

TABLE B

S&W SEED COMPANY
ITEMIZED RECONCILIATION BETWEEN NET INCOME (LOSS) AND NON-GAAP ADJUSTED EBITDA
(unaudited)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2017	2016	2017	2016
Net income (loss)	\$ 1,327,240	\$ 567,873	\$ (730,961)	\$ 55,426
Non-recurring cost of revenue charges	-	-	-	259,566
Impairment charges	319,001	-	319,001	-
Non-cash stock based compensation	306,796	289,314	885,456	917,487
Depreciation and amortization	798,559	796,062	2,475,710	2,376,101
Foreign currency loss (gain)	2,125	87,342	(4,358)	(164,471)
Change in derivative warrant liabilities	(1,009,901)	(694,800)	(841,400)	(2,176,800)
Change in contingent consideration obligations	(86,688)	48,963	77,675	1,490
Gain on sale of marketable securities	-	-	-	(123,038)
Loss on equity method investment	95,591	28,916	144,841	252,619
Interest expense - amortization of debt discount	150,875	1,150,412	1,131,994	3,111,866
Interest expense - convertible debt and other	300,627	438,879	948,211	1,672,863
Provision (benefit) from income taxes	463,509	5,901	(533,414)	(2,773,294)
Non-GAAP Adjusted EBITDA	<u>\$ 2,667,734</u>	<u>\$ 2,718,862</u>	<u>\$ 3,872,755</u>	<u>\$ 3,409,815</u>



S&W SEED COMPANY
CONSOLIDATED BALANCE SHEETS
(unaudited)

	<u>March 31,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,320,659	\$ 6,904,500
Accounts receivable, net	23,179,172	27,619,599
Inventories, net	38,052,248	21,846,130
Prepaid expenses and other current assets	1,560,194	1,218,280
TOTAL CURRENT ASSETS	66,112,273	57,588,509
Property, plant and equipment, net	13,465,805	12,600,106
Intangibles, net	35,456,992	37,006,802
Goodwill	10,292,265	10,292,265
Deferred tax assets	7,728,370	7,279,923
Other assets	1,553,503	2,237,380
TOTAL ASSETS	\$ 134,609,208	\$ 127,004,985
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 7,218,726	\$ 14,303,877
Accounts payable - related parties	77,599	396,027
Deferred revenue	570,662	509,857
Accrued expenses and other current liabilities	1,590,559	2,385,160
Lines of credit	36,166,497	16,687,473
Current portion of contingent consideration obligation	2,346,091	-
Current portion of long-term debt	10,261,411	275,094
Current portion of convertible debt, net	-	6,840,608
TOTAL CURRENT LIABILITIES	58,231,545	41,398,096
Contingent consideration obligation	-	2,268,416
Long-term debt, less current portion	1,040,414	11,114,333
Derivative warrant liabilities	3,512,700	4,354,100
Other non-current liabilities	42,049	108,596
TOTAL LIABILITIES	62,826,708	59,243,541
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; 17,989,167 issued and 17,964,167 outstanding at March 31, 2017; 17,086,111 issued and 17,061,111 outstanding at June 30, 2016;	17,989	17,086
Treasury stock, at cost, 25,000 shares	(134,196)	(134,196)
Additional paid-in capital	82,822,874	78,282,461
Accumulated deficit	(5,345,205)	(4,614,244)
Accumulated other comprehensive loss	(5,578,962)	(5,789,663)
TOTAL STOCKHOLDERS' EQUITY	71,782,500	67,761,444
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 134,609,208	\$ 127,004,985



S&W SEED COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine Months Ended March 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (730,961)	\$ 55,426
Adjustments to reconcile net (loss) income to net cash used in operating activities		
Stock-based compensation	885,456	917,487
Change in allowance for doubtful accounts	99,640	(7,350)
Depreciation and amortization	2,475,710	2,376,101
Loss (gain) on disposal of property, plant and equipment	7,630	(2,427)
Impairment charges	319,001	-
Change in deferred tax asset	(448,447)	(2,974,375)
Change in foreign exchange contracts	50,522	(55,817)
Change in derivative warrant liabilities	(841,400)	(2,176,800)
Change in contingent consideration obligations	77,675	1,490
Amortization of debt discount	1,131,994	3,111,866
Gain on sale of marketable securities	-	(123,038)
Intercompany foreign exchange gain	-	(284,774)
Loss on equity method investment	144,841	252,619
Changes in operating assets and liabilities, net:		
Accounts receivable	4,481,129	13,498,542
Inventories	(15,972,829)	(16,946,534)
Prepaid expenses and other current assets	(245,248)	(974,732)
Other non-current assets	-	(140,569)
Accounts payable	(7,323,842)	1,632,353
Accounts payable - related parties	(318,428)	(1,021,524)
Deferred revenue	60,298	(163,211)
Accrued expenses and other current liabilities	(770,337)	(277,084)
Other non-current liabilities	(67,915)	(31,311)
Net cash used in operating activities	<u>(16,985,511)</u>	<u>(3,333,662)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,624,493)	(1,852,865)
Proceeds from disposal of property, plant and equipment	6,000	28,100
Purchase of marketable securities	-	(316,000)
Sale of marketable securities	-	439,038
Equity method investment	-	(439,038)
Additions to internal use software	(118,121)	(236,555)
Net cash used in investing activities	<u>(1,736,614)</u>	<u>(2,377,320)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from sale of common stock	-	13,309,716
Net proceeds from exercise of common stock options	602,083	34,566
Taxes paid related to net share settlements of stock-based compensation awards	(107,495)	(83,803)
Borrowings and repayments on lines of credit, net	19,325,988	7,822,160
Borrowings of long-term debt	89,717	601,341
Repayments of long-term debt	(209,454)	(1,974,582)
Repayments of convertible debt	(4,721,551)	(11,274,679)
Net cash provided by financing activities	<u>14,979,288</u>	<u>8,434,719</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>158,996</u>	<u>8,427</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(3,583,841)</u>	<u>2,732,164</u>
CASH AND CASH EQUIVALENTS, beginning of the period	<u>6,904,500</u>	<u>3,535,458</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 3,320,659</u>	<u>\$ 6,267,622</u>