

TABLE B

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

	Three Months Ended June 30,		Years Ended June 30,	
	2017	2016	2017	2016
Net income (loss)	\$ (11,091,081)	\$ 307,019	\$ (11,822,042)	\$ 365,227
Non-recurring cost of revenue charges	-	-	-	259,566
Separation costs	674,597	-	674,597	-
Reserve for uncollectable sub-lease income	223,200	-	223,200	-
Non-recurring transaction costs	-	236,211	-	267,353
Impairment charges	-	-	319,001	-
Non-cash stock based compensation	523,912	272,639	1,409,368	1,190,126
Depreciation and amortization	850,032	809,025	3,325,743	3,185,126
Foreign currency loss (gain)	5,746	(62,059)	1,388	(226,529)
Change in derivative warrant liabilities	(676,100)	272,900	(1,517,500)	(1,903,900)
Change in contingent consideration obligations	153,909	53,602	231,584	55,092
Gain on sale of marketable securities	-	-	-	(123,038)
Loss on equity method investment	-	41,578	144,841	294,197
Anticipated loss on sub-lease land	424,600	-	424,600	-
Interest expense - amortization of debt discount	44,029	787,873	1,176,023	3,899,739
Interest expense - convertible debt and other	376,734	413,142	1,324,945	2,086,005
Provision (benefit) from income taxes	8,161,120	372,722	7,627,705	(2,403,379)
Non-GAAP Adjusted EBITDA	<u>\$ (329,302)</u>	<u>\$ 3,504,652</u>	<u>\$ 3,543,453</u>	<u>\$ 6,945,585</u>



S&W SEED COMPANY
CONSOLIDATED BALANCE SHEETS

	June 30,	June 30,
	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 745,001	\$ 6,904,500
Accounts receivable, net	23,239,325	27,619,599
Inventories, net	31,489,945	21,846,130
Prepaid expenses and other current assets	1,249,921	1,218,280
TOTAL CURRENT ASSETS	56,724,192	57,588,509
Property, plant and equipment, net	13,581,576	12,600,106
Intangibles, net	34,939,079	37,006,802
Goodwill	10,292,265	10,292,265
Deferred tax assets	-	7,279,923
Other assets	1,563,176	2,237,380
TOTAL ASSETS	\$ 117,100,288	\$ 127,004,985
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 7,157,745	\$ 14,303,877
Accounts payable - related parties	331,694	396,027
Deferred revenue	880,326	509,857
Accrued expenses and other current liabilities	2,733,718	2,385,160
Lines of credit	27,399,784	16,687,473
Current portion of contingent consideration obligation	2,500,000	-
Current portion of long-term debt	10,309,664	275,094
Current portion of convertible debt, net	-	6,840,608
TOTAL CURRENT LIABILITIES	51,312,931	41,398,096
Contingent consideration obligation	-	2,268,416
Long-term debt, less current portion	1,096,155	11,114,333
Derivative warrant liabilities	2,836,600	4,354,100
Other non-current liabilities	632,947	108,596
TOTAL LIABILITIES	55,878,633	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; 18,004,681 issued and 17,979,681 outstanding at June 30, 2017; 17,086,111 issued and 17,061,111 outstanding at June 30, 2016;	18,004	17,086
Treasury stock, at cost, 25,000 shares	(134,196)	(134,196)
Additional paid-in capital	83,312,518	78,282,461
Accumulated deficit	(16,436,286)	(4,614,244)
Accumulated other comprehensive loss	(5,538,385)	(5,789,663)
TOTAL STOCKHOLDERS' EQUITY	61,221,655	67,761,444
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 117,100,288	\$ 127,004,985



S&W SEED COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended	
	June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (11,822,042)	\$ 365,227
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities		
Stock-based compensation	1,409,368	1,190,126
Change in allowance for doubtful accounts	449,590	16,700
Depreciation and amortization	3,325,743	3,185,126
Loss (gain) on disposal of property, plant and equipment	78,538	(153)
Impairment charges	319,001	-
Change in deferred tax asset	7,269,420	(2,721,746)
Change in foreign exchange contracts	112,970	(56,264)
Change in derivative warrant liabilities	(1,517,500)	(1,903,900)
Change in contingent consideration obligations	231,584	55,092
Amortization of debt discount	1,176,023	3,899,739
Gain on sale of marketable securities	-	(123,038)
Intercompany foreign exchange gain	-	(332,477)
Loss on equity method investment	144,841	294,197
Anticipated loss on sub-lease land	424,600	-
Changes in operating assets and liabilities, net:		
Accounts receivable	4,110,609	(1,007,637)
Inventories	(9,343,989)	3,561,808
Prepaid expenses and other current assets	(41,928)	(201,236)
Other non-current assets	(9,487)	(101,368)
Accounts payable	(7,400,553)	767,328
Accounts payable - related parties	(64,424)	(718,432)
Deferred revenue	369,688	(15,933)
Accrued expenses and other current liabilities	314,402	588,169
Other non-current liabilities	163,386	(26,346)
Net cash (used in) provided by operating activities	<u>(10,300,160)</u>	<u>6,714,982</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(2,960,620)	(2,253,618)
Proceeds from disposal of property, plant and equipment	877,617	53,150
Acquisition of business	-	(1,000,000)
Purchase of marketable securities	-	(316,000)
Sale of marketable securities	-	439,038
Equity method investment	-	(439,038)
Additions to internal use software	(156,185)	(359,176)
Net cash used in investing activities	<u>(2,239,188)</u>	<u>(3,875,644)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from sale of common stock	-	13,253,288
Net proceeds from exercise of common stock options	603,862	57,610
Taxes paid related to net share settlements of stock-based compensation awards	(143,527)	(109,197)
Borrowings and repayments on lines of credit, net	10,488,213	3,021,538
Borrowings of long-term debt	280,654	573,447
Repayments of long-term debt	(304,770)	(2,124,584)
Repayments of convertible debt	(4,721,551)	(14,104,728)
Net cash provided by financing activities	<u>6,202,881</u>	<u>567,374</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>176,968</u>	<u>(37,670)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(6,159,499)</u>	<u>3,369,042</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>\$ 745,001</u>	<u>\$ 6,904,500</u>