

S&W Seed Company Provides Seed Trait Technology Development and Commercialization Update

LONGMONT, Colo., Dec. 8, 2020 — S&W Seed Company (Nasdaq: SANW), a global agricultural technology company, today provided an update on its seed trait technology development and commercialization activities.



“Over the past few years, S&W has made significant progress toward its evolution into a completely integrated agricultural seed company. Key to that transformation has been the development, and now the commercial launch, of proprietary seed trait technology products,” commented Mark Wong, CEO of S&W Seed Company. “The commercialization of these products is anticipated to transform the operating profile of S&W into a high growth, high margin business, with more than 50% of our gross profit contribution within the next decade expected to come from these new tech products. With a highly accomplished management team that has successfully developed, marketed, licensed, and sold similar trait technologies over the years, I am highly optimistic that S&W is entering a new era.”

Today S&W also released a technology development and commercialization presentation, which can be found at <https://swseedco.com/investors/>.

Lead Trait Technology Products

Double Team™ Sorghum (DT™):

- Non-GMO tolerance to broad spectrum grass herbicide.
- Commercial launch expected in spring 2021.
- Potential to revolutionize the sorghum market in the same way other weed control technologies have enhanced yields for crops such as corn, soybeans and cotton.
- DT™ trait is expected to have the highest value of any commercial sorghum trait currently in the market.
- Market survey indicates strong grower demand/adoption.

- Introduction of DT™ sorghum has potential to significantly expand size of sorghum market which has previously been unable to address issues with grassy weed competition.
- Product discovered and developed by in-house R&D team. Partnered with ag chem company ADAMA for herbicide registration and commercial development.
- Initial market launch in grain sorghum planned in the U.S., with international expansion expected to primarily be driven by Brazil.
- Product to initially be marketed by S&W and also made available for out-licensing to major agricultural companies with existing sorghum market share.

Improved Quality Alfalfa (IQ™):

- Designed to provide farmers a new way to produce alfalfa forage with improved ruminant digestibility.
- Commercial launch expected in fall 2021.
- Improved digestibility increases efficiency of dairy operations, resulting in more milk per ton of feed, higher income for alfalfa producers, and reduced dietary wastage.
- IQ™ alfalfa designed to be a stand-alone, non-GMO product that is not coupled with other GMO technologies.
- Developed in partnership with leading biotech company, Calyxt, Inc. (Nasdaq: CLXT).
- S&W plans to market IQ™ products under its Alfalfa Partners brand and will also offer IQ™ licenses to industry partners.
- Initially developed for non-dormant alfalfa varieties, to be followed by dormant alfalfa variety options in 2022 and beyond.

Dhurrin-Free Sorghum (DF™):

- Dhurrin is a natural toxin that sorghum produces to protect itself from grazing animals when the plant is under stress from drought, temperature fluctuation or other conditions. In some circumstances, the biproduct of dhurrin metabolism, prussic acid, can kill livestock.
- Genetically removing dhurrin can eliminate the risks associated with grazing on or producing hay from stressed sorghum fields.
- Developed in partnership with and licensed from Purdue University.
- DF™ trait is expected to shift forage sorghum seed market from commodity (low value) to propriety (high value).
- S&W expects to be the only company in the market with this technology.
- Projected commercial launch in 2023.

Financial Opportunity and Vision

Management has conducted substantial market research to assess the combined potential opportunity for the Company's three lead trait technology products and its core non-tech

business. This included surveys with growers, distributors, potential licensees and industry experts, among others. Based on this market research and management's estimates and assumptions of market share, technology prices and anticipated continued growth of the existing core business, the Company provided the following mid- and long-term financial vision.

The following is intended to provide a guide as to the potential financial opportunity for the Company. While subject to risk and uncertainty, and the Company's performance as compared to various estimates and assumptions, we believe the following provides useful insight into management's view regarding the potential growth opportunities for the Company's business, and how management intends to measure the success of its planned commercial launch of the Company's three lead trait technology products.

- FY 2024 total revenue of \$130 million with \$13 million of adjusted EBITDA. \$12 million of FY 2024 total revenue expected to come from technology products, encompassing seed, trait and license revenue.
- FY 2026 total revenue of \$176 million with \$34 million of adjusted EBITDA. \$35 million of FY 2026 total revenue expected to come from technology products, encompassing seed, trait and license revenue.
- FY 2031 total revenue of \$234 million with \$69 million of adjusted EBITDA. \$70 million of FY 2031 total revenue expected to come from technology products, encompassing seed, trait and license revenue.
- More than 50% of the Company's gross profit contribution within next decade is expected to come from new trait technology products.
- Revenue (excluding new trait technology products), is anticipated to grow at 18.4% CAGR through FY 2024, 15.4% CAGR through FY 2026, and 9.6% CAGR through FY 2031.

Non-GAAP Financial Measures

In addition to financial measures included in the Company's financial vision that are calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Company has provided adjusted EBITDA, which is a non-GAAP financial measure. S&W uses non-GAAP financial measures internally to facilitate period-to-period comparisons and analysis of its operating performance and liquidity, and believes they are useful to investors as a supplement to GAAP measures in analyzing, trending and benchmarking the performance and value of the Company's business. However, these measures are not intended to be a substitute for those reported in accordance with GAAP. These measures may be different from non-GAAP financial measures used by other companies, even when similar terms are used to identify such measures.

Adjusted EBITDA is a non-GAAP financial measure that we define as GAAP net income (loss),

adjusted to exclude non-recurring transaction costs, depreciation and amortization, non-cash stock-based compensation, foreign currency (gain) loss, change in contingent consideration liabilities, reduction of anticipated loss on sub-leased land, interest expense -amortization of debt discount, interest expense, and provision (benefit) for income taxes. We believe that the use of adjusted EBITDA is useful to investors and other users of the Company's financial statements in evaluating our operating performance because it provides them with an additional tool to compare business performance across companies and across periods. We use adjusted EBITDA in conjunction with traditional GAAP operating performance measures as part of our overall assessment of our performance, for planning purposes, including the preparation of our annual operating budget, to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance. Management does not place undue reliance on adjusted EBITDA as its only measure of operating performance. Adjusted EBITDA should not be considered as a substitute for other measures of financial performance reported in accordance with GAAP. S&W has not reconciled adjusted EBITDA to net income (loss) because S&W has not provided assumptions for the other line items that are reconciling items between net income (loss) and adjusted EBITDA. As items that impact net income (loss) are out of S&W's control and cannot be reasonably predicted, S&W is unable to provide such an outlook. Accordingly, reconciliation of adjusted EBITDA outlook to net income (loss) is not available without unreasonable effort.

About S&W Seed Company

Founded in 1980, S&W Seed Company is a global agricultural company headquartered in Longmont, Colorado. 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 proprietary alfalfa, sorghum and pasture seeds, with significant research and development, production and distribution capabilities. S&W's product portfolio also includes hybrid sunflower and wheat and the company 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.

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: the anticipated operating and financial performance benefits derived from the commercialization of our three lead tech products, including the transformation of our operating profile into a high growth, high margin

business; assumptions and estimates regarding the potential financial opportunity presented by our lead tech products, including the various financial measures included under the heading “Financial Opportunity and Vision”; expectations regarding the agricultural benefits of our three lead tech products; timing of commercial launch of these three products; 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 risks that future acquisitions may not yield the anticipated benefits; sales during the high-volume selling season may be lower than expected; the realignment of our organization across geographic lines and to benefit from a multi-crop portfolio may not meet our expectations; our strategic initiatives may not achieve the expected results; global pandemics and other health crises, such as COVID-19, may negatively impact our operations and financial results; 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, 2020 and in other filings subsequently made by the Company 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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