

S&W Seed Company to Acquire Australian-Based Pasture Genetics

LONGMONT, Colo., Feb. 18, 2020 — **S&W Seed Company** (Nasdaq: SANW) today announced that it has entered into a definitive agreement to acquire Pasture Genetics Pty Ltd., the third largest pasture seed company in Australia. The acquisition will expand and diversify S&W's product offerings in Australia and follows S&W's other recent initiatives in the country to become one of the leading suppliers of elite seed genetics to Australian farmers. Pasture Genetics' seed product portfolio includes alfalfa, medic, clovers, vetch, forage cereals, as well as pasture and other grasses. Its proprietary Goldstrike® seed coating technology, which can address rhizobia inoculation and extend shelf life, is believed to be a key market advantage for the company.



In fiscal year 2019, Pasture Genetics had revenue of approximately USD \$20 million, capturing an estimated 15-20% of the USD \$125 million Australian pasture seed market. Going forward, S&W expects to generate approximately 8% to 10% EBITDA margins from the newly acquired business.

The overall transaction is valued at up to USD \$13.5 million (AUD \$20.0 million). Initial consideration of USD \$8.1 million (AUD \$12.0 million) consists of an upfront cash payment of approximately USD \$0.7 million (AUD \$1.0 million) and a working capital debt refinancing in the amount of approximately USD \$7.4 million (AUD \$11.0 million), through a new Pasture Genetics working capital debt facility guaranteed by S&W's Australian subsidiary. Up to an

additional USD \$5.4 million (AUD \$8.0 million) of earnout consideration is payable subject to the satisfaction of certain financial performance criteria. The earn-out payment, if any, will be payable on September 20, 2022, and is payable in a combination of cash and, at S&W's election, shares of S&W's common stock.

The transaction is expected to close in February 2020 and is subject to customary closing conditions.

"We believe the acquisition of Pasture Genetics will broaden our product portfolio and sales capabilities within Australia, a market where we have built out a significant presence as a provider of elite seed genetics. It also is expected to further enhance utilization of S&W's existing assets which we believe will drive incremental value for us in the years to come," said Mark Wong, CEO of S&W Seed Company. "Pasture Genetics' product portfolio complements our existing sorghum, alfalfa, sunflower and wheat products, furthering our objective of being a one-stop supplier of elite seed genetics to Australian farmers."

S&W anticipates that it can realize a number of synergies as it combines Pasture Genetics and S&W's existing Australia operations, including:

- **Broadened Crop Portfolio:** Pasture Genetics' products complement S&W's existing grain and forage sorghum, alfalfa, sunflower and wheat portfolio in Australia. The addition of Pasture Genetics' products is expected to enhance the S&W product portfolio to address a full range of key Australian agricultural customers including beef cattle, sheep and dairy farmers, silage, hay and chaff producers, and grain producers.
- **Expanded Sales Reach:** The Pasture Genetics sales team reaches significant additional customer bases and geographic markets in Australia. This presents cross-selling opportunities for both S&W's existing product lines and the Pasture Genetics portfolio. Pasture Genetics has also built strong relationships with leading Australian retail channels that S&W believes can benefit from its full product line.
- **Improved Margins from Proprietary Seed Coating Technology:** S&W believes that it can apply Pasture Genetics' premium Goldstrike® seed coating technology to S&W's existing product line to add value and improve pricing power.
- **Increased Operating Leverage:** S&W anticipates that it will be able to achieve cost savings in operations and administration as it integrates the businesses.

Mr. Wong continued, "We believe there are a number of synergies available as we combine Pasture Genetics and S&W. There is little crossover between the sales organizations, presenting significant cross-selling opportunities between our customer bases, and we expect to leverage S&W's existing infrastructure for a number of operational functions. We also believe that Pasture Genetics' Goldstrike® seed coating technology can enable gross margin expansion as we look to apply the premium seed treatment to other products in our portfolio. Strategically, the acquisition of Pasture Genetics should also increase S&W's retail store

distribution, where S&W has excellent relationships with key chains.”

“This acquisition continues our planned strategic transformation into a fully integrated, multi-crop seed development, production and distribution company with strong positions in an expanding number of key crops. Moreover, the financial structure of the acquisition, with 40% of the potential purchase price in the form of an earn-out contingent on performance of our integrated Australian operations, provides us with a prudent, low-risk approach to expanding our Australian market presence. We look forward to the integration of Pasture Genetics, and realization of the opportunities we believe are available to add incremental value in the future,” Mr. Wong concluded.

Rob Damin, founder of Pasture Genetics, will be joining S&W as Commercial General Manager – Australia.

Mr. Damin added, “Australia is a major producer and exporter in the global agribusiness market. At Pasture Genetics, we have built our reputation as a leading participant in this market. Our skills and resources align with the strength and reach of S&W’s operations in ways that we anticipate will enable the organization to rapidly service demands for new product offerings for customers both in Australia and overseas. We are incredibly excited about the future.”

Slide Presentation

S&W has made available a slide presentation providing additional details on Pasture Genetics. The presentation is available in the Investor Relations section of the Company’s website at <http://www.swseedco.com/investors>.

Conference Call

S&W Seed Company will be discussing the acquisition of Pasture Genetics during a conference call on Friday, February 21, 2020, at 10:30 am ET (7:30 am PT) during which it will also review its recently announced financial results. Interested parties can access the conference call by dialing (844) 861-5498 or (412) 317-6580 or can listen via a live Internet webcast, which is available in the Investor Relations section of the Company’s website at **<http://www.swseedco.com/investors>**. A teleconference replay of the call will be available for three days at (877) 344-7529 or (412) 317-0088, confirmation # 10139137. A webcast replay will be available in the Investor Relations section of the Company’s website at **<http://www.swseedco.com/investors>** for 30 days.

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 and sorghum 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, statements regarding the anticipated benefits of the Pasture Genetics acquisition, including its positive impact on our product offerings and sales capabilities in Australia, the potential synergies of our combined operations, the potential applications of the Goldstrike seed coating technology to our existing product line and the benefits to customers both in Australia and overseas; sources of funding to complete the acquisition; expected closing date of the acquisition; 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 Pasture Genetics acquisition may not be completed when anticipated, or at all, and may not provide the anticipated benefits; the risk that our strategic initiatives may not achieve the expected results, as well as 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 fiscal year ended June 30, 2019, and in our other filings subsequently made 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. 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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