

Then there's selling dealers who, as the name describes, they buy through their own account, so they're all farmers, maybe they're not as big, 500, 1,000 acres, 1,500 acres for a selling dealer. And they also get the discount for any seed they use on their own farm, but because they're smaller, they are in the business of selling other [indiscernible], hence, the name, as I said, a selling dealer. And so they'll sell other people in town, not just their brother-in-law and their relatives, but they'll sell other people in town, and maybe in the next town over. So, their business is based on their own use of the seed, but also the use of the seed by other close farmers to them that they provide the inventory to.

The other major important thing about farmer-dealers is, they have the inventory of your seeds in a warehouse on their farm or in their barn. Originally it was in their barn, now some of them are so big they actually have warehouses. But it's very important to have the seed distributed in the field, so when the rain stops in the spring, and everybody, all the farmers want to plant, once the fields are dry enough to drive a tractor through, they can drive down with their pickup, or send a truck down and pick their seed up very close to where their farm is, and get going with the planting. And so, that's the other thing that farmer-dealer networks provide is distribution and logistics right to the farmer himself. And that's super important, and is one of the main reasons why the farmer-dealer concept has been successful, because the farmer can get his seed in less than a week.

Eric Des Lauriers

That makes sense, that's helpful, thank you for that. And my next question is, I just wanted to dive into the pipeline a little bit. I know you mentioned that you're diligent in your pursuit of additional opportunities, and I know you're busy working through this Chromatin acquisition, but I'm wondering if you can provide a little bit of color around the areas that you're targeting within the space, and specifically, if you're looking to acquire more breeding technology, or if you're looking to expand to additional crops.

Mark Wong

Yes, great question. So, the seed markets are—well, let me back up a step. What we're really looking for is companies that have breeding programs, and a proprietary position in crop, in a different crop. Or they're distribution companies, like they will add to our ability to reach customers in really our two home markets, which is the US and Australia.

Frankly, we think the possibilities provided by the Chromatin farmer-dealer network are so huge, that we're not really looking that hard at distribution in the US anymore, until we sort of master the controls on how to maximize the value of our Chromatin farmer-dealer network. But, in Australia, we are looking at one company that has distribution. But we're trying not to go too far afield when it comes to companies that have products, proprietary products. Most of the products that we look at are in the forage area. We want to provide forages to farmers, ranchers, basically beef and dairy industries first, and then some of the live animal industries, after those two big ones.

So, it's really forages, not too wide, not anything we haven't sold before, we don't understand the performance of, and distribution is still important to us, especially in Australia.

Eric Des Lauriers

Makes sense, appreciate the color, thanks, Mark.



Mark Wong

Yes.

CONCLUSION**Operator**

This concludes our question-and-answer session. I would like to turn the conference back over to Mark Wong for closing remarks.

Mark Wong

Thanks very much. Again, as I've said in the presentation, and obviously, that hopefully come out because we had such excellent questions from everybody, this is real turning point for S&W. We love the alfalfa business. We've been one of the three major players in the alfalfa industry for many, many years. The Pioneer acquisition added to that position, in the sense that we went to a dominant position in the dormant alfalfa, as well as the non-dormant that we had traditionally sold. But, the Chromatin acquisition has really got us all excited about, not only the products that are coming out of breeding, but the distribution that Chromatin offers us, especially in the US through the farmer-dealer network.

So, you'll be hearing more detail about our plans as we sort of understand the assets more, and specifically what we want to do with those, and how we're going to translate that into future sales. Those will be coming on future calls. But it's a very exciting time for S&W, and I really do believe we'll look back at history and say this was one of the turning points in S&W's history for how it went to really be a dominant seed company in the middle markets.

So, thank you, everybody, for listening to our presentation, for asking great questions, and I think we have an earnings call in a few weeks, so we'll look forward to speaking with everybody then. Thanks again.

Operator

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.

