

S&W and Corteva Agriscience™, Agriculture Division of DowDuPont, Enter New Mutually Beneficial Alfalfa Licensing Agreement

New agreement strengthens S&W's growth position and allows Corteva Agriscience to capture efficiencies

SACRAMENTO, Calif., May 23, 2019 — S&W Seed Company (Nasdaq: SANW) and Corteva Agriscience™, Agriculture Division of DowDuPont, today announced they have entered into a new mutually beneficial alfalfa agreement that terminates and replaces the December 2014 agreements between S&W and Pioneer Hi-Bred International, Inc. As part of the new agreement, S&W will receive \$45 million in cash at closing plus \$25 million in payments over regularly scheduled dates concluding in February 2021.



Pioneer will exit its 2014 agreements and related obligations and receive a fully pre-paid, exclusive license to produce and distribute certain S&W-owned varieties. In addition, as part of the agreement terms above, Pioneer will receive seed inventory from S&W with a book value of approximately \$25 million and assume certain grower production contract rights and obligations. Full terms of the agreement were not disclosed.

Mark Wong, President & CEO of S&W Seed Company, commented, "We believe this is a tremendous agreement for S&W. This transaction allows S&W to pursue additional high-value growth opportunities consistent with our objective of building a leading integrated middle market agricultural company. The transaction significantly improves our financial position and strategic flexibility at a time when we believe there are a number of attractive potential acquisitions in the seed industry."

S&W retains ownership of all assets originally acquired in the December 2014 asset purchase transaction between S&W and Pioneer, including alfalfa varieties and germplasm, research and development capabilities, and production facilities.

Wong continued, "We are retaining alfalfa operations that are well-positioned for growth in the U.S. and around the world. Importantly, the agreement allows us to sell our next

generation alfalfa varieties into our farmer-dealer network in the U.S. and proprietary distribution channels, allowing our customers to benefit from years of leading-edge development.”

Drew Porter, Global Alfalfa Portfolio Leader for Corteva Agriscience said, “Alfalfa continues to be an important part of our seed product lineup, particularly for our Pioneer[®], Dairyland[®] and Alforex[®] brands. The 2017 DowDuPont merger included heritage Dow AgroSciences alfalfa seed production and research assets, as well as established sales channels. By keeping Pioneer brand alfalfa seed research and manufacturing capabilities in-house we are able to significantly lower our cost of goods, improve return on invested capital for our seed business and continue to serve customers with leading alfalfa products.”

Matthew Szot, Chief Financial Officer of S&W Seed Company added, “This new agreement, which essentially accelerates the cashflow of the next five years of minimum contractual obligations and further compensates S&W for the upfront licensing of certain varieties, significantly improves S&W’s financial capabilities. Following the close, S&W will boast more than \$45 million in additional net working capital and tangible book value. We look forward to redeploying capital in a prudent manner that aligns with our core long-term focus on building a growing middle market agricultural company.”

Wong concluded, “Over the past few years, S&W has significantly transformed itself from a pure play alfalfa seed company into a fully integrated, multi-crop seed development, production and distribution company with strong positions in sorghum, sunflower and alfalfa. We have realigned our sales organization, acquired a highly leverageable U.S. farmer-dealer network, continued to drive efficiencies in our production processes, and accelerated development of next generation trait technologies. Today’s announcement allows us to continue and potentially accelerate our strategic transformation.”

About S&W Seed Company

Founded in 1980, S&W Seed Company is a global agricultural company headquartered in Sacramento, California. S&W’s vision is to be the world’s preferred proprietary seed Company which supplies a range of forage and specialty crop products that supports the growing global demand for animal proteins and healthier consumer diets. S&W is a global leader in alfalfa seed and sorghum hybrid, with significant research and development, production and distribution capabilities. S&W also provides hybrid sunflower and is utilizing its research and breeding expertise to develop and produce stevia, the all-natural, zero calorie sweetener for the food and beverage industry. For more information, please visit www.swseedco.com.

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Safe Harbor Statement


This release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended and such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. “Forward-looking statements” describe future expectations, plans, results, or strategies and are generally preceded by words such as “may,” “future,” “plan” or “planned,” “will” or “should,” “expected,” “anticipates,” “draft,” “eventually” or “projected.” Forward-looking statements in this release include, but are not limited to, our growth position; the importance of the license agreement to our business; the opportunities presented by the anticipated transactions with Corteva Agriscience and Pioneer, including their alignment with our long-term objectives; activities expected to occur in connection with the alfalfa license agreement with Corteva; our ability to execute on our long-term objective of building an integrated multi-crop, middle-market agricultural company; the improvement in our financial position and expected strategic flexibility; the availability of potentially attractive acquisition opportunities in the seed industry; the strength of our retained alfalfa operations, including the positioning of those operations for domestic and international growth; the benefits of our research and development efforts to our customers; the improvement in our financial capabilities, including the extent to which the transactions with Corteva Agriscience and Pioneer have improved such capabilities; expected net working capital and tangible book value and the intended use of the proceeds from the transactions with Corteva Agriscience and Pioneer; and statements regarding the advancement of our strategic plans. You are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause future circumstances, events, or results to differ materially from those projected in the forward-looking statements, including the risk that the activities expected to occur in connection with the alfalfa license agreement may not occur when expected, or at all; the risk that we may not realize the benefits anticipated from the alfalfa license agreement or the Pioneer termination agreement; the risk that our strategic initiatives may not achieve the expected results; the risk that we may not achieve the anticipated benefits from the use of the proceeds from the transactions with Corteva Agriscience and Pioneer, including any acquisitions or other strategic uses of such proceeds; and the risks associated with our ability to successfully optimize and commercialize our business. These and other risks are identified in our filings with the Securities and Exchange Commission, including, without limitation, our Annual Report on Form 10-K for the year ended June 30, 2018 and in other filings subsequently made by us with the Securities and Exchange Commission. All forward-looking statements contained in this press release speak only as of the date on which they were made and are based on management’s assumptions and estimates as of such date. We do not undertake any obligation to publicly update any forward-looking statements, whether as a result of the receipt of new information, the occurrence of future events or otherwise.

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