit. Omitted portions have been filed separately with the SEC.

* Management contract or compensatory plan or arrangement.

** This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

(1) Exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant undertakes to furnish supplemental copies of any of the omitted schedules upon request by the Securities and Exchange Commission; provided, however, that Registrant may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedule so furnished.

Item 16. Form 10-K Summary

None.

SIGNATURES

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.

Date: September 20, 2018

S&W SEED COMPANY

By: /s/ Mark W. Wong
Mark W. Wong
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Mark W. Wong and Matthew K. Szot, or any of them, his attorneys-in-fact, for such person in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that either of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Mark W. Wong</u> Mark W. Wong	President, Chief Executive Officer and Director (Principal Executive Officer)	September 20, 2018
<u>/s/ Matthew K. Szot</u> Matthew K. Szot	Executive Vice President, Finance and Administration and Chief Financial Officer (Principal Financial and Accounting Officer)	September 20, 2018
<u>/s/ Mark J. Harvey</u> Mark J. Harvey	Chairman of the Board	September 20, 2018
<u>/s/ David A. Fischhoff</u> David A. Fischhoff	Director	September 20, 2018
<u>/s/ Consuelo E. Madere</u> Consuelo E. Madere	Director	September 20, 2018
<u>/s/ Alexander C. Matina</u> Alexander C. Matina	Director	September 20, 2018
<u>/s/ Charles B. Seidler</u> Charles B. Seidler	Director	September 20, 2018
<u>/s/ Robert D. Straus</u> Robert D. Straus	Director	September 20, 2018
<u>/s/ Grover T. Wickersham</u> Grover T. Wickersham	Director	September 20, 2018
<u>/s/ Allan D. Willits</u> Allan Willits	Director	September 20, 2018

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

FORM 10-K/A
(Amendment No. 1)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2018

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 001-34719



S&W SEED COMPANY

(Exact Name of Registrant as Specified in Its Charter)

Nevada
(State or Other Jurisdiction of
Incorporation or Organization)

27-1275784
(I.R.S. Employer
Identification No.)

106 K Street, Suite 300, Sacramento, California
(Address of Principal Executive Offices)

95814
(Zip Code)

(559) 884-2535
(Registrant's Telephone Number,
Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.001 Par Value	Nasdaq Capital Market

Securities Registered Pursuant to Section 12(g) of the Act:

None

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or 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 and posted 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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 Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$47,685,994.

The number of shares outstanding of common stock of the registrant as of October 29, 2018 was 25,990,968.

DOCUMENTS INCORPORATED BY REFERENCE

None

EXPLANATORY NOTE

S&W Seed Company (which may be referred to herein as "we," "us," "our" or the "Company") is filing this Amendment No. 1 to Annual Report on Form 10-K/A (this "Amendment No. 1") to amend its Annual Report on Form 10-K for the fiscal year ended June 30, 2018 (the "Original Filing"), as filed the Securities and Exchange Commission ("SEC") on September 20, 2018. The principal purpose of this Amendment No. 1 is to include in Part III the information that was to be incorporated by reference from the proxy statement for our next Annual Meeting of Stockholders, as well as to update certain of the information included on the cover page of the Original Filing and in the list of exhibits included in Item 15 and the Exhibit Index of this Amendment No. 1. This Amendment No. 1 hereby amends Part III, Items 10 through 14 of the Original Filing, Part IV, Item 15 of the Original Filing, and deletes the reference on the cover page of the Original Filing to the incorporation by reference to portions of the definitive proxy statement with respect to our next Annual Meeting of Stockholders into Part III of the Original Filing. In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") new certifications by our principal executive officer and principal financial officer are being filed in Part IV as exhibits to this Amendment No. 1.

No attempt has been made in this Amendment No. 1 to modify or update the other disclosures presented in the Original Filing. This Amendment No. 1 does not reflect events occurring after the filing of the original report (i.e., those events occurring after September 20, 2018) or modify or update those disclosures that may be affected by subsequent events. Accordingly, this Amendment No. 1 should be read in conjunction with the Original Filing and our other filings with the SEC.

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TABLE OF CONTENTS

PART III		1
Item 10.	Directors, Executive Officers and Corporate Governance	1
Item 11.	Executive Compensation	13
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	24
Item 13.	Certain Relationships and Related Transactions, and Director Independence	26
Item 14.	Principal Accountant Fees and Services	28
PART IV		30
Item 15.	Exhibits and Financial Statement Schedules	30

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Following is a brief description of the principal occupation and recent business experience of each of our executive officers and directors and their ages as of October 23, 2018:

<u>Name</u>	<u>Age</u>	<u>Position with the Company</u>
Directors:		
David A. Fischhoff, Ph.D.	65	Director
Mark J. Harvey	63	Chairman of the Board
Consuelo E. Madere	57	Director
Alexander C. Matina	42	Director
Charles (Chip) B. Seidler	41	Director
Robert D. Straus	48	Director
Grover T. Wickersham	69	Vice Chairman of the Board
Alan D. Willits	60	Director
Mark W. Wong	69	President, Chief Executive Officer and Director
Non-Director Executive Officers:		
Danielson B. Gardner	52	Chief Marketing and Technology Officer
Dennis C. Jury	58	Executive Vice President of Operations and Chief Operating Officer
Matthew K. Szot	44	Executive Vice President of Finance and Administration, Chief Financial Officer, Secretary and Treasurer

The following contains a biography of each of our executive officers and directors as of October 23, 2018, including, with respect to our directors, information regarding the specific experience, qualifications, attributes or skills that led to the conclusion of our board of directors to that each member of our board of directors should serve as a director:

Directors:

David A. Fischhoff, Ph.D., was elected to the Board in December 2016. He has 35 years of experience in agricultural research and development ("R&D") across a broad range of technologies, product development and business development in areas including biotechnology, plant breeding, genomics, precision agriculture and data science. In addition to R&D leadership, he has expertise in new technology identification, assessment and acquisition; technology licensing; establishment and management of research collaborations; and intellectual property management and defense. Dr. Fischhoff retired in 2016 after a 33-year career with Monsanto Company and currently serves as an independent consultant and advisor. He currently serves as a member of the Scientific Advisory Board of AgBiome, Inc., and as Chair of the Scientific Advisory Board of CiBO Technologies. With Monsanto, he most recently served from 2014 to 2016 as Chief Scientist of The Climate Corporation, a subsidiary of Monsanto that develops and provides digital agriculture products and services for farmers. At The Climate Corporation, he led R&D teams in data science, field research and new measurement technologies. Prior to this, from 2002 to 2014, he was Vice President for Technology Strategy and Development at Monsanto with responsibilities for scientific strategy, identification of new growth opportunities, assessment and acquisition of new technologies, and oversight of Monsanto's research portfolio.

Dr. Fischhoff is internationally recognized as a founder of agricultural biotechnology. He was responsible for the development of insect resistant transgenic crops (i.e., Bt crops), which today are a primary tool for insect control in corn, cotton and soybean in multiple countries. He is the co-inventor of the synthetic gene technology for expression of Bt genes in plants, which is the enabling technology for all insect resistant crops today. Dr. Fischhoff served as the scientific expert in the acquisition by Monsanto of multiple biotech and seed companies, including Agracetus, Calgene, Ecogen, Dekalb and Asgrow. He initiated and led Monsanto's plant genomics research program, and from 1998 to 2002 he was Co-President of Cereon Genomics LLC, a collaborative research venture between Monsanto and Millennium Pharmaceuticals; and he played leadership roles in the establishment and management of genomics research collaborations with Mendel Biotechnology, Paradigm Genetics and Ceres. Dr. Fischhoff received a S.B. degree in Biology from the Massachusetts Institute of Technology and a Ph.D. in Genetics and Molecular Biology from The Rockefeller University. He was the recipient of the first Innovation Prize for Agricultural Technology from the American Society of Plant Biologists in 2015 for his work on insect resistant crops, and the James B. Eads Award for outstanding achievement in technology from the Academy of Science of St. Louis in 2010. Dr. Fischhoff is also the recipient of Monsanto's two highest awards for science and technology. He is the inventor on key patents related to insect resistant plants, an author of more than 25 scientific publications, and an invited speaker at numerous national and international symposia. Dr. Fischhoff provides the Board with a wealth of experience in agriculture, genetics and technology.

Mark J. Harvey was appointed Chairman of the Board in December 2014, after having served as Vice Chairman since April 2013. In addition to his duties as Chairman, he actively supports our sales and marketing efforts. Mr. Harvey has more than 35 years of experience in production processing and marketing of seed to many parts of the world, particularly branded alfalfa and clover. Mr. Harvey managed a 10,000-acre family farm producing seed, wheat and pulse crops, along with wool and beef, from 1976 until 1996 when the company he founded, Paramount Seeds, was sold to Elders Ltd. While with Elders, he was manager of their national and international seed business from 1996 until 2001. In 2002, he was a founding partner of S&W Seed Company Australia Pty Ltd (f/k/a Seed Genetics International Pty Ltd, "S&W Australia"), where he focused primarily on marketing and distribution. Mr. Harvey is currently an investor in and the vice chairman of Duxton Broad Acre Farms, a 60,000 acre farming and ranching operation based in Australia. Mr. Harvey was educated at Cunderdin Agricultural College in West Australia. Mr. Harvey brings extensive experience in the seed industry to the Board, which contributes valuable business expertise.

Consuelo E. Madere was elected to the Board in January 2018. Ms. Madere has served as President and Founder of Proven Leader Advisory LLC, a management consulting and executive coaching firm, since March 2014. From May 2014 through December 2017, she served on the board of directors of Potash Corp, a publicly traded fertilizer company listed on both the New York Stock Exchange and the Toronto Stock Exchange. Since January 2018, she has served as an independent director of Nutrien Ltd., a publicly traded Canadian company listed on the New York Stock Exchange, and the surviving entity following the merger of Agrium Inc. and Potash Corporation of Saskatchewan Inc. Since February 2018, she has served as an independent director of Lindsay Corporation, a publicly traded company based in Omaha, Nebraska. From 1982 to April 2013, Ms. Madere served in a number of key leadership positions at Monsanto Company, a global provider of agricultural solutions, including President of the vegetable seeds division from 2008 to 2009, General Manager of the Europe/Africa division from 2005 to 2008, President of its dairy business from 2003 to 2005 and, most recently, as Vice President of its Global Vegetables and Asia commercial businesses. Since November 2013, Ms. Madere has served on the Dean's Advisory Council of the Louisiana State University Honors College. She is a member of the Latin Corporate Directors Association as well as the Hispanic Association on Corporate Responsibility. Ms. Madere is also certified by the National Association of Corporate Directors as a Governance Fellow. Ms. Madere received a B.S. degree in Chemical Engineering from Louisiana State University and an M.B.A. from the University of Iowa. With her strong industry and public company experience, Ms. Madere provides our Board significant management expertise and industry knowledge.

Alexander C. Matina has served on the Board since May 2015. Since November 2007, he has held the office of Vice President, Investments for MFP Investors, LLC, the family office of Michael F. Price, which has a value-investing focus across public and private markets. From October 2005 to August 2007, Mr. Matina served in various roles at Balance Asset Management, a multi-strategy hedge fund, and from June 2004 to September 2005, as a senior associate at Altus Capital Partners, a middle market private equity fund. Prior thereto, he was a principal at 747 Capital, a private equity fund-of-funds, and a financial analyst at Salomon Smith Barney in the financial sponsors group of the investment banking division. Since April 2013, he has served on the board of directors of Trinity Place Holdings, Inc., a publicly traded real estate company and as its Chairman of the Board since November 2013. Since August 2007, Mr. Matina has also served as an adjunct professor of finance at Fordham University. Mr. Matina received a bachelor's degree from Fordham University and an M.B.A. from Columbia University. Mr. Matina brings a strong finance background to the Board, including experience with private equity, as well as his experience in other public companies.

Charles (Chip) B. Seidler was elected to the Board in June 2010. Mr. Seidler has served as portfolio manager of BTG Pactual, an investment bank with operations in Latin America, since April 2018. From October 2017 to April 2018, Mr. Seidler began serving as a portfolio manager of City Financial Hedge Fund Group in London, England. From June 2010 through August 2017, he served as an executive director and senior member of a proprietary trading group of Nomura Securities in New York, New York. From January 2007 through June 2010, Mr. Seidler held various senior positions at Deutsche Bank AG in Tokyo, Japan, including Head of JPY/UST International Sales (from March 2009 until his departure in June 2010), JPY Flow Trader (from September 2008 to March 2009) and Rates Proprietary Trader from January 2007 to September 2008. Between March 2003 and January 2007, Mr. Seidler was Portfolio Manager of Caxton Associates, L.L.C., the macro hedge fund, New York, New York, where he focused on macro and relative value trading with a particular focus on the Japanese markets. He currently and during the last five years has served on numerous corporate boards of directors, however, none of them are companies with a class of equity securities registered under Section 12 of the Securities Exchange Act of 1934, as amended. Mr. Seidler received a bachelor's degree and a Masters of Arts from Colgate University. Based on his extensive experience in the corporate boardroom and financial expertise, Mr. Seidler brings to the Board a level of professionalism and perspective that we believe is invaluable.

Robert D. Straus was elected to the Board in January 2018. Mr. Straus currently serves as a Portfolio Manager at Wynnefield Capital, Inc., an investment management firm, where he has been employed since April 2015. Wynnefield Capital Management manages two partnerships and Wynnefield Capital, Inc. manages one partnership, all three of which invest in small-cap value U.S. public equities and private companies. Prior to joining Wynnefield Capital, Inc., Mr. Straus served as a Senior Equity Analyst of Gilford Securities, an investment banking firm, from February 2009 through March 2015. Mr. Straus served as Managing Director or Senior Analyst at several investment banks over nearly 20 years. Since June 2017, Mr. Straus has served on the Board of Directors for Nature's Sunshine, a Nasdaq-listed nutritional and personal care products company, for which he also serves on the Audit committee and the Compliance Committee. Mr. Straus has also served as a member of the Board of Directors of MK Acquisition LLC, a mountain lifestyle apparel brand founded in Jackson Hole, Wyoming, since May 2015. From May 2017 to June 2018, Mr. Straus served as a member of the Board of Directors of Hollender Sustainable Brands LLC, a female sexual wellness consumer brand with headquarters in Burlington, Vermont. Mr. Straus received a B.S.B.A. degree from the University of Hartford and a M.B.A. from Bentley University. Based on his financial and public company experience, as well as his extensive experience assessing capital allocation programs, evaluating business strategy and conducting in-depth due diligence, Mr. Straus strengthens the Board's collective qualifications, skills and experience.

Grover T. Wickersham served as our Chairman of the Board from incorporation in October 2009 until December 2014, when he became our Vice Chairman. In July 2016, Mr. Wickersham became Chairman of the Board of and, in November of 2016, also the CEO of Eastside Distilling, Inc., a public company producer and marketer of craft spirits located in Portland, Oregon. Since December 2015, Mr. Wickersham has served on the board of directors of SenesTech, Inc., a public company that has developed proprietary technology for managing animal pest populations through fertility control. Since 1996, Mr. Wickersham has also been a director and portfolio advisor to Glenbrook Capital Management, an investment manager. From 1996 until November 2016, Mr. Wickersham served as the chairman of the board of trustees of The Purisima Funds, a mutual fund operator that was advised by Fisher Investments of Woodside, California and which exited the mutual fund business and liquidated its funds in 2016. Mr. Wickersham is admitted to practice by the California State Bar and has specialized in securities law. From 1976 to 1981, Mr. Wickersham served as a staff attorney, and then as a branch chief, of the U.S. Securities and Exchange Commission. He received an A.B. degree from the University of California at Berkeley, an M.B.A. from Harvard Business School and a J.D. from University of California (Hastings College of Law). We believe that Mr. Wickersham's experience and knowledge with respect to corporate finance, legal and operational matters gained through prior directorships and his knowledge of our company, its markets and operations developed over his tenure as Chairman and Vice Chairman qualify him to serve on the Board.

Alan D. Willits was elected to the Board in July 2018. He has served as the Chairman of Cargill Asia Pacific since June 2014 and leads Cargill's Agriculture Supply Chain business in the Asia-Pacific region. He is responsible for several businesses within this group, including Cargill's oil palm plantations, trading and merchandising in the Asia-Pacific region, and Cargill's grains and oilseeds supply chain businesses in North Asia, South Asia and Australia. From February 2008 to May 2014, Mr. Willits served as President of Cargill Corn Milling America, where he oversaw all aspects of the corn processing business. Between January 2005 and February 2008, Mr. Willits served as President of Cargill Specialty Seed and Oil. Mr. Willits also held various other senior positions with Cargill between 1980 and 2005, during which he managed Cargill's international wheat trading activities in Geneva, Switzerland, its grain business in Argentina and its specialty canola oils business. Mr. Willits received a bachelor's degree from the University of Illinois, College of Agriculture in Agricultural Economics. Based on his extensive industry experience and agricultural expertise, Mr. Willits brings to the Board significant industry expertise and knowledge of the agricultural industry in the Asia-Pacific and other geographic regions.

Mark W. Wong was elected to the Board in December 2014. In June 2017, he was appointed to serve as our President and Chief Executive Officer. He has more than 35 years of experience in agribusiness, with particular expertise in technology integration and commercialization. Mr. Wong was a founder and, since 2009, has been a partner of Colorado Financial Holdings ("CFH"), a private venture investment and investment bank that specializes in the agricultural, energy and biotechnology sectors. Since January 2012, Mr. Wong has served as Chairman of American Dairyco, Ponte Vedra, Florida, the owner and operator of dairies in Florida and Georgia, which is a venture jointly owned by CFH. Between 2008 and December 2015, he served either as Chairman of the Board or chief executive officer of Agrivida, a private company that is developing and commercializing high-performance products that incorporate novel, regulated proteins precisely engineered for specific applications in a variety of markets, including animal nutrition, bio-based fuels and chemicals and industrial enzymes. From January 2016 to February 2016, Mr. Wong served as Acting President and Chief Executive Officer of Arcadia Biosciences, Inc., a publicly-traded agricultural biotechnology trait company for which he also served on the board from May 2006

until February 2016. Mr. Wong was the Chief Executive Officer of Renewable Agricultural Energy Corporation, a private ethanol production company, from 2006 to 2007. Prior to that time, was the founder and, from 1999 to 2005, chief executive officer of Emergent Genetics, an international seed biotech company that was sold to Monsanto Company in 2005. Mr. Wong founded and managed a series of other agricultural and biotechnology companies, including Big Stone Partners, Agracetus Corporation, a plant biotechnology company that was sold to Monsanto and Agrigenetics Corporation, a seed and biotechnology company that was sold to Dow Chemical. Mr. Wong also worked as an engineer for FMC Corporation and Chemical Construction Corporation. Mr. Wong served as a director of BioFuel Energy Corp., a publicly traded corn ethanol company, from January 2008 until October 2014, and Chair from March 2010 to October 2014, when it was renamed Green Brick Partners following an acquisition and recapitalization transaction. Mr. Wong received a B.S. degree in Chemical Engineering from Lehigh University and an M.B.A. from the Wharton School of Business at the University of Pennsylvania. Mr. Wong provides the Board with a wealth of experience in the agricultural and energy industries, and is able to draw on his many years of executive leadership experience.

Non-Director Executive Officers:

Danielson B. Gardner joined our Company in October 2012 as Vice President of Breeding and Genetics. In August 2016, he was promoted to the newly-created executive office position of Chief Marketing and Technology Officer. For 18 years prior to joining S&W, he served in various positions in breeding and international sales at Dairyland Seed Co., a Dow AgroSciences subsidiary. His most recent position at Dairyland, which he held from June 2008 until his departure in October 2012, was International Distribution Manager. He also served as Alfalfa Breeder for Dairyland from March 1994 until October 2012. Mr. Gardner currently sits on the board of the California Seed Association. He received a B.S. degree in Genetics from the University of California at Davis and later graduated from its Plant Breeding Academy.

Dennis C. Jury has served as our Executive Vice President of Operations and Chief Operating Officer since April 2013. He also serves as Chief Executive and Managing Director of our subsidiary, S&W Australia. Mr. Jury served as S&W Australia's Managing Director from July 2009 until April 2013. He is a veteran of the agricultural industry, having worked for ICI Crop Care, Schering Ag, and South Australian Seedgrowers Cooperative in various roles including territory sales, territory manager, and product and market development manager, before joining S&W Australia in August 2003 as Business Manager. Mr. Jury received a B.S. degree in Agricultural Science from the Waite Agricultural Research Institute in Urbrae, South Australia and an M.B.A. from the University of Adelaide Graduate School of Management.

Matthew K. Szot has served as our Chief Financial Officer and Treasurer since March 2010. In August 2014, he was designated our Executive Vice President of Finance and Administration, after having held the title of Senior Vice President prior thereto. Mr. Szot also serves as a member of the Boards of our wholly owned subsidiaries, S&W Seed Australia Pty Ltd and S&W Australia. Mr. Szot is also currently a Director and serves as Chairman of the Audit Committee of SenesTech, a publicly traded life science company focused on animal health. Mr. Szot is also on the board of directors and serves as Chairman of the Audit Committee of Eastside Distilling, Inc., a publicly traded company in the craft spirits industry. From February 2007 until October 2011, Mr. Szot served as the Chief Financial Officer for Cardiff Partners, LLC, a strategic consulting company that provided executive financial services to various publicly traded and privately held companies. From 2003 to December 2006, Mr. Szot served as Chief Financial Officer and Secretary of Rip Curl, Inc., a market leader in wetsuit and action sports apparel products. From 1996 to 2003, Mr. Szot was a Certified Public Accountant with KPMG and served as an Audit Manager for various publicly traded companies. Mr. Szot received a B.S. degree in Agricultural Economics/Accountancy from the University of Illinois, Champaign-Urbana and is a Certified Public Accountant in the State of California.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who beneficially own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Executive officers, directors and greater than ten percent stockholders are required by SEC regulation to provide to us copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required during the fiscal year ended June 30, 2018, our executive officers, directors and greater than ten percent beneficial owners complied with all applicable Section 16(a) filing requirements. All such reports have since been filed by such individuals.

Code of Business Conduct and Ethics

Our Board values effective corporate governance and adherence to high ethical standards. As such, our Board has adopted a Code of Business Conduct and Ethics, which is applicable to all of our employees, officers and directors, including our senior executive and financial officers. Our Code of Business Conduct and Ethics is available on our corporate website located at www.swseedco.com/investors.

We will provide our code of ethics in print without charge to any stockholder who makes a written request to: S&W Seed Company, 106 K Street, Suite 300, Sacramento, California 95814, Attention: Secretary, or by e-mail to secretary@swseedco.com. Any waivers of the application of, and any amendments to, our code of ethics must be made by our Board and will be disclosed promptly on our Internet website, www.swseedco.com.

Corporate Governance

Our Board believes that sound governance practices and policies provide an important framework to assist them in fulfilling their duty to stockholders. Our Board has implemented many "best practices" in the area of corporate governance, including the establishment of separate committees of our board, careful annual review of the independence of our Audit and Compensation Committee members, maintenance of a majority of independent directors, and written expectations of management, among other things.

Committees of the Board of Directors

Our Board has five standing committees: an Audit Committee; a Compensation Committee; a Nominating and Governance Committee; a Finance Committee; and an Acquisition and Strategy Committee, each of which meet as needed or advisable. The table below provides membership and meeting information for fiscal 2018 for each of the standing committees of the Board. In addition to formal in-person and telephonic meetings, committee members took various actions by written consent during the fiscal year and spent many hours in informal consultation with one another and with management.

<u>Name</u>	<u>Audit</u>	<u>Compensation</u>	<u>Nominating and Governance</u>	<u>Finance</u>	<u>Acquisition and Strategy</u>
David A. Fischhoff, Ph.D.(1)	X	X	X		
Mark J. Harvey					X
Consuelo E. Madere (2)		X	X*		

Alexander C. Matina (3)		X*		X*	X*
Charles B. Seidler (4)	X	X	X	X	
Robert D. Straus (5)	X				X
Grover T. Wickersham	X*		X		
Alan D. Willits (6)					
Mark W. Wong				X	X
Total meetings held in fiscal 2018	7	4	4	5	3

* Committee Chairperson

- (1) Dr. Fischhoff was appointed to the Audit Committee upon his election to the Board in December 2016 and served on the committee until April 2018.
- (2) Ms. Madere was appointed as Chair of the Nominating and Governance Committee in April 2018.
- (3) Mr. Matina was appointed as Chair of the Compensation Committee in June 2017.
- (4) Mr. Seidler served as Chair of the Nominating and Governance Committee until April 2018. Mr. Seidler served as a member of the Compensation Committee until April 2018.
- (5) Mr. Straus was appointed to the Audit Committee and the Acquisition and Strategy Committee in January 2018 and April 2018, respectively.
- (6) Mr. Willits was appointed to the Nominating and Governance Committee and the Acquisition and Strategy Committee in connection with his election to the Board in July 2018. Mr. Willits was not a member of the Board in fiscal 2018.

Audit Committee

As of the date of this report, the members of the Audit Committee are Messrs. Seidler, Straus and Wickersham, with Mr. Wickersham serving as the Chair of the Audit Committee.

The Audit Committee was established in accordance with applicable SEC rules to oversee our corporate accounting and financial reporting processes and audits of its financial statements. We are required to have an Audit Committee in order to maintain our listing on the Nasdaq Capital Market. Our Board has determined that each of the members of our Audit Committee satisfies the requirements for Audit Committee independence and financial literacy under the current rules and regulations of the SEC and the Nasdaq Stock Market. The Board has also determined that Mr. Wickersham is an "Audit Committee financial expert" as defined in SEC rules and satisfies the financial sophistication requirements of Nasdaq as a result of his many years serving as a chief executive and audit committee chair. This designation does not impose on Mr. Wickersham any duties, obligations or liabilities that are greater than is generally imposed on him as a member of our Audit Committee and our Board.

The Audit Committee is responsible for, among other things:

- selecting, hiring and terminating our independent auditors;
- evaluating the qualifications, independence and performance of our independent auditors;
- approving the audit and non-audit services to be performed by the independent auditors;
- overseeing and monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;
- with management and our independent auditors, reviewing any earnings announcements and other public announcements regarding our results of operations;

- reviewing and discussing with management and our independent registered public accounting firm our annual and quarterly financial statements and annual and quarterly reports on Forms 10-K and 10-Q; and
- providing to the Board information and materials to make the Board aware of significant financial and audit-related matters that require the attention of the Board.

The Audit Committee acts under a written charter adopted and approved by our Board. A current copy of the charter of our Audit Committee is available on the Investors page on our website located at www.swseedco.com.

Report of the Audit Committee

The following is the report of the Audit Committee with respect to the Company's audited financial statements for the year ended June 30, 2018. The information contained in this report shall not be deemed "soliciting material" or otherwise considered "filed" with the SEC, and such information shall not be incorporated by reference into any future filing under the Securities Act or the Exchange Act except to the extent that the Company specifically incorporates such information by reference in such filing.

The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended June 30, 2018 with our management. The Audit Committee has discussed with our independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 1301, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board (the "PCAOB").

The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountants' communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm's independence.

Based on the foregoing, the Audit Committee has recommended to our Board that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended June 30, 2018. Our Board has approved this inclusion.

AUDIT COMMITTEE

Grover T. Wickersham (Chair)

Charles B. Seidler

Robert D. Straus

Compensation Committee

As of the date of this report, the members of the Compensation Committee are Ms. Madere, Mr. Matina and Dr. Fischhoff, with Mr. Matina serving as the Chair of the Compensation Committee. Our Board has determined that each member of our Compensation Committee meets the requirements for independence under Rule 5605(d)(2) of the Nasdaq listing standards, the non-employee director definition of Rule 16b-3 promulgated under the Exchange Act and the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code.

The Compensation Committee is responsible for, among other things:

- overseeing our compensation policies, plans and benefit programs and making recommendations to the Board with respect to improvements or changes to the compensation plans and adoption of other plans;
- reviewing and approving with respect to our executive officers: annual base salaries, annual incentive bonuses, equity compensation, employment agreements, severance arrangements and change of control agreements/provisions, signing bonuses or payments of relocation costs and any other benefits, compensation or arrangements;
- evaluating and approving the corporate and individual goals and objectives relevant to the compensation of our executive officers; and
- administering our equity compensation plans.

The Compensation Committee acts under a written charter adopted and approved by our Board. A current copy of the charter of our Compensation Committee is available on the Investors page on our website located at www.swseedco.com.

Typically, the Compensation Committee meets approximately four times per year and with greater frequency if necessary. The agenda for each meeting is usually developed by the Chair of the Compensation Committee, in consultation with the Chairman of the Board. The Compensation Committee meets regularly in executive session. However, from time to time, other directors and outside advisors or consultants may be invited to participate in Compensation Committee meetings. The Chief Executive Officer may not participate in, or be present during, any deliberations or determinations of the Compensation Committee regarding his compensation or individual performance objectives.

The charter of the Compensation Committee grants the Compensation Committee full access to all books, records, facilities and personnel of the Company. The Compensation Committee has the authority to obtain, at our expense, such advice or assistance from consultants, legal counsel, accounting or other advisors as it deems appropriate to perform its duties. Without limiting the generality of the foregoing, the Compensation Committee may retain or obtain the advice of compensation consulting firms to assist in the performance of its duties and to determine and approve the terms, fees and costs of such engagements. Under its charter, prior to selecting, or receiving advice from, any consultant or advisor, the Compensation Committee is required to consider the independence of such advisor based on any applicable criteria specified by the SEC or Nasdaq, including the independence factors listed in Nasdaq Rule 5605(d)(3). However, the Compensation Committee is not prohibited from obtaining advice from advisors that it determines are not independent. During fiscal 2018, the Compensation Committee did not retain the services of any outside consultants.

The specific determinations of the Compensation Committee with respect to executive compensation for fiscal 2018 are described in greater detail in the Executive Compensation section of this report.

Nominating and Governance Committee

As of the date of this report, the members of the Nominating and Governance Committee are Ms. Madere, Dr. Fischhoff and Messrs. Seidler, Wickersham and Willits, with Ms. Madere serving as the Chair of the Nominating and Governance Committee. Our Board has determined that each member of our Nominating and Governance Committee meets the requirements for independence under the current rules of the SEC and Nasdaq.

The goal of the Nominating and Governance Committee is to ensure that the members of our Board have a variety of perspectives and skills derived from high-quality business and professional experience. The Nominating and Governance Committee seeks to achieve a balance of knowledge, experience and capability on our Board. To this end, the committee seeks nominees with high professional and personal

integrity, an understanding of our business lines and industry, diversity of business experience and expertise, broad-based business acumen and the ability to think strategically. Although neither we nor our Nominating and Governance Committee has a formal policy about diversity in the nominee selection process, our Nominating and Governance Committee charter states that the committee's goal is to develop a diverse and experienced board. In the context of the existing composition and needs of the board and its committees, the Nominating and Governance Committee considers various factors, including, but not limited to, independence, age, diversity (which, in this context, means race, ethnicity and gender), integrity, skills, financial and other expertise, breadth of experience and knowledge about our business or industry. Although the Nominating and Governance Committee uses these and other criteria to evaluate potential nominees, we have not established any particular minimum criteria for nominees. After its evaluation of potential nominees, the committee submits nominees to the Board for approval. When appropriate, the Nominating and Governance Committee may in the future retain executive recruitment firms to assist in identifying suitable candidates.

The Nominating and Governance Committee is responsible for, among other things:

- assisting our Board in identifying prospective director nominees and recommending to our Board the director nominees for each annual meeting of stockholders;
- evaluating the performance of current members of our Board;
- ensuring that our Board is properly constituted to meet its fiduciary obligations to us and our stockholders and that we follow appropriate governance standards;
- developing principles of corporate governance and recommending them to our Board;
- overseeing compliance by our Board and its committees with applicable laws and regulations, including those promulgated by the rules of the SEC and Nasdaq; and
- overseeing the evaluation of our Board and recommending compensation of Board members.

The Nominating and Governance Committee acts under a written charter adopted and approved by our Board. A current copy of the charter of our Nominating and Governance Committee is available on the Investors page on our website located at www.swseedco.com.

Finance Committee

The Finance Committee provides ad-hoc recommendations and guidance to the full Board on issues related to the financing of the Company. As of the date of this report, the Finance Committee was comprised of Messrs. Matina, Seidler and Wong, with Mr. Matina serving as the Chair of the Finance Committee.

Acquisition and Strategy Committee

The Acquisition and Strategy Committee provides ad-hoc recommendations and guidance to the full Board in connection with identifying and pricing potential acquisition candidates and transactions. As of the date of this report, the Acquisition and Strategy Committee was comprised of Messrs. Harvey, Matina, Straus, Willits and Wong, with Mr. Matina serving as the Chair of the Acquisition and Strategy Committee.

Director Independence

At all times throughout fiscal 2018, our Board consisted of a majority of independent directors. Of our nine current directors, throughout fiscal 2018 only the Chief Executive Officer was an employee. Our Board consults with our counsel to ensure that the Board's determinations are consistent with relevant securities and other laws and regulations regarding the definition of "independent," including those set

forth in pertinent listing standards of the Nasdaq Capital Market, as in effect from time to time. Our Board has affirmatively determined that Dr. Fischhoff, Ms. Madere and Messrs. Matina, Seidler, Straus, Wickersham and Willits, representing a majority of the director nominees, are "independent directors" as defined under the rules of the SEC and Nasdaq. In reaching its conclusions, the Board considered all relevant facts and circumstances with respect to any direct or indirect relationships between us and each of the directors, including those discussed under the caption "Transactions with Related Persons" below. Our Board determined that any relationships that exist or existed in the past between us and each of the foregoing nominees, if any, were immaterial on the basis of the information set forth in the above-referenced sections.

Executive Sessions of Independent Directors

In order to promote open discussion among independent directors, our Board has a policy of conducting executive sessions of the independent directors. The Board holds regular executive sessions of the independent directors at least four times per year in connection with regularly-scheduled Board meetings and holds executive sessions at other times throughout the year as needed or desired. These directors may designate one of their number to preside at each session, although it need not be the same director at each session. Regardless of the fact that these executive sessions are required by Nasdaq, we believe they are important vehicles to encourage open communication. Whether a presiding director is selected for each session or not, one among the directors present is designated to communicate the results of each such meeting to the full Board.

Board Meetings and Attendance

The Board met seven times in fiscal 2018. Each member of the Board attended or participated in 75% or more of the aggregate of (i) the total number of meetings of the Board held during the period for which such person has been a director, and (ii) the total number of meetings held by each committee of the Board on which such person served during the periods that such person served.

Board Attendance at Annual Stockholder Meetings

Our directors are strongly encouraged to attend each annual meeting of stockholders, although such attendance is not required. All of our then-current directors attended the Annual Meeting of Stockholders held on January 9, 2018.

Board Leadership

The Board does not have a formal policy on whether or not the roles of Chairman of the Board and Chief Executive Officer should be separate and, if they are to be separate, whether the Chairman of the Board should be selected from the non-employee directors or be an employee. The Board believes that it should be free to make a choice from time to time in any manner that is in the best interests of our company and our stockholders. Currently, we separate the role of Chairman and Chief Executive Officer. Mr. Harvey serves as the Chairman and Mr. Wong serves as Chief Executive Officer. The Board believes that this separation is presently appropriate as it allows the Chief Executive Officer to focus primarily on leading the day-to-day operations of our company, while the Chairman can focus on leading the Board in its consideration of strategic issues and monitoring corporate governance and other stockholder issues.

Each of the committees of the Board consists entirely of independent directors.

Our Chairman is selected by a majority of the Board. The Chairman may be replaced at any time by a vote of a majority of the Board then serving; *provided, however*, that the Chairman may not be removed as a director of the Company except in accordance with the Nevada Revised Statutes, our Bylaws, and other applicable law.

Role of the Board in Risk Oversight

Our Board, as a whole and through its committees, has responsibility for the oversight of risk management. With the oversight of our full Board, our senior management are responsible for the day-to-day management of the material risks we face. In its oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. This involvement of the Board in setting our business strategy is a key part of its oversight of risk management, its assessment of management's appetite for risk and its determination of what constitutes an appropriate level of risk for us. Additionally, our Board regularly receives updates from senior management and outside advisors regarding certain risks we face, including various operating risks. Our senior management attends meetings of our Board, and each committee meets with key management personnel and representatives of outside advisors as necessary. Additionally, senior management makes itself available to address any questions or concerns raised by the board on risk management and any other matters.

Each of our Board committees oversees certain aspects of risk management.

Board/Committee	Primary Areas of Risk Oversight
Full Board	Strategic, financial and execution risks and exposures associated with our business strategy, product innovation and sales road map, policy matters, significant litigation and regulatory exposures and other current matters that may present material risk to our financial performance, operations, infrastructure, plans, prospects or reputation, acquisitions and divestitures
Audit Committee	Risks and exposures associated with financial matters, particularly financial reporting, tax, accounting, disclosure, internal control over financial reporting, investment guidelines and credit and liquidity matters, internal investigations and enterprise risks
Compensation Committee	Risks and exposures associated with leadership assessment, executive compensation policies and practices and is responsible for establishing and maintaining compensation policies and programs designed to create incentives consistent with our business strategy that do not encourage excessive risk-taking
Nominating and Governance Committee	Risks and exposures associated with director and senior management succession planning, director independence, corporate governance and overall Board effectiveness

Additional review or reporting on enterprise risks will be conducted as needed or as requested by the Board or a committee thereof.

Stockholder Communications with the Board of Directors

Stockholders and interested parties who wish to contact our Board, our Chairman, any other individual director, or the non-management or independent directors as a group, are welcome to do so in writing, addressed to such person(s) in care of our Corporate Secretary. Email correspondence of this nature should be sent to secretary@swseedco.com, and other written correspondence should be addressed to S&W Seed Company, 106 K Street, Suite 300, Sacramento, California 95814, Attention: Secretary.

Our Board has adopted a formal process by which stockholders may communicate with the Board or any of its members. These communications will be reviewed by our Corporate Secretary, who will then determine whether the communication is appropriate for presentation to the Board or the relevant director. The purposes of this screening is to avoid the Board having to consider spam, junk mail, mass mailings, customer complaints or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate or irrelevant material. The Corporate Secretary will determine, in her discretion, whether any response is necessary and may forward certain correspondence, such as customer-related inquiries, elsewhere within our company for review and possible response. Comments or questions regarding our accounting, internal controls or auditing matters will be referred to the Audit Committee. Comments or questions regarding the nomination of directors and other corporate governance matters will be referred to the Nominating and Governance Committee. Comments or questions regarding executive compensation will be referred to the Compensation Committee.

Stockholder Recommendations for Director Candidates

There have been no material changes to the procedures by which our stockholders may recommend nominees to the Board as disclosed in our previous periodic reports filed with the SEC.

Item 11. Executive Compensation.

As a smaller reporting company, we are not required to provide a separately-captioned "Compensation Discussion and Analysis" section. However, in order to provide a greater understanding to our stockholders regarding our compensation policies and decisions with respect to our Named Executive Officers, we are including additional information regarding the compensation of our Named Executive Officers.

Compensation Philosophy and Processes

Compensation for our executives and key employees is designed to attract and retain people who share our vision and values and who can consistently perform in such a manner that enables the Company to achieve its strategic goals. The Compensation Committee believes that the total compensation package for each of our executive officers is competitive with the market, thereby allowing us to retain executive talent capable of leveraging the skills of our employees and our unique assets in order to increase stockholder value. Our Named Executive Officers refers to those executive officers identified in the Summary Compensation Table below. Our Named Executive Officers for fiscal year 2018 included the following individuals: Mark W. Wong, President and Chief Executive Officer; Matthew K. Szot, Executive Vice President of Finance and Administration, Chief Financial Officer and Treasurer; and Danielson B. Gardner, Chief Marketing and Technology Officer.

The Company's executive compensation programs are designed to (1) motivate and reward our executive officers, (2) retain our executive officers and encourage their quality service, (3) incentivize our executive officers to appropriately manage risks while improving our financial results, and (4) align executive officers' interests with those of our stockholders. Under these programs, our executive officers are rewarded for the achievement of company objectives and the realization of increased stockholder value.

The program seeks to remain competitive with the market while also aligning the executive compensation program with stockholder interests through the following types of compensation: (i) base salary; (ii) annual cash-based incentive bonuses; and (iii) equity-based incentive awards.

Key Executive Compensation Objectives

The compensation policies developed by the Compensation Committee are based on the philosophy that compensation should reflect both Company-wide performance, financially and operationally, and the individual performance of the executive, including management of personnel under his supervision. The Compensation Committee's objectives when setting compensation for our executive officers include:

- Setting compensation levels that are sufficiently competitive such that they will motivate and reward the highest quality individuals to contribute to our goals, objectives and overall financial success. This is done in part through reviewing and comparing the compensation of other companies in our peer group.
- Retaining executives and encouraging their continued quality service, thereby encouraging and maintaining continuity of the management team. Our competitive base salaries combined with cash and equity incentive bonuses, retirement plan benefits and the vesting requirements of our equity-based incentive awards, encourage high-performing executives to remain with the Company.
- Incentivizing executives to appropriately manage risks while attempting to improve our financial results, performance and condition.
- Aligning executive and stockholder interests. The Compensation Committee believes the use of equity compensation as a key component of executive compensation is a valuable tool for aligning the interests of our executive officers with those of our stockholders.

Our compensation program is designed to reward superior performance of both the Company and each individual executive and seeks to encourage actions that drive our business strategy. In fiscal 2016, we instituted a process by which the Compensation Committee or a member thereof, meets with each of our executives quarterly to review performance, goals and expectations so that our annual compensation decisions, when made, will be more transparent. We found this regular line of communication to be helpful, both for our executives and for the Compensation Committee, and as such, the process continued in fiscal 2018.

Oversight of Executive Compensation

The Role of the Compensation Committee in Setting Compensation. Our Compensation Committee determines and recommends to our Board the compensation of our executive officers. The Compensation Committee also administers our equity incentive plans. The Compensation Committee reviews base salary levels for executive officers of our company and recommends raises and bonuses based upon the company's achievements, individual performance and competitive and market conditions. The Compensation Committee may delegate certain of its responsibilities, as it deems appropriate, to compensation subcommittees or to our officers, but it has not elected to do so to date.

The Role of Executives in Setting Compensation. While the Compensation Committee does not delegate any of its functions to others in setting the compensation of senior management, it includes members of senior management in the Compensation Committee's executive compensation process. We have asked each of our senior executives to annually provide us with input with regard to their goals for the coming year.

These proposals include suggested company-wide and individual performance goals. The individual goals include not only the goals of such executive but also goals of the employees for whom the executive is responsible. The Compensation Committee reviews these proposals with the executives and provides the Committee's perspective on those aspects that the Committee may feel should be modified. Quarterly meetings with the executives will permit an ongoing dialog to further our goal of enhancing communication and managing expectations regarding compensation matters.

The Role of Consultants in Setting Compensation. In fiscal 2018, the Compensation Committee did not retain compensation consultants to assist it in its review of executive compensation although it is empowered by its charter to do so. As the Compensation Committee deems necessary or helpful, it may retain the services of compensation consultants in connection with the establishment and development of our compensation philosophy and programs in the future.

Compensation Risk Assessment

As part of its risk assessment process, the Compensation Committee reviewed material elements of executive and non-executive employee compensation. The Compensation Committee concluded that these policies and practices do not create risk that is reasonably likely to have a material adverse effect on the Company.

The structure of our compensation program for our executive officers does not incentivize unnecessary or excessive risk taking. The base salary component of compensation does not encourage risk taking because it is a fixed amount. The incentive plan awards have risk-limiting characteristics:

- Annual incentive awards to each of our executive officers are limited to the fixed maximum specified in the incentive plan;
- Annual incentive awards are based on a review of a variety of performance factors, thus diversifying the risk associated with any single aspect of performance;
- The Compensation Committee, which is composed of independent members of our Board, approves final incentive plan cash and stock awards in its discretion after reviewing executive and corporate performance; and
- The significant portion of long-term value is delivered in shares of the Company with a multi-year vesting schedule, which aligns the interests of our executive officers to the long-term interests of our stockholders.

Elements of Compensation

The material elements of the compensation program for our Named Executive Officers include: (i) base salary; (ii) cash-based incentive bonuses; and (iii) equity-based incentive awards.

Base Salaries. We provide our Named Executive Officers with a base salary to compensate them for services rendered during the fiscal year and sustained performance. The purpose of the base salary is to reflect job responsibilities, value to us and competitiveness of the market. Salaries for our Named Executive Officers are determined by the Compensation Committee based on the following factors: nature and responsibility of the position and, to the extent available, salary norms for comparable positions; the expertise of the individual executive; and the competitiveness of the market for the executive's services.

Performance Cash-Based Incentive Bonuses. Our practice is to award cash-based incentive bonuses, based in part on the achievement of performance objectives or significant accomplishments as established by the Compensation Committee from time-to-time in its discretion. These performance objectives and significant accomplishments are, in part, developed in partnership with the executive and are discussed on an ongoing basis throughout the year.

Equity-Based Incentive Awards. Our equity-based incentive awards are designed to align our interests with those of our employees and consultants, including our Named Executive Officers. Our Compensation Committee is responsible for approving equity grants. As of the end of fiscal 2018, our Named Executive Officers have been granted both stock option awards and restricted stock units. Vesting of the stock option and restricted stock unit awards is tied to continuous service with us and serves as an additional retention measure and long-term incentive.

Key Compensation Decisions and Developments for Fiscal Year 2018

For fiscal 2018, each of our Named Executive Officers, except for our Chief Executive Officer, was entitled to receive an annual discretionary incentive bonus of up to 100% of his base salary, payable 65% in cash and 35% in equity. Our Chief Executive Officer, Mr. Wong, was entitled to receive an annual discretionary bonus, with an initial target bonus of up to \$800,000, payable 70% in equity and 30% in cash, of which Mr. Wong's cash portion for fiscal 2018 was guaranteed at a minimum of \$240,000. Following the completion of the 2018 fiscal year, each of these executive officers evaluated himself against his specific goals and presented his assessment to the Compensation Committee. The Compensation Committee followed with its own review of these self-assessments, in addition to its review of the fiscal 2018 corporate goals and objectives for these executive officers and their performance in light of these goals and objectives. Based on its review, in August 2018 the Compensation Committee determined the fiscal 2018 cash and equity incentive awards for our Named Executive Officers, as follows:

Mark W. Wong	60% of his initial target bonus
Matthew K. Szot	80% of base salary
Danielson B. Gardner	40% of base salary

- **Base Pay.** Pursuant to their respective employment agreements, the current base salaries for our Named Executive Officers eligible to receive an annual incentive bonus is as follows:

Mark W. Wong	\$350,000
Matthew K. Szot	\$285,000
Danielson B. Gardner	\$225,000

Mr. Wong's base salary was fixed in 2017, Mr. Szot's base salary was fixed in 2015 and Mr. Gardner's base salary was fixed in 2016. Each of the foregoing base salaries have remained fixed since their initial determination.

- **Cash-Based Incentive Compensation.** 65% of each of Messrs. Szot's and Gardner's bonuses was payable in cash. Mr. Wong was guaranteed a minimum cash bonus of \$240,000. The following cash incentive bonuses were determined in August 2018 for performance during fiscal 2018:

Mark W. Wong	\$240,000
Matthew K. Szot	\$148,200
Danielson B. Gardner	\$58,499

- Equity-Based Incentive Compensation. The remaining 35% of each of Messrs. Szot's and Gardner's total bonuses was payable in equity and divided equally into a restricted stock unit award and a stock option grant. The remaining \$240,000 of Mr. Wong's total bonus was payable in equity and divided equally into a restricted stock unit award and a stock option grant. Based on the final assessments of the Compensation Committee, in August 2018, these executive officers were granted the following equity incentive awards under our Amended and Restated 2009 Equity Incentive Plan:

<u>Named Executive Officer</u>	<u>Stock Options (#)</u>	<u>Restricted Stock Units ("RSUs") (#)</u>	<u>Dollar Value of Options and RSUs</u>
Mark W. Wong	100,000	37,500	\$240,000
Matthew K. Szot	33,250	12,469	\$79,799
Danielson B. Gardner	13,125	4,922	\$31,501

All of the options and restricted stock units awarded as incentive bonus compensation vest quarterly over three years, commencing on October 1, 2018.

Summary Compensation Table

The following table sets forth certain information for the fiscal years ended 2018 and 2017 regarding the compensation of (i) our Chief Executive Officer and (ii) our two most highly compensated executive officers other than our Chief Executive Officer who were serving as executive officers at the end of the end of fiscal 2018. These individuals are referred to herein as our "Named Executive Officers."

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Stock Awards (\$)(1)</u>	<u>Option Awards (\$)(1)</u>	<u>Non-Equity Incentive Plan Compensation (\$)(2)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Mark W. Wong (3) <i>President and Chief Executive Officer</i>	2018	350,000	120,000	120,000	240,000	404 (4)	830,404
	2017	5,385	-	235,806	-	102,434 (5)	343,624
Matthew K. Szot <i>Executive Vice President of Finance and Administration, Chief Financial Officer and Treasurer</i>	2018	285,000	39,890	39,890	148,200	13,805 (6)	526,785
	2017	285,000	37,405	35,089	138,938	14,600 (6)	511,032
Danielson B. Gardner <i>Chief Marketing and Technology Officer</i>	2018	225,000	15,751	15,751	58,499	18,610 (7)	333,611
	2017	235,903	19,688	18,468	73,124	19,498 (7)	366,681

- (1) The amounts shown for stock awards and option awards represent the aggregate grant date fair value of such awards granted to the Named Executive Officers as computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, Compensation-Stock Compensation. For each award, the grant date fair value is calculated using the closing price of our common stock on the grant date and, in the case of the restricted stock awards, assuming 100% probability of achievement of conditions for full vesting as of the grant date. These amounts do not correspond to the actual value that may be realized by the Named Executive Officers upon vesting or exercise of such awards. For information on the assumptions used to calculate the value of the awards, refer to Note 12 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018.
- (2) Amounts represent annual performance-based bonuses earned for fiscal 2018 and 2017.
- (3) Mr. Wong was appointed President and Chief Executive Officer on June 19, 2017.
- (4) Includes \$404 in 401(k) matching employer contributions for fiscal 2018.

- (5) Prior to Mr. Wong's appointment as President and Chief Executive Officer, Mr. Wong received compensation as an independent director in the amount of \$102,434 for the year ended June 30, 2017.
- (6) Includes (a) \$10,805 and \$10,600 in 401(k) matching employer contributions for fiscal 2018 and 2017, respectively; and (b) \$3,000 and \$4,000 in fees for service on the board of S&W Australia in 2018 and 2017.
- (7) Includes (a) \$9,010 and \$9,449 in 401(k) matching employer contributions for fiscal 2018 and 2017, respectively; and (b) \$9,600 and \$10,049 in auto allowances for fiscal 2018 and 2017, respectively.

Outstanding Equity Awards at Fiscal Year End 2018

The following table sets forth information regarding each unexercised option award held by our Named Executive Officers as of June 30, 2018.

Name	Option Awards(1)				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)(2)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Mark W. Wong (3)	7,000	-	3.61	12/9/24		
	10,000	-	4.25	12/11/25		
	6,632	-	4.75	12/20/26		
	54,166	95,834 (4)	3.85	6/22/27		
Matthew K. Szot	10,000	-	6.14	12/10/18		
	5,000	-	6.23	1/31/19		
	45,000	-	3.95	12/11/24		
	45,826	4,174 (5)	4.76	7/18/25		
	9,921	9,930 (6)	4.86	10/5/26		
	7,418	22,269 (7)	3.10	9/18/27		
				4,107 (8)	13,348	
				9,051 (9)	29,416	
				1,940 (10)	6,05	
Danielson B. Gardner	10,000	-	6.14	12/10/18		
	5,000	-	6.23	1/31/19		
	7,500	-	3.95	12/11/24		
	3,904	11,721 (7)	3.10	9/18/27		
				1,169 (11)	3,799	
				832 (12)	2,704	
				4,764 (10)	15,483	

- (1) All of the option awards were granted under the S&W Seed Company Amended and Restated 2009 Equity Incentive Plan.
- (2) All of the option awards were granted with a per share price not less than the fair market value of one share of our common stock on the date of grant, as determined in good faith by our Board.
- (3) Mr. Wong has received four option grants. Other than the 150,000 options appearing in the fourth row of this table, the equity grants were made to Mr. Wong as a member of the Board and not as an executive officer.
- (4) The options vest in 36 monthly installments at the end of each month, commencing on June 30, 2017 and continuing through and including May 31, 2020.
- (5) The options vest in 12 quarterly installments on the first day of the fiscal quarter. Vesting commenced on October 1, 2015 and will continue through July 1, 2018.
- (6) The options vest in 12 quarterly installments on the first day of the fiscal quarter. Vesting commenced on January 1, 2017 and will continue through October 1, 2019.

- (7) The options vest in 12 quarterly installments on the first day of the fiscal quarter. Vesting commenced on October 1, 2017 and will continue through July 1, 2020.
- (8) RSUs, which were awarded on July 15, 2015, vest quarterly with the passage of time beginning on October 1, 2015 as to 15% of the total award. Thereafter, vesting continues quarterly for 11 successive quarters through July 1, 2018. The market value of the RSUs is based on a closing price of \$3.25, which was the closing price on June 30, 2018, the last trading day of fiscal 2018.
- (9) RSUs, which were awarded on October 5, 2016, vest quarterly with the passage of time beginning on January 1, 2017 and continuing through October 1, 2019. The market value of the RSUs is based on a closing price of \$3.25, which was the closing price on June 30, 2018, the last trading day of fiscal 2018.
- (10) RSUs, which were awarded on September 18, 2017, vest quarterly with the passage of time beginning on October 1, 2017 and continuing through July 1, 2020. The market value of the RSUs is based on a closing price of \$3.25, which was the closing price on June 30, 2018, the last trading day of fiscal 2018.
- (11) RSUs, which were awarded on December 11, 2015, vest annually with the passage of time beginning on December 11, 2015 and continuing through December 11, 2018. The market value of the RSUs is based on a closing price of \$3.25, which was the closing price on June 30, 2018, the last trading day of fiscal 2018.
- (12) RSUs, which were awarded on October 7, 2016, vest annually with the passage of time beginning on October 7, 2016 and continuing through October 7, 2018. The market value of the RSUs is based on a closing price of \$3.25, which was the closing price on June 30, 2018, the last trading day of fiscal 2018.

Employment Agreements with Named Executive Officers and Potential Payments upon Termination or Change of Control

As of June 30, 2018, we had employment agreements with each of our Named Executive Officers.

Wong Employment Agreement

On June 19, 2017 in connection with his appointment as President and Chief Executive Officer, we entered into an employment agreement with Mr. Wong (the "Wong Employment Agreement"), pursuant to which Mr. Wong is entitled to receive the following compensation:

- annual base salary of \$350,000;
- eligibility to receive an annual performance bonus, with an initial target bonus of up to \$800,000, payable 70% in equity awards and 30% in cash, of which his cash portion for fiscal year 2018 is guaranteed at a minimum of \$240,000; and
- an initial stock option grant under our Amended and Restated 2009 Equity Incentive Plan, exercisable for up to 150,000 shares of the Company's common stock at an exercise price per share equal to the fair market value on the date of grant, all of which shares will be subject to monthly vesting over a three-year period.

In addition, Mr. Wong is entitled to reimbursement of certain business and travel expenses, including up to \$5,000 per month for expenses related to commuting from Colorado to our offices in Sacramento, California. The Wong Employment Agreement also provides that, in the event Mr. Wong's employment is terminated without cause, or he resigns for good reason (each as defined in the Wong Employment Agreement) he will be entitled to:

- the vesting of all of his outstanding equity awards will immediately accelerate in full as of the date of such termination or resignation, and the exercise period for each stock option held as of the date of termination will be extended to the remainder of the full term of the option, and
- (i) a cash severance payment equal to twelve months of his base salary in effect at the time of his termination, plus the full amount of the possible bonus compensation to which he would have been entitled for the current year (the "Cash Severance Payment"), and (ii) payment of health insurance premiums for twelve months, all subject to the Company's timely receipt of an effective release and waiver of claims from Mr. Wong.

In addition, in the event of a change of control, or in the event we sell all or substantially all of our assets, and Mr. Wong is not offered a comparable position with the successor-in-interest resulting from such transaction, he will be entitled to receive (x) an amount equal to the Cash Severance Payment multiplied by two (provided that the multiplier shall be increased to three in the event the price of our common stock payable in connection with such transaction is at least \$10 per share); and (y) payment of health insurance premiums for two years from the date of such transaction (or three years in the event the price of our common stock payable in connection with such transaction is at least \$10 per share). Further, provided that Mr. Wong is employed by us immediately prior to any such change in control transaction, the vesting of all of his outstanding equity will accelerate in full as of immediately prior to the effective time of such transaction, and the exercise period for each stock option held as of the date of such transaction will be extended to the remainder of the full term of the option.

Szot Employment Agreement

In March 2016, we entered into a three-year employment agreement with Mr. Szot, effective January 1, 2016 and expiring on December 31, 2018. The principal terms of Mr. Szot's employment agreement are as follows:

- Mr. Szot will continue to serve as our Executive Vice President of Finance and Administration and Chief Financial Officer.
- Mr. Szot's annual Base Salary is initially fixed at \$285,000, which is the salary we have paid him as of January 1, 2015. The Base Salary is subject to periodic review (not less frequently than annually).
- Bonus compensation shall be payable in the discretion of the Compensation Committee upon consideration of personal and Company financial goals mutually agreed upon by the Compensation Committee and Mr. Szot. Initially, an annual incentive bonus of up to 100% of the Base Salary may be paid, which is payable 65% in cash and 35% in equity. The amount of the bonus compensation, allocation between cash and equity and the target goals will be subject to annual review.
- Mr. Szot will continue to be eligible to participate in our equity incentive plan or plans in effect from time to time and shall be considered for grants and awards at such times and in such amounts as shall be deemed appropriate by the Compensation Committee.
- Mr. Szot will be entitled to various executive benefits and perquisites, including, without limitation, all generally provided company employee benefits, plus life insurance purchased for his beneficiaries by us.
- In the event Mr. Szot's employment is terminated without cause (as defined in the Szot Employment Agreement), he will be entitled to receive a cash severance payment equal to 12 months of his then-current Base Salary, plus the cash value of the maximum incentive bonus compensation to which he could be entitled for the current year.
- In the event of a change of control, and provided that Mr. Szot is not offered a comparable position (as defined in the Szot Employment Agreement) by the surviving company, he will be entitled to a severance payment equal to (a) his annual Base Salary as in effect immediately before the change of control transaction plus (b) the full amount of the current year's targeted incentive bonus compensation, multiplied by a factor of 1.5; provided, however, that the multiplier shall be increased to a factor of two in the event the price of our Common Stock payable in connection with the change of control transaction is at least \$10 per share. In addition, we will pay, or cause to be paid, Mr. Szot's health insurance premiums for one and a half years from the date of the change of control transaction or, in the event the transaction price is at least \$10 per share, for two years.

- Whether due to a termination without cause or a change of control, all equity grants and awards shall vest in full and be non-forfeitable immediately before the date of termination on a termination without cause or the change of control event.

Gardner Employment Agreement

In August 2016, Danielson B. Gardner, formerly our Vice President of Breeding and Genetics, was promoted to a newly-created executive officer position of Chief Marketing and Technology Officer. In connection with the promotion, Mr. Gardner entered into a new three-year employment agreement (the "Gardner Employment Agreement") containing the following terms:

- Mr. Gardner will serve as our Chief Marketing and Technology Officer.
- Mr. Gardner's annual Base Salary is initially fixed at \$225,000. The Base Salary is subject to periodic review (not less frequently than annually).
- Bonus compensation shall be payable in the discretion of the Compensation Committee upon consideration of personal and Company financial goals mutually agreed upon by the Compensation Committee and Mr. Gardner. Initially, an annual incentive bonus of up to 100% of the Base Salary may be paid, which is payable 65% in cash and 35% in equity. The amount of the bonus compensation, allocation between cash and equity and the target goals will be subject to annual review.
- Mr. Gardner will continue to be eligible to participate in our equity incentive plan or plans in effect from time to time and shall be considered for grants and awards at such times and in such amounts as shall be deemed appropriate by the Compensation Committee.
- Mr. Gardner will be entitled to various executive benefits and perquisites, including, without limitation, all generally provided company employee benefits, life insurance for the benefit of his beneficiaries, a death benefit equal to his Base Salary at the time of death, if he dies while on Company-related business or two times his Base Salary at the time of death, if he dies while on company-related business and a car allowance.
- In the event Mr. Gardner's employment is terminated without cause (as defined in the Gardner Employment Agreement), he will be entitled to receive a cash severance payment equal to 12 months of his then-current Base Salary, plus the cash value of the maximum incentive bonus compensation to which he could be entitled for the current year.
- In the event of a change of control, and provided that Mr. Gardner is not offered a comparable position (as defined in the Gardner Employment Agreement) by the surviving company, he will be entitled to a severance payment equal to (a) his annual Base Salary as in effect immediately before the change of control transaction plus (b) the full amount of the current year's targeted incentive bonus compensation, multiplied by a factor of 1.5; provided, however, that the multiplier shall be increased to a factor of two in the event the price of our Common Stock payable in connection with the change of control transaction is at least \$10 per share. In addition, we will pay, or cause to be paid, Mr. Gardner's health insurance premiums for one and a half years from the date of the change of control transaction or, in the event the transaction price is at least \$10 per share, for two years.
- Whether due to a termination without cause or a change of control, all equity grants and awards shall vest in full and be non-forfeitable immediately before the date of termination on a termination without cause or the change of control event.

Each of the above employment agreements defines "change-of-control" as the sale of all or substantially all of the assets of the Company or the acquisition of the Company by another entity by means of consolidation or merger after which the then S&W stockholders before the transaction hold less than 50% of the voting power of the surviving corporation; *provided, however*, that a reincorporation of the Company will not be deemed a Change of Control.

Director Compensation

Overview

Our director compensation programs are designed to provide an appropriate incentive to attract and retain qualified non-employee board members. The Nominating and Governance Committee is responsible for reviewing the equity and cash compensation for directors on an annual basis and making recommendations to the Board, in the event it determines changes are needed.

Summary Director Compensation Table

The following table summarizes the fiscal 2018 compensation earned by each person who served on the Board at any time during fiscal 2018, other than Mr. Wong, our President and Chief Executive Officer, whose compensation is described under "Executive Compensation" beginning on page 13.

Name	Fees Earned or Paid in Cash (S)	Stock Awards (\$) (1)(2)	Option Awards (\$) (1)(3)	Total (S)
Glen D. Bornt (4)	15,000	-	-	15,000
David A. Fischhoff, Ph.D.	47,064	27,000	10,836	84,899
Mark J. Harvey	178,000 (5)	-	-	178,000
Consuelo E. Madere (6)	20,688	23,627	9,483	53,797
Alexander C. Matina	72,000	31,500	12,642	116,142
Charles B. Seidler	58,439	29,250	11,739	99,427
Robert D. Straus (7)	23,750	24,375	9,783	57,908
Grover T. Wickersham	52,751	27,374	10,986	91,111
Alan D. Willits (8)	-	-	-	-

- (1) The amounts shown for stock awards and option awards represent the aggregate grant date fair value of such awards granted to the directors as computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, Compensation-Stock Compensation. For each award, the grant date fair value is calculated using the closing price of our common stock on the grant date. These amounts do not correspond to the actual value that may be realized by the directors upon vesting or exercise of such awards. For information on the assumptions used to calculate the value of the awards, refer to Note 12 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018, filed with the SEC on September 20, 2018.
- (2) As of June 30, 2018, the aggregate number of shares outstanding under all stock awards held by our non-employee directors were: David A. Fischhoff: 6,708 shares; Mark J. Harvey: 780 shares; Consuelo E. Madere: 5,870 shares; Alexander C. Matina: 7,826 shares; Charles B. Seidler: 7,267 shares; Robert D. Straus: 6,056 shares; Grover T. Wickersham: 6,801 shares.
- (3) As of June 30, 2018, the aggregate number of shares outstanding under all options to purchase our common stock held by our non-employee directors were: David A. Fischhoff: 12,155 shares; Mark J. Harvey: 14,000 shares; Consuelo E. Madere: 5,870 shares; Alexander C. Matina: 27,642 shares; Charles B. Seidler: 37,109 shares; Robert D. Straus: 6,056 shares; Grover T. Wickersham: 36,564 shares.

- (4) Mr. Bornt did not stand for reelection at our Annual Meeting of Stockholders held in January 2018.
- (5) This amount includes an annual stipend of \$175,000 paid to Mr. Harvey for his role as Non-Executive Chairman of the Board, in addition to the per meeting fees for serving a director of S&W Seed Company Australia Pty Ltd.
- (6) Ms. Madere was elected to our Board in January 2018.
- (7) Mr. Straus was elected to our Board in January 2018.
- (8) Mr. Willits was appointed to our Board effective as of July 2018. Mr. Willits did not provide services to us as a member of our Board during fiscal year 2018, and therefore did not receive any compensation from us during fiscal year 2018.

Annual Retainer and Per Meeting Fees for Non-Employee Directors

Directors who are also our employees do not receive any additional compensation for their service on the Board. Other than our Chairman, non-employee directors receive an annual cash retainer of \$30,000. In fiscal 2018, the Chairman of the Board was paid an annual cash retainer of \$175,000, payable monthly.

In addition to the annual retainer, non-employee directors receive:

- an annual restricted stock unit award for a number of shares equal to \$22,500 divided by the price per share of our common stock on the date of grant; and
- an annual option grant to purchase a number of shares equal to \$22,500 divided by the price per share of our common stock on the date of grant.

For service on the various committees of our Board, our non-employee directors receive:

- an annual retainer of \$25,000, \$20,000, \$15,000, \$15,000 and \$25,000 for service as chair of our Audit Committee, Compensation Committee, Nominating and Governance Committee, Finance Committee and Acquisition and Strategy Committee, respectively; and
- an annual retainer of \$12,500, \$10,000, \$7,500, \$7,500 and \$25,000 for service as a member of our Audit Committee, Compensation Committee, Nominating and Governance Committee, Finance Committee and Acquisition and Strategy Committee, respectively.

These committee retainers are paid 70% in cash and 30% in equity, with the equity portion divided equally into:

- a restricted stock unit award for a number of shares based on the price per share of our common stock on the date of grant; and
- an option grant to purchase a number of shares based on the price per share of our common stock on the date of grant.

These equity awards are granted following our annual stockholders meeting each year, and vest on the one-year anniversary of the date of grant.

We also reimburse non-employee directors for out-of-pocket expenses incurred in connection with attending Board and committee meetings and for other company-related out-of-pocket expenses they may incur.

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

The following table presents information concerning the beneficial ownership of the shares of our common stock as of October 15, 2018, by:

- each person we know to be the beneficial owner of 5% of more of our outstanding shares of common stock;
- our executive officers named in the Summary Compensation Table and our current directors and director nominees; and
- all of our executive officers and directors as a group.

Except as otherwise indicated below, the address of each beneficial owner listed in the table is c/o S&W Seed Company, 106 K Street, Suite 300, Sacramento, California 95814.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 25,990,968 shares of common stock outstanding on October 15, 2018. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed as outstanding shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of October 15, 2018 (December 15, 2018). We did not deem these exercisable shares outstanding, however, for the purpose of computing the percentage ownership of any other person. The applicable footnotes are an integral part of the table and should be carefully read in order to understand the actual ownership of our securities, particularly by the 5% stockholders listed in the table.

Name of Beneficial Owners	Number of Shares Beneficially Held	Number of Shares Subject to Options, RSUs and Warrants		Total Shares	
		Exercisable by December 15, 2018		Beneficially Owned Number	Percent
5% Stockholders					
MFP Partners, L.P. (1)	8,710,017	200,000		8,910,017 (2)	34.3 %
Wynnefield Capital Management LLC and Related Entities (3)	4,222,308	-		4,222,308	16.3
Directors and Executive Officers					
David A. Fischhoff, Ph.D.	5,447	5,447 (4)		10,894	*
Mark J. Harvey	223,925 (5)	14,000 (6)		237,925	1
Consuelo E. Madere	-	-		-	*
Alexander C. Matina	6,316	19,816 (7)		26,132	*
Charles B. Seidler	63,105	29,842 (8)		92,947	*
Robert D. Straus	-	-		-	*
Grover T. Wickersham	240,200 (9)	29,763 (10)		269,963	1
Alan D. Willits	-	-		-	*
Mark W. Wong	92,964	106,965 (11)		199,929	*
Matthew K. Szot	74,715	138,362 (12)		213,077	*
Danielson B. Gardner	4,383	31,269 (13)		34,483	*
All executive officers, directors as a group (12 persons)	951,893	430,777		1,382,670 (14)	5.1

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- (1) Based solely upon a Schedule 13D/A filed with the SEC on September 7, 2018 by MFP Investors LLC. MFP Investors LLC is the general partner of MFP Partners, L.P. ("MFP"). Michael F. Price is the managing partner of MFP and the managing member and controlling person of MFP Investors, LLC. The address for MFP is 667 Madison Avenue, 25th Floor, New York, NY 10065. Alexander C. Matina, a member of our Board of Directors, is Vice President, Investments of MFP.
 - (2) Includes 200,000 shares issuable upon exercise of warrants. The warrants are exercisable only to the extent that, upon such exercise, MFP will not own shares in excess of 19.99% of the total number of shares outstanding immediately after giving effect to the exercise, unless MFP gives notice that it desires to increase the applicable beneficial ownership limit. The total in this table does not take into account this limitation. Therefore, the actual number of shares of common stock currently beneficially owned by MFP, after giving effect to the blocker, is less than the number reported in the table. The information set forth is based on the information provided by MFP's Schedule 13D/A filed with the SEC on September 7, 2018. Alexander C. Matina, a member of our Board of Directors, is Vice President of Investments for MFP.
 - (3) Based solely upon a Schedule 13D/A filed with the SEC on December 29, 2017 by Wynnefield Partners Small Cap Value, L.P. The address for Wynnefield Capital Management, LLC and related entities is 450 Seventh Avenue, Suite 509, New York, NY 10123. Of the shares indicated, 1,353,574 shares are beneficially owned by Wynnefield Partners Small Cap Value, L.P. ("Partners"), 2,159,285 shares are beneficially owned by Wynnefield Partners Small Cap Value, L.P. I ("Partners I"), 580,214 shares are beneficially owned by Wynnefield Small Cap Value Offshore Fund, Ltd. (the "Fund") and 129,235 shares are beneficially owned by Wynnefield Capital, Inc. Profit Sharing Plan. Wynnefield Capital Management, LLC has an indirect beneficial interest in the shares held by Partners and Partners I. Wynnefield Capital, Inc. has an indirect beneficial interest in the shares held by the Fund. Nelson Obus may be deemed to hold an indirect beneficial interest in the shares held by Partners, Partners I and the Fund because he is the co-managing member of Wynnefield Capital Management, LLC and a principal executive officer of Wynnefield Capital, Inc. (the investment manager of the Fund). Joshua Landes may be deemed to hold an indirect beneficial interest in the shares held by Partners, Partners I and the Fund because he is the co-managing member of Wynnefield Capital Management, LLC and a principal executive officer of Wynnefield Capital, Inc. (the investment manager of the Fund). Mr. Obus and Mr. Landes both disclaim any beneficial ownership of the shares of common stock reported in this report.
 - (4) Includes 5,447 shares issuable upon exercise of options.
 - (5) Includes (i) 22,829 shares owned directly by Mr. Harvey; and (ii) 212,096 shares held in a retirement fund directed by Mr. Harvey and as to which he is a beneficiary.
 - (6) Includes 14,000 shares issuable upon exercise of options.
 - (7) Includes 19,816 shares issuable upon exercise of options.
 - (8) Includes 29,842 shares issuable upon exercise of options.
 - (9) Includes (i) 216,477 shares held directly by Mr. Wickersham and (ii) 23,723 shares owed by a corporation of which Mr. Wickersham is the majority stockholder, and an officer and director. Mr. Wickersham disclaims beneficial ownership of the shares held indirectly, except to the extent of his pecuniary interest.
 - (10) Includes 29,763 shares issuable upon exercise of options.
 - (11) Includes 106,965 shares issuable upon exercise of options.
 - (12) Includes 138,362 shares issuable upon exercise of options.
 - (13) Includes (i) 30,100 shares issuable upon exercise of options and (ii) 1,169 shares issuable upon settlement of RSUs.
 - (14) Consists of shares beneficially owned by our named executive officers and directors, and includes 55,313 shares issuable upon exercise of options that are held by one executive officer who is not individually named in the table.

Amended and Restated 2009 Equity Incentive Plan

The S&W Seed Company Amended and Restated 2009 Equity Incentive Plan (the "2009 Plan") authorizes the grant and award of options and other equity compensation, including stock appreciation rights, restricted stock awards, restricted stock units, performance awards and other stock-based compensation to employees, officers, directors and consultants. A total of 2,450,000 shares of common stock have been issued or are currently reserved for issuance under the 2009 Plan, which was last amended to increase the available share pool at our Annual Meeting of Stockholders held on December 11, 2015.

Equity Compensation Plan Information

The following table summarizes the information about the options and other equity compensation under our 2009 Plan as of the close of business on June 30, 2018. We have no equity compensation plans that have not been approved by our stockholders.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (\$) (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans Approved by Stockholders	881,267 (1)	\$4.55 (2)	713,636

(1) Represents awards granted under the 2009 Plan. Consists of 792,074 options and 89,193 RSUs.

(2) Represents the weighted average exercise price of outstanding options.

Changes in Control

To our knowledge, there are no present arrangements or pledges of the Company's securities which may result in a change in control of the Company.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Policies and Procedures for Related Person Transactions

Our Audit Committee is responsible for reviewing and approving, in advance, all related party transactions. Related parties include any of our directors or executive officers, certain of our stockholders and their immediate family members. This obligation is set forth in writing in the Audit Committee charter. A copy of the Audit Committee charter is available on our website at <http://www.swseedco.com> in the Investors section under "Corporate Governance." Each year, the Audit Committee, assisted by our legal counsel, works with our directors, executive officers and certain stockholders to identify any transactions with us in which the executive officer or director or their family members have an interest. We review related party transactions due to the potential for a conflict of interest. A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, with our interests.

Related Person Transactions

On September 5, 2018, we entered into a Securities Purchase Agreement with MFP Partners, L.P. ("MFP"), pursuant to which we sold to MFP (i) 1,607,717 shares of our common stock to MFP at a purchase price of \$3.11 per share at an initial closing held on September 5, 2018, for gross proceeds of approximately \$5.0 million, and (ii) 7,235 shares of our newly designated Series A Convertible Preferred Stock at a purchase price of \$3,110 per share at a second closing completed on October 23, 2018.

Glen D. Bornt, a member of the Board until January 9, 2018, is the founder and President of Imperial Valley Milling Co. ("IVM"). He is also IVM's majority shareholder and a member of its Board of Directors. Mr. Bornt is also a majority shareholder of Kongal Seeds Pty. Ltd. ("Kongal"). IVM had a 15-year supply agreement with IVS, and this agreement was assigned by IVS to the Company when it purchased the assets of IVS in October 2012. IVM contracts with alfalfa seed growers in California's Imperial Valley and sells its growers' seed to the Company pursuant to a supply agreement. Under the terms of the supply agreement, IVM's entire certified and uncertified alfalfa seed production must be offered and sold to the Company, and the Company has the exclusive option to purchase all or any portion of IVM's seed production. The Company paid \$2,682,946 and \$8,482,663 to IVM during the years ended June 30, 2018 and June 30, 2017, respectively. Amounts due to IVM totaled \$97,136 and \$326,941 at June 30, 2018 and June 30, 2017, respectively. The Company paid \$159,156 and \$94,744 to Kongal during the years ended June 30, 2018 and June 30, 2017, respectively. Amounts due to Kongal totaled \$357 and \$4,753 at June 30, 2018 and June 30, 2017, respectively.

On July 19, 2017, we entered into a Securities Purchase Agreement with certain purchasers, including MFP and certain entities related to Wynnefield Capital Management LLC (collectively, "Wynnefield"), pursuant to which MFP purchased approximately \$3.7 million of shares of our common stock and Wynnefield purchased approximately \$3.0 million of shares of our common stock. Each of MFP and Wynnefield is a beneficial owner of more than 5% of our common stock. Alexander C. Matina, a member of our Board, is Vice President, Investments of MFP. Robert D. Straus, a member of our Board since January 9, 2018, is a Portfolio Manager and Analyst at Wynnefield.

On October 11, 2017, we entered into a Securities Purchase Agreement with Mark W. Wong, our President and Chief Executive Officer, pursuant to which Mr. Wong purchased approximately \$262,500 of shares of our common stock at a purchase price of \$3.50 per share.

On December 22, 2017, we completed the closing of our rights offering of 3,500,000 shares of our Common Stock. At the closing, we sold and issued an aggregate of 2,594,923 shares of our Common Stock at a subscription price of \$3.50 per share (the "Subscription Price"). Pursuant to a backstop commitment with MFP, concurrently with the closing of rights offering, we sold and issued the remaining 905,077 shares of our Common Stock not purchased in the rights offering to MFP at the subscription price of \$3.50 per share. Combined, we sold and issued an aggregate of 3,500,000 shares of our common stock for aggregate gross proceeds of \$12.25 million.

Indemnification

Our Bylaws provide for indemnification of our directors and executive officers, and directors of our wholly-owned subsidiaries, so that they will be free from undue concern about personal liability in connection with their service to us. We have also entered into indemnity agreements with certain officers and directors. These agreements provide, among other things, that we will indemnify the director or executive officer, under the circumstances and to the extent provided for in the agreement, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings which he or she is or may be made a party by reason of his or her position as a director or executive officer, and otherwise to the fullest extent permitted under Nevada law and our Bylaws.

Independence of Directors

For information regarding the independence of our directors, please see the discussion under Item 10, below the heading "Director Independence," which discussion is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

Annual Evaluation and Selection of Independent Auditor

To help assure continuing auditor independence, our Audit Committee annually reviews Crowe LLP's independence and performance in connection with the Committee's determination of whether to retain Crowe LLP or engage another firm as our independent auditor. In the course of these reviews, our Audit Committee considers, among other things:

- Crowe LLP's recent performance on our company audits;
- Crowe LLP's institutional knowledge and expertise regarding our company's global business, accounting policies and practices and internal control over financial reporting enhances audit quality;
- the professional qualifications of Crowe LLP, the lead audit partner and other key engagement partners;
- Crowe LLP's disclosures related to audit quality and performance, including recent PCAOB inspections;
- the appropriateness of Crowe LLP's audit fees; and
- the quality and candor of Crowe LLP's communications with the Audit Committee and management.

Principal Accountant Fees and Services

Our Audit Committee is responsible for audit firm compensation. The aggregate fees billed by Crowe LLP for the years ended June 30, 2018 and 2017 for the professional services described below are as follows:

	Fiscal Year Ended	
	June 30, 2018	June 30, 2017
Audit fees	\$ 245,000	\$ 227,345
Audit-related fees (1)	9,795	6,010
Tax fees	-	-
All other fees (2)	29,970	-
Total fees	\$ 284,765	\$ 233,355

(1) Audit-related fees comprise fees for professional services that are reasonably related to the performance of the audit or review of our financial statements.

(2) For the year ended June 30, 2018, these fees were paid in connection with review of our registration statements and related services that are normally provided in connection with statutory and regulatory filings or engagements.

All of the fees described above were pre-approved by our Audit Committee.

Rotation of Lead Audit Partner

The Audit Committee requires the lead audit partner to be rotated at least every five years. The process for selection of our company's lead audit partner pursuant to this rotation is expected to involve discussions with Crowe to consider issues related to the timing of such rotation and the transition to new lead and reviewing partners and a meeting between the Chair of our Audit Committee and the candidate for the role as well as discussion by the full Audit Committee and management.

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services Performed by the Independent Registered Public Accounting Firm

We maintain an auditor independence policy that bans our auditors from performing non-financial consulting services, such as information technology consulting and internal audit services. This policy mandates that the Audit Committee approve the audit and non-audit services and related budget in advance, and that the Audit Committee be provided with quarterly reporting on actual spending. This policy also mandates that we may not enter into auditor engagements for non-audit services without the express approval of the Audit Committee. In accordance with this policy, the Audit Committee pre-approved all services to be performed by our independent registered public accounting firm.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of the registrant's Annual Report on Form 10-K filed with the SEC on September 20, 2018:

(1) Financial Statements:

Reference is made to the Index to Consolidated Financial Statements of S&W Seed Company under Item 8 in Part II of the Annual Report on Form 10-K.

(2) Financial Statement Schedules:

As a smaller reporting company, no financial statement schedules are required.

(3) Exhibits:

The information required by this Section (a)(3) of Item 15 is incorporated by reference or filed with this report as set forth on the exhibit index that follows below.

(b) Exhibits:

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>				<u>Filed Herewith</u>
		<u>Form</u>	<u>SEC File Number</u>	<u>Exhibit Number</u>	<u>Filing Date</u>	
<u>2.1</u>	Asset Acquisition Agreement among the Registrant, Imperial Valley Seeds, Inc. ("IVS"), Glen D. Bornt, Fred Fabre and the Bornt Family Trust, dated September 28, 2012	8-K	001-34719	2.1	10/2/12	
<u>2.2</u>	Asset Purchase and Sale Agreement between the Registrant and Pioneer Hi-Bred International, Inc. ("Pioneer"), dated December 19, 2014	8-K	001-34719	2.1	12/29/14	
<u>2.3</u>	First Amendment to Asset Purchase and Sale Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	2.1	1/7/15	
<u>2.4</u>	Second Amendment to the Asset Purchase and Sale Agreement between the Registrant and Pioneer, dated April 23, 2015	10-K	001-34719	2.6	9/28/15	
<u>2.5</u>	Third Amendment to Asset Purchase and Sale Agreement between the Registrant and Pioneer, dated July 23, 2015	10-K	001-34719	2.7	9/28/15	
<u>2.6</u>	Fourth Amendment to Asset Purchase and Sale Agreement between the Registrant and Pioneer, dated July 23, 2015	10-Q	001-34719	2.1	2/8/18	
<u>2.7</u>	Asset Acquisition Agreement between the Registrant and SV Genetics Pty Ltd, dated May 26, 2016	8-K	001-34719	2.1	5/31/16	

<u>2.8(1)</u>	Asset Purchase Agreement by and between Novo Advisors, solely in its capacity as the receiver for, and on behalf of, Chromatin, Inc., dated September 5, 2018	10-K	001-34719	2.8	9/20/18
<u>2.9(1)</u>	Asset Purchase Agreement by and between Novo Advisors, solely in its capacity as the receiver for, and on behalf of, Chromatin, Inc., dated September 14, 2018	10-K	001-34719	2.9	9/20/18
<u>3.1</u>	Registrant's Articles of Incorporation	8-K	001-34719	3.1	12/19/11
<u>3.2</u>	Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock	8-K	001-34719	3.1	10/25/18
<u>3.3</u>	Registrant's Amended and Restated Bylaws, together with Amendments One, Two and Three thereto	10-K	001-34719	3.2	9/28/15
<u>4.1</u>	Form of Common Stock Certificate	S-3	333-219726	4.3	8/4/17
<u>4.2</u>	Form of Common Stock Purchase Warrant	8-K	001-34719	10.3	12/31/14
<u>10.1</u>	Assignment and Assumption Agreement between the Registrant and IVS, dated October 1, 2012	8-K	001-34719	10.1	10/2/12
<u>10.2</u>	Supply Agreement between IVS and Imperial Valley Milling Co. ("IV Milling"), dated October 1, 2012 (assigned to the Registrant)	10-Q	001-34719	10.2	2/13/13
<u>10.3</u>	Subordinated Promissory Note made by the Registrant in favor of IVS, dated October 1, 2012	8-K	001-34719	10.3	10/2/12
<u>10.4</u>	Service Level Agreement with IV Milling dated April 4, 2014	10-K	001-34719	10.45	9/29/14
<u>10.5[±]</u>	Roundup Ready® Alfalfa Co-Breeding Agreement between the Registrant and Forage Genetics International, LLC, dated March 21, 2013	10-K	001-34719	10.28	9/30/13
<u>10.6[±]</u>	Contract Alfalfa Production Services Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.2	1/7/15
<u>10.7</u>	First Amendment to Contract Alfalfa Production Services Agreement between the Registrant and Pioneer, dated July 23, 2015	10-K	001-34719	10.7	9/28/15
<u>10.8</u>	Second Amendment to Contract Alfalfa Production Services Agreement between the Registrant and Pioneer, dated August 7, 2015	8-K	001-34719	10.2	8/17/15
<u>10.9</u>	Third Amendment to Contract Alfalfa Production Services Agreement between the Registrant and Pioneer, dated December 21, 2017	10-Q	001-34719	10.6	2/8/18
<u>10.10[±]</u>	Fourth Amendment to Contract Alfalfa Production Services Agreement between the Registrant and Pioneer, dated August 2, 2018	10-K	001-34719	10.10	9/20/18
<u>10.11[±]</u>	Alfalfa Distribution Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.1	1/7/15

<u>10.12</u>	First Amendment to Alfalfa Distribution Agreement between the Registrant and Pioneer, dated July 23, 2015	10-K	001-34719	10.10	9/28/15
<u>10.13</u>	Second Amendment to Alfalfa Distribution Agreement between the Registrant and Pioneer, dated August 7, 2015	8-K	001-34719	10.1	8/17/15
<u>10.14</u> [±]	Research Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.3	1/7/15
<u>10.15</u>	First Amendment to Research Agreement between the Registrant and Pioneer Hi-Bred International, Inc., dated December 21, 2017.	10-Q	001-34719	10.7	2/8/18
<u>10.16</u> [±]	Non-Exclusive Alfalfa Licensing and Assignment Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.4	1/7/15
<u>10.17</u> [±]	Lease Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.5	1/7/15
<u>10.18</u> [±]	Information Technology Transition Services Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.6	1/7/15
<u>10.19</u>	Promissory Note issued by the Registrant in favor of Pioneer, dated December 31, 2014	8-K	001-34719	10.7	1/7/15
<u>10.20</u>	Security Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.8	1/7/15
<u>10.21</u>	Mortgage from the Registrant to Pioneer, dated December 31, 2014	8-K	001-34719	10.9	1/7/15
<u>10.22</u>	Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing among the Registrant, TitleOne Corporation, as trustee, and Pioneer, as beneficiary, dated December 31, 2014	8-K	001-34719	10.10	1/7/15
<u>10.23</u>	Patent License Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.11	1/7/15
<u>10.24</u>	Patent Assignment Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.12	1/7/15
<u>10.25</u>	Know-How Transfer Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.13	1/7/15
<u>10.26</u>	Data Transfer Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.14	1/7/15
<u>10.27</u>	Assignment Agreement of Plant Variety Certificates, Plant Breeders' Rights, Maintenance Rights and Registration Rights between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.15	1/7/15
<u>10.28</u>	First Amendment to the Assignment Agreement of Plant Variety Certificates, Plant Breeders' Rights, Maintenance Rights and Registration Rights between the Registrant and Pioneer, dated April 23, 2015	10-K	001-34719	10.25	9/28/15

<u>10.29</u>	Assignment and Assumption Agreement between the Registrant and Pioneer, dated December 31, 2014	8-K	001-34719	10.16	1/7/15
<u>10.30</u>	General Warranty Deed by Pioneer in favor of the Registrant, dated December 31, 2014	8-K	001-34719	10.17	1/7/15
<u>10.31</u>	Warranty Deed by Pioneer in favor of the Registrant, dated December 31, 2014	8-K	001-34719	10.18	1/7/15
<u>10.32</u>	Form of Indemnification Agreement with Officers, Directors and Employees of the Registrant and Subsidiaries	8-K	001-34719	10.1	7/24/14
<u>10.33*</u>	Amended and Restated 2009 Equity Incentive Plan as amended through Amendment No. 2, forms of Stock Option Grant and Agreement, Restricted Stock Unit Grant and Restricted Stock Award	10-K	001-34719	10.34	9/28/15
<u>10.34*</u>	Employment Agreement between the Registrant and Mark S. Grewal, dated March 18, 2016	8-K	001-34719	10.1	3/23/16
<u>10.35*</u>	Employment Agreement between the Registrant and Matthew K. Szot, dated March 18, 2016	8-K	001-34719	10.2	3/23/16
<u>10.36*</u>	Employment Agreement between the Registrant and Dennis C. Jury, dated March 18, 2016	8-K	001-34719	10.3	3/23/16
<u>10.37*</u>	Contract of Employment between Seed Genetics International Pty, Ltd. and Dennis C. Jury, dated as of March 28, 2013	8-K	001-34719	10.1	4/5/13
<u>10.38*</u>	Employment Agreement between the Registrant and Mark W. Wong, dated June 19, 2017	10-K	001-34719	10.35	9/20/17
<u>10.39*</u>	Employment Agreement between the Registrant and Danielson B. Gardner, dated August 15, 2016	10-K	001-34719	10.36	9/20/17
<u>10.40[±]</u>	Collaboration Agreement between the Registrant and Calyxt, Inc., dated May 28, 2015 and entered into by the Registrant on June 4, 2015	10-K	001-34719	10.39	9/28/15
<u>10.41</u>	Credit and Security Agreement between the Registrant and KeyBank, National Association ("KeyBank"), dated September 22, 2015	8-K	001-34719	10.1	9/23/15
<u>10.42</u>	First Amendment to Credit and Security Agreement between the Registrant and KeyBank, dated June 29, 2016	10-K	001-34719	10.39	9/20/17
<u>10.43</u>	Second Amendment to Credit and Security Agreement between the Registrant and KeyBank, dated October 4, 2016	10-K	001-34719	10.40	9/20/17
<u>10.44</u>	Third Amendment to Credit and Security Agreement between the Registrant and KeyBank, dated March 13, 2017	10-K	001-34719	10.41	9/20/17
<u>10.45</u>	Fourth Amendment Agreement between the Registrant and KeyBank, dated September 13, 2017	10-Q	001-34719	10.3	11/9/17

<u>10.46</u>	Fifth Amendment to Credit and Security Agreement between the Registrant and KeyBank, dated March 14, 2018	10-Q	001-34719	10.1	5/10/18
<u>10.47</u>	Sixth Amendment Agreement between the Registrant and KeyBank, dated June 28, 2018	10-K	001-34719	10.47	9/20/18
<u>10.48</u>	Revolving Credit Note dated September 22, 2015 in favor of KeyBank	8-K	001-34719	10.2	9/23/15
<u>10.49</u>	Intellectual Property Security Agreement of the Registrant in favor of KeyBank, dated September 22, 2015	8-K	001-34719	10.4	9/23/15
<u>10.50</u>	Pledge Agreement by the Registrant in favor of KeyBank, dated September 22, 2015	8-K	001-34719	10.3	9/23/15
<u>10.51</u>	Security Agreement (Subsidiary) by U.S. Subsidiaries of Registrant in favor of KeyBank, dated September 22, 2015	8-K	001-34719	10.6	9/23/15
<u>10.52</u>	Guaranty of Payment (Subsidiary) by U.S. Subsidiaries of Registrant in favor of KeyBank, dated September 22, 2015	8-K	001-34719	10.5	9/23/15
<u>10.53</u>	Form of Registration Rights Agreement among the Registrant and purchasers of the 8% Senior Secured Convertible Debentures and Warrants	8-K	001-34719	10.4	12/31/14
<u>10.54</u>	Registration Rights Agreement between the Registrant and MFP Partners, L.P., dated November 23, 2015	8-K	001-34719	10.2	11/24/15
<u>10.55</u>	Securities Purchase Agreement between the Registrant and MFP Partners, L.P., dated December 31, 2014	8-K	001-34719	4.1	12/31/14
<u>10.56</u>	Securities Purchase Agreement between the Registrant and MFP Partners, L.P. dated November 23, 2015	8-K	001-34719	10.1	11/24/15
<u>10.57</u>	Business Letter of Offer dated January 19, 2015 from NAB for SGI credit facilities	10-K	001-34719	10.43	9/28/15
<u>10.58</u>	Business Letter of Offer dated April 13, 2015 from NAB for SGI credit facilities	10-K	001-34719	10.44	9/28/15
<u>10.59</u>	Business Letter of Advice dated April 13, 2015 from NAB modifying SGI Farm Management Overdraft Facility	10-K	001-34719	10.45	9/28/15
<u>10.60</u>	Corporate Guarantee executed by the Registrant on April 21, 2015 in favor of National Australia Bank with respect to SGI credit facilities	10-K	001-34719	10.46	9/28/15
<u>10.61</u>	Business Letter of Advice to SGI dated as of April 28, 2016 (executed by SGI on May 6, 2016) from NAB for SGI credit facilities	8-K	001-34719	10.1	5/12/16
<u>10.62</u>	Business Letter of Advice for S&W Seed Company Pty Ltd from National Australia Bank Ltd, dated April 13, 2018	10-Q	001-34719	10.2	5/10/18
<u>10.63</u>	Form of Security Agreement among the Registrant and purchasers of the 8% Senior Secured Convertible Debentures	8-K	001-34719	10.5	12/31/14
<u>10.64</u>	Form of Guaranty provided by Seed Holding, LLC and Stevia California, LLC in favor of the purchasers of the 8% Senior Secured Convertible Debentures	8-K	001-34719	10.6	12/31/14

<u>10.65</u>	Form of Intercreditor and Subordination Agreement among Wells Fargo Bank, N.A., Hudson Bay Fund LP, in its capacity as agent for the holders of the 8% Senior Secured Convertible Debentures and Pioneer	8-K	001-34719	10.7	12/31/14
<u>10.66</u>	Securities Purchase Agreement between the Registrant and the Purchasers named therein, dated July 19, 2017	8-K	001-34719	99.1	7/20/17
<u>10.67</u>	Registration Rights Agreement between the Registrant and the Purchasers, dated July 19, 2017	8-K	001-34719	99.2	7/20/17
<u>10.68</u>	Investment Agreement, by and between the Registrant and MFP Partners, L.P., dated October 3, 2017	8-K	001-34719	99.1	10/4/17
<u>10.69</u>	Securities Purchase Agreement by and between the Registrant and Mark W. Wong, dated October 11, 2017	8-K	001-34719	99.1	10/12/17
<u>10.70</u>	Registration Rights Agreement by and between the Registrant and Mark W. Wong, dated October 11, 2017	8-K	001-34719	99.2	10/12/17
<u>10.71</u>	Secured Promissory Notes issued by the Registrant in favor of Conterra Agricultural Capital, LLC, dated November 30, 2017 and related documents	10-Q	001-34719	10.5	2/8/18
<u>10.72</u>	Registration Rights Agreement by and between the Registrant and MFP Partners, L.P., dated December 22, 2017	S-3	333-222916	4.17	2/7/18
<u>10.73</u>	Sale and Lease Agreement by and between the Registrant and American AgCredit, dated August 15, 2018	10-K	001-34719	10.73	9/20/18
<u>10.74</u>	Securities Purchase Agreement dated September 5, 2018, by and among the Registrant and MFP	8-K	001-34719	10.1	9/6/18
<u>10.75</u>	Voting Rights Agreement dated September 5, 2018, by and among the Registrant and MFP	8-K	001-34719	10.2	9/6/18
<u>10.76</u>	Registration Rights Agreement dated September 5, 2018, by and among the Registrant and MFP	8-K	001-34719	10.3	9/6/18
<u>21.1</u>	Subsidiaries of the Registrant	10-K	001-34719	21.1	9/20/18
<u>23.1</u>	Consent of Independent Registered Public Accounting Firm	10-K	001-34719	23.1	9/20/18
24.1	Power of Attorney (see signature page to the Registrant's Annual Report on Form 10-K for the period ended June 30, 2018)	10-K	001-34719	24.1	9/20/18
<u>31.1</u>	Chief Executive Officer Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended	10-K	001-34719	31.1	9/20/18
<u>31.2</u>	Chief Financial Officer Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended	10-K	001-34719	31.2	9/20/18

<u>31.3</u>	Chief Executive Officer Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended				X
<u>31.4</u>	Chief Financial Officer Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended				X
<u>32.1**</u>	Chief Executive Officer Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	10-K	001-34719	32.1	9/20/18
<u>32.2**</u>	Chief Financial Officer Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	10-K	001-34719	32.2	9/20/18
101	The following materials from the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets at June 30, 2018 and June 30, 2017; (ii) the Consolidated Statements of Operations for the Fiscal Years Ended June 30, 2018 and 2017; (iii) the Consolidated Statements of Comprehensive (Loss) Income for the Fiscal Years Ended June 30, 2018 and 2017; (iv) the Consolidated Statement of Stockholders' Equity; (v) the Consolidated Statement of Cash Flows for the Fiscal Years Ended June 30, 2018 and 2017; and (vi) the Notes to Consolidated Financial Statements	10-K	001-34719	101	9/20/18

+ Portions of this exhibit have been omitted pursuant to an Order Granting Confidential Treatment under the Securities Exchange Act of 1934, as amended.

* Management contract or compensatory plan or arrangement.

** This certification accompanies the Annual Report on Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

(1) Exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant undertakes to furnish supplemental copies of any of the omitted schedules upon request by the Securities and Exchange Commission; provided, however, that Registrant may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedule so furnished.

SIGNATURES

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.

S&W SEED COMPANY

Date: October 29, 2018

By: /s/ Matthew K. Szot

Matthew K. Szot

*Executive Vice President of Finance and
Administration and Chief Financial Officer
(duly authorized on behalf of the registrant and
principal financial and accounting officer)*

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OFFICERS & DIRECTORS

OFFICERS & EXECUTIVE MANAGEMENT

Mark M. Wong
Chief Executive Officer

Matthew K. Szot
Chief Financial Officer
Executive Vice President, Finance and Administration

David Callachor
Executive Vice President, International

Don Panter
Executive Vice President, Americas

MANAGEMENT

Danielson B. Gardner
SVP, Technology and Breeding

Dennis Jury
SVP, International Production & Supply Chain

Christine Hatcher
Vice President, Finance

Daniel Z. Karsten
Vice President, Processing

Robin Newell
Vice President, North American Sales

Kirk Rolfs
Vice President, Production & Supply Chain for the Americas

Mark Smith
Vice President, Seed Breeding & Genetics

Walter van Leeuwen
Vice President, MENA Sales & Marketing

CORPORATE HEADQUARTERS

S&W Seed Company
106 K Street, Suite 300
Sacramento, CA 95814 United States
www.swseedco.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Crowe LLP
San Francisco, CA

BOARD MEMBERS

Mark J. Harvey, Chairman
Chairman of the Board, S&W Seed Company

Grover Wickersham, Esq., Vice Chairman
Private Investor, Chairman of Eastside Distilling, Inc.

Mark M. Wong
Chief Executive Officer, S&W Seed Company

David A. Fischhoff
Monsanto Company, retired

Consuelo Madere
President & Founder of Proven Leader Advisory, LLC
Monsanto Company, retired

Alexander C. Matina
Vice President, Investments at MFP Investors LLC

Charles B. Seidler
Portfolio Manager, BTG Pactual

Robert D. Straus
Portfolio Manager, Wynnefield Capital Management LLC

Alan Willits
Chairman of Cargill Asia Pacific, retired

STOCK EXCHANGE LISTING

S&W Seed Company's common stock is traded on the NASDAQ Capital Market under the symbol SANW

TRANSFER AGENT & REGISTRAR

Transfer Online, Inc.
512 SE Salmon Street
Portland, OR 97214
www.transferonline.com

FORM 10-K

The Company's complete filings with the Securities and Exchange Commission, including the Form 10-K included in the report and all exhibits, are available without charge through the Company's website at www.swseedco.com under "Investor Relations" as well as on the SEC's website at www.sec.gov.

FORWARD-LOOKING STATEMENTS

This report contains statements that discuss our future expectations, contains projections of our results of operations and financial condition and includes other forward-looking statements within the meaning of Section 27A of the Securities and Exchange Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. Our actual results may differ significantly and materially from those expressed in these forward-looking statements as a result of risks and uncertainties, including those detailed in our Annual Report on Form 10-K. We disclaim any intent or obligation to update these forward-looking statements, and you should not unduly rely on them.



S&W SEED COMPANY
NASDAQ: SANW

CORPORATE HEADQUARTERS
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