

S&W SEED COMPANY

2017 ANNUAL REPORT



EVOLVING BEYOND



ALFALFA

S&W is a global leader in the 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 greenchop 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 continue to increase.



SORGHUM

S&W is an evolving player in the sorghum industry. Sorghum (forage and grain) 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, sorghum is becoming a desired substitute for wheat, rye and barley. Additionally, the pet food industry increasingly utilizes sorghum for its nutritional benefits and enhanced digestibility.



SUNFLOWER

S&W is expanding its focus on healthier consumer diets by the breeding of hybrid sunflower seed varieties. Sunflowers have multiple specialty uses including oil, birdseed and human consumption. S&W's 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.



STEVIA

Stevia is a relative newcomer in the estimated over \$50 billion global sweetener market. Stevia leaf and its refined products constitute a natural, non-caloric high intensity sweetener, estimated to be 200 to 300 times sweeter than sugar. 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. S&W is looking to create varieties capable of being produced in North America which are better tasting and have ease of processing attributes.

DEVELOPING BEST IN CLASS TRAITS



INTEGRATED TECHNOLOGIES

Based on independent analysis, more value per pound of seed is garnered from technology than from the seed itself. Over the coming years, S&W plans to evolve beyond its current focus to work with partners to develop traits for its alfalfa, sorghum, sunflower and other future crops. There are certain classes of genes S&W expects to evaluate with a high degree of interest, including digestibility, insect resistance, disease resistance and herbicide resistance. S&W believes that it is uniquely positioned within the seed industry to capitalize on this strategy and intends to leverage the experience of its new management to drive enhanced value of our varieties going forward.



FEED
DIGESTIBILITY



INSECT
RESISTANCE



DISEASE
RESISTANCE



HERBICIDE
RESISTANCE

CAPITALIZING ON INDUSTRY TRENDS

WESTERNIZATION OF DIETS

**60%
to 100%**
EST. FOOD
PRODUCTION
INCREASE

It is estimated that the world will need to increase food production by between 60% and 100% by 2050 to meet the roughly 30% increase in global population.*

INCREASED ANIMAL PROTEIN DEMAND

There has been an increasing pressure on the livestock sector to meet the growing demand for high-value animal protein. The world's livestock sector is growing at an unprecedented rate and the driving force behind this enormous surge is a combination of population growth, rising incomes and urbanization. Alfalfa and sorghum are rich sources of protein to address this increased demand.*

HEALTHIER CONSUMER DIETS

Consumer health is front and center in today's day and age, with consumers increasingly focused on healthy foods and ingredients. S&W is addressing these trends through its production of gluten-free sorghum, healthy sunflower oils, and the non-caloric alternative to sugar – stevia.



TO OUR LOYAL SHAREHOLDERS



Mark Harvey
Chairman of the
Board of Directors

Over the last eight years, S&W Seed Company has evolved from a small alfalfa seed company based in California with \$3 million in sales, to the largest alfalfa seed company in the world with distribution in more than 30 countries, seed production in both hemispheres, and a world-class R&D program. We have seen our sales grow significantly over this period of time in alfalfa, while recently setting the stage for the next phase of growth with our expansion in stevia, as well as the hybrid sorghum and sunflower seed markets.

As we evolve beyond our historical roots, the board appointed Mark Wong as S&W's new President and CEO. This executive management change aligns with our strategic initiative to maintain a leadership position in our core alfalfa crop, while expanding our portfolio into complimentary crops and technologies. In addition to making this change, the board also worked to enhance the financial structure of the company to allow for continued growth trends by adding growth capital and investing in key development projects that will allow the company to flourish in the next chapter of its history.

During this time of evolution at S&W, the board believes there is no person better equipped to lead S&W into the next stage of our growth than Mark Wong. Mark brings experience in developing multiple successful seed biotech and agricultural companies, and is currently chairman of one of the largest dairies in the U.S., providing him with a unique understanding of the role alfalfa and other forages play in meeting the protein demands of a growing global population. We look forward to leveraging Mark's vast experience across multiple crops and technologies to successfully lead S&W into the future.



Mark Wong
President & Chief
Executive Officer

I was honored to have been appointed president and CEO of S&W Seed Company with just a couple of weeks left in fiscal 2017. As we move into fiscal 2018 we have the opportunity to leverage on the great work of our former CEO and advance S&W as one of the leaders in our industry. We are dedicated to evolving beyond our historical focus in alfalfa and expanding into a broader spectrum of crop types that we believe will diversify our overall portfolio and increase our ability to generate additional revenue streams and enhance profitability.

My 40-year career in agriculture has largely been based on two overriding themes: leveraging core assets through the integration of technology and having a more customer centric strategy. Specifically, creating more effective products using elite germplasm and genes. I see a tremendous opportunity to leverage S&W's existing business, through the introduction of new traits as well as robust customer support and marketing, to enhance S&W's market share going forward.

Over the last few years, S&W has made efforts to develop certain traits within the alfalfa platform. Agreements like the one we have with Calyxt will be important as we look to move S&W forward. In addition, I think there is an even larger opportunity for us to build

an integrated seed biotech platform that can bring significant value to the marketplace. There are certain classes of genes that we will be evaluating with a high degree of interest, for traits including digestibility, insect resistance, disease resistance and herbicide resistance. Based on independent analysis, more value per pound of seed is garnered from technology than from the seed itself. We will have an increased focus on technology, and I intend to build S&W as an integrated seed biotech platform in the coming years.

One of the common operational themes across many of the companies I have run in the past was working with distributors to have an end customer centric focus strategy. We want to understand what drives their decisions and find ways to communicate directly to them. Our distributors are important partners for us, and we must work together to achieve the goal of educating our customers on the benefits of our products. We need to work with our distributors that are true partners in expanding the S&W brand. Organizationally, we are developing strategies to become more customer centric, working in conjunction with our key distributors to highlight and communicate the attributes of our alfalfa, as well as our sorghum, sunflower, and stevia varieties, to our customers. We will be hiring additional field support and agronomy personnel to ensure our end-customers, primarily the dairy and beef industry, understand the economic benefits of feeding livestock our varieties compared to those of the competition.

Looking back, the headwinds for S&W in the Saudi Arabian market significantly impacted the Company's results in fiscal 2017. The changes in water regulations in Saudi Arabia have created uncertainty, and disruption, to the normal flow of seed inventory to the country. We are in unprecedented times and I

do not believe we will be able to have a full grasp of the magnitude of the disruption for a couple of years. Through a more customer-centric approach, we will look to better understand the dynamics taking place within each country in which we operate, hoping to get ahead of these changes much sooner.

As we look to the future, we intend to place greater emphasis on our complementary crops, including sorghum, sunflower and stevia. In sorghum and sunflower, we will look to establish market share through organic, and possibly acquisition growth, while developing traits that will allow us to become significant players in these crops going forward. Stevia is the type of crop that has potential to be a significant growth catalyst in the coming years and I plan to personally be involved in commercialization efforts going forward. Additionally, we will be active in our pursuit of additional crop opportunities. I have a long career working with a number of crops and with the platform that S&W provides, I believe we can drive value by incorporating certain crops where technological advances are readily available.

I am excited about the opportunity S&W has before it. We have a tremendous team of individuals. These are industry veterans who have high levels of expertise within their respective verticals. I am confident in our abilities to build a great agricultural platform going forward by leveraging our existing assets, while also incorporating new technologies and focus areas. This is an exciting time to be in agriculture and S&W has a tremendous platform from which to build. I am committed to building upon the success of recent years. All of us at the S&W appreciate the ongoing support from our loyal shareholders and we look forward to driving value for our customers, our partners, and all other stakeholders for years to come.

Mark Harvey
Chairman of the Board of Directors

Mark Wong
President & Chief Executive Officer

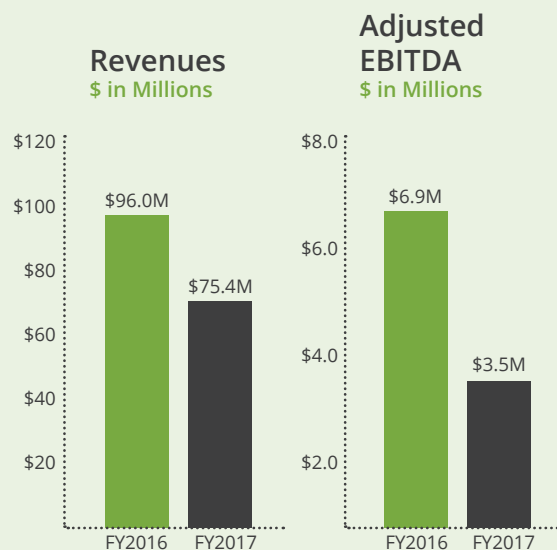
COMPANY FINANCIALS

S&W Seed Company: Consolidated Statement of Operations

Years ended June 30	2016	2017
	GAAP	GAAP
Revenue	\$ 96,044,254	\$ 75,373,810
Cost of Revenue	77,653,646	59,232,846
Gross Profit	18,390,608	16,140,964
Operating Expenses		
Selling, general and administrative expenses	10,397,863	11,794,026
Research and development expenses	2,764,358	3,032,112
Depreciation and amortization	3,185,126	3,325,743
Disposal of property, plant and equipment loss (gain)	(153)	78,538
Impairment charges	-	319,001
Total Operating Expenses	16,347,194	18,549,420
Income (Loss) From Operations	2,043,414	(2,408,456)
Other Expenses		
Foreign currency loss (gain)	(226,529)	1,388
Change in derivative warrant liabilities	(1,903,900)	(1,517,500)
Change in contingent consideration obligations	55,092	231,584
Loss on equity method investment	294,197	144,841
Anticipated loss on sub-lease land	-	424,600
Gain on sale of marketable securities	(123,038)	-
Interest expense - amortization of debt discount	3,899,739	1,176,023
Interest expense - convertible debt and other	2,086,005	1,324,945
Loss Before Income Taxes	(2,038,152)	(4,194,337)
Provision (benefit) for income tax	(2,403,379)	7,627,705
Net Income (Loss)	\$ 365,227	\$ (11,822,042)
Net Income (Loss) Per Common Share		
Basic and Diluted	\$ 0.02	\$ (0.67)
Weighted Average Number of Common Shares Outstanding		
Basic and Diluted	14,936,311	17,718,057

Itemized Reconciliation Between Net Income (Loss) And Non-GAAP Adjusted EBITDA (unaudited)

Years ended June 30	2016	2017
Net income (loss)	\$ 365,227	\$(11,822,042)
Non-recurring cost of revenue charges	259,566	-
Separation costs	-	674,597
Reserve for uncollectable sub-lease income	-	223,200
Non-recurring transaction costs	267,353	-
Impairment charges	-	319,001
Non-cash stock based compensation	1,190,126	1,409,368
Depreciation and amortization	3,185,126	3,325,743
Foreign currency loss (gain)	(226,529)	1,388
Change in derivative warrant liabilities	(1,903,900)	(1,517,500)
Change in contingent consideration obligations	55,092	231,584
Gain on sale of marketable securities	(123,038)	-
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Anticipated loss on sub-lease land	-	424,600
Interest expense - amortization of debt discount	3,899,739	1,176,023
Interest expense - convertible debt and other	2,086,005	1,324,945
Provision (benefit) from income taxes	(2,403,379)	7,627,705
Non-GAAP Adjusted EBITDA	\$ 6,945,585	\$ 3,543,453



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.

OFFICERS & DIRECTORS

Officers & Executive Management

Mark M. Wong
Chief Executive Officer

Matthew K. Szot
*Executive Vice President,
Chief Financial Officer*

Dennis Jury
*Executive Vice President,
Chief Operations Officer*

Danielson B. Gardner
Chief Marketing and Technology Officer

Management

Daniel Z. Karsten
Vice President, Processing

Robin Newell
Vice President, North American Sales

Kirk Rolfs
Vice President, Supply Chain

Mark Smith
Vice President, Breeding and Genetics

Walter van Leeuwen
Vice President, International Sales

Board Members

Mark J. Harvey, Chairman
Chairman of the Board, S&W Seed Company

Grover Wickersham, Esq., Vice Chairman
*Private Investor, Vice Chairman of SenesTech
Chairman Eastside Distilling*

Mark M. Wong
Chief Executive Officer, S&W Seed Company

Glen D. Bornt
President, Imperial Valley Milling Co.

David A. Fischhoff
Monsanto Company, retired

Alexander C. Matina
Vice President, Investments at MFP Investors LLC

Charles B. Seidler
*Portfolio Manager, London-based City Financial
hedge fund group*

Corporate Headquarters

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106 K Street, Suite 300
Sacramento, CA 95814 United States
www.swseedco.com

Independent Registered Public Accounting Firm

Crowe Horwath LLP
San Francisco, CA

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.

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