FINAL TRANSCRIPT

Decisive Dividend Corporation

First Quarter 2025 Results Conference Call

Event Date/Time: May 7, 2025 — 11:00 a.m. E.T.

Length: 39 minutes

CORPORATE PARTICIPANTS

Jeff Schellenberg
Decisive Dividend Corporation — Chief Executive Officer

Rick Torriero
Decisive Dividend Corporation — Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Russell Stanley
Beacon Securities — Analyst

Christian Nelson
Private Investor

Steve Hansen
Raymond James — Analyst

Yuri Lynk
Canaccord Genuity — Analyst

PRESENTATION

Operator

Good morning.

At this time, I would like to welcome everyone to the Decisive Dividend Corporation First Quarter 2025 Results Conference Call.

All lines have been placed on mute to prevent any background noise.

After the speaker's remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press star, then the number one on your telephone keypad. If you would like to withdraw your question, please press star, then the number two.

We remind you that today's remarks may include forward-looking statements and non-IFRS financial measures that are subject to important risks and uncertainties. For more information on these risks and uncertainties, please see the applicable sections of Decisive Dividends News Release and MD&A, which are on their website and have been filed on SEDAR.

I would now like to turn the conference over to Jeff Schellenberg, Chief Executive Officer; and Rick Torriero, Chief Financial Officer. Please go ahead.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Thank you, Operator. Hello and good morning, everyone. This is Jeff Schellenberg. I want to welcome everyone here to our Q1 2025 earnings conference call. We are very pleased with our Q1 2025 operating results, which mark the strongest first quarter and the strongest revenue quarter in Decisive's history. The $39.2 million in consolidated sales in Q1 2025 were 34 percent higher than Q1 2024 and generated $7 million in Adjusted EBITDA in Q1 2025, which is nearly as much Adjusted EBITDA as was generated in Q1 and Q2 of last year combined. These increases came from across the portfolio, with each business vertical realizing sales and Adjusted EBITDA increases compared to Q1 2024.

The Hearth businesses, Blaze King and ACR, realized a 17 percent increase in sales compared to Q1 2025 on stronger order levels, even as they started to enter their typical lower seasonal period. The agriculture businesses, Slimlines Orchard and vineyard sprayer product and IHT, generated 31 percent higher sales in the quarter versus Q1 last year, driven by strong order activity at IHT. The industrial products businesses, which includes Northside, Hawk, Capital I, and Slimlines Evaporators, had an aggregate 32 percent increase in sales, with each industrial product contributing to the increase in Q1 2025 over Q1 2024. The building momentum in our merchandising business, Marketing Impact, continued in the quarter, and they realized a 38 percent increase in sales compared to Q1 2024.

Lastly, the addition of Techbelt to our group of other ware parts businesses, which is Unicast, Micon, and Procore, just after Q1 of last year, was a key contributor, along with Unicast, to the 70 percent increase in ware parts sales over Q1 2024.

The improvement in Q1 sales and Adjusted EBITDA resulted in 128 percent improvement in free cash flow, less maintenance capital expenditures compared to Q1 2024, which is our key metric in measuring our dividend payout ratio. In fact, the free cash flow, less maintenance capital expenditures generated in Q1 2025 were 128 percent of the amount generated in both Q1 and Q2 2024 combined.

This significant improvement drove the trailing 12-month dividend payout ratio down to 82 percent from 96 percent in Q4 2024, and demonstrates the strength in the free cash flow generation capabilities of our businesses and the sustainability of the current dividend level.

The strong Q1 operating metrics were—also greatly improved our leverage ratio from 3.1x at December 31 to 2.7x at March 31, which bolsters our capacity under our credit facilities and the cost of borrowing under these facilities.

Expected continued operational improvements in Q2 2025 relative to Q2 2024 should continue to drive the payout ratio and leverage ratio lower through the next quarter as well, supporting our financing capacity and M&A program.

Our expectations around improved operating performance in Q2 2025 relative to Q2 2024 is based on the demand for our products that we have seen through the first four months of 2025. Our aggregate year-to-date 2025 order levels have outpaced the same period on a proforma basis in both 2023 and 2024, while being based on more balanced contributions from across the group. These higher order levels left us with 60 percent higher aggregate order backlogs at the end of the quarter in the Q1 than we had at the end of Q1 2024. That momentum has continued so far in Q2 as April order levels continue to outpace April 2024 and April 2023 order levels.

Further, we continue to be on track to launch new products in 2025 that we believe will support long-term performance in our businesses. Specifically, in our Hearth businesses, we are launching six new products, one in North America and five in the U.K. and Europe, that'll then include a smaller Blaze King unit for North America named the E16, and the overnight burn stove in the U.K. that incorporates Blaze King's combustion technology with ACR's European stylings and sizings, and that's named the Tempest. We believe these will have a positive impact on our results on the later part of 2025.

While our order activity so far this year and the promise of new product launches to come as the year progresses offer us a strong sense of optimism, there still remains a significant amount of uncertainty with respect to the impact recent U.S. trade policies may have on the overall economy and, as a result, on Decisive and its subsidiaries. Substantially, all of the products manufactured by the group and sold into the U.S. are compliant with the Canada-United States-Mexico agreement. While this and the other factors we outlined in our annual report should mitigate or insulate certain subsidiaries from the direct impact of tariffs, 50 percent of our overall sales in Q1 were made into the U.S. How the U.S. economy and our U.S. customers are forced to react as a result of any of these impacts means that our business leaders will need to remain keenly focused on their activity levels, customer sentiment, and cost structures.

We have an excellent group of subsidiary presidents, including Cory Magnuson, who joined Capital I as president in April, that we have confidence in to continue to make their businesses stronger even through uncertainty. Additionally, the addition of Chris Goodchild as COO of Decisive, who, as he stated in his press release quote from our announcement, has an obsession with margin discipline, cash generation, and unlocking the full potential of each business we own, is exactly the type of support our subsidiary leaders can lean into as we focus on driving organic growth and compounding returns for our shareholders.

With the improved performance of our subsidiaries supporting strengthening of our balance sheet along with the continued strong flow of deal opportunities we see, we are keenly focused on continuing to pursue our strategy of growth through acquisition. However, the times we are in dictate a focused approach that reduce our exposure to some of the prevailing headwinds resulting from current U.S. trade policy.

As a result, our focus from an M&A perspective would be on three different types of businesses. First, domestic-focused businesses that manufacture products that are exposed to natural resource industries. Second, U.S.-based businesses within our existing five focused business verticals to gain exposure to manufacturing capacity and customer base in the U.S. Third, U.K.-based businesses within our existing five focused business verticals.

We continue to see a strong flow of opportunities that fit well within the parameters of the types of business we are looking for. Further, the increase in the available capacity we have under our existing credit facilities, as well as the cost of capital improvement from a significantly improved payout ratio demonstrating the sustainability of our dividend levels, can support the financing necessary for this type of M&A. As a result, we fully expect to complete additional acquisitions this year.

Adding an individual like Chris Goodchild to our organization will also help us move any businesses acquired more quickly through the post-transaction phases of the value creation S-curve and into accelerated growth, a key to per share financial metric improvement and value creating growth.

We look forward to providing further updates to that—or on that to our shareholders as our M&A program unfolds.

With that, I will now open up the call for questions.

Q & A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press the star followed by the number one on your touchtone phone. You will hear a prompt that your hand has been raised. Should you wish to decline from the polling process, please press the star followed by the number two. If you're using a speakerphone, please lift the headset before pressing any keys. One moment, please, for your first question. Your first question comes from the line of Russell Stanley from Beacon Securities. Your line is now open. Please go ahead.

Russell Stanley – Analyst, Beacon Securities

Good morning, and congrats on the quarter. First question, just around the year-over-year growth and understanding the number of business lines contributed there, but IHT, I guess, was up 60 percent. I'm wondering if you can rank order the drivers there. I think there were several, but wondering which ones were the primary drivers behind that and wanted to understand if those tailwinds are still intact thus far.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yes, for sure. No, it was a really—appreciate the comments, Russ, first of all. Yes, IHT was a very significant contributor to our performance in the first quarter for sure. From a key driver perspective, I think we began to see it towards the end of 2024, where there was a strengthening of port prices in the U.S. specifically that drove a rebound in the confidence of port farmers to invest in our product, or in their facilities, our product of which is a real key contributor to energy efficiency and cost saving for them as they look to drive the profitability of their businesses. I think the ramp down or the dialing back of spending in that industry came on the back of two really challenging years of farmer profitability, including 2023, which was the largest decline in farmer net income while they've been recording that information, that data for the last 25 years. A significant drop off in profitability in 2023 resulted in a pullback in spending of farmers on any of these types of products given their unwillingness to leverage themselves or take that type of risk. They want to pay for these things in cash. That drop off of profitability in '23 impacted very directly our 2024 sales, even though our product is part of the solution. As we saw the financial situation of these farmers firm up and then to be able to move into profitability on a per head basis, we began to see a pickup in those investments. It's really spread across a wide group of customers that are looking to reinvest in their barns, improve the efficiency of their barns. We have a product that can save those farmers up to two-thirds of their energy costs. The product sells itself when market conditions are good, especially, and even when they've been challenged. That business before we acquired it, even though '22 and '23 were tough port pricing periods, they had really strong performance in 2023 because they have such a good solution. We have a lot of confidence in the product that we have there, and I think their performance here toward the back-half—the back quarter of 2024, they had a good performance as well. Into 2025, we're really pleased with the performance we're seeing there.

Rick Torriero — Chief Financial Officer, Decisive Dividend Corporation

Yes. Russ, to your last part of the question, we're definitely seeing that momentum continue for IHT.

Russell Stanley – Analyst, Beacon Securities

That's great. Thanks for the colour. Maybe around the dividend, and specifically the split between amounts taken in cash versus the direct subscribers, I think the number of—or I believe the amount of stock—the amount dividend taken in stock was up to 13 percent in the quarter. I think a nice quarter-over-quarter improvement is still well below prior highs. I'm not sure if you have this granularity in hand, but are you seeing that share of dividends taken in stock? Is that starting to climb? Did you see a month-to-month improvement during the quarter? Any colour there would be helpful. Thank you.

Rick Torriero — Chief Financial Officer, Decisive Dividend Corporation

Yes. No problem, Russ. It's actually been very consistent since about mid-last year. I think after the challenging first half of the year, we saw that drip participation roll off, and it was quite high at the early part of the year. Since that period, it's been pretty consistent to where we see it now. I haven't seen an uptick yet, but it has been consistent really since the midsummer.

Russell Stanley – Analyst, Beacon Securities

That's great. Thanks for the colour. I'll get back in the queue.

Operator

Your next question comes from the line of Christian Nelson. Your line is now open. Please go ahead.

Christian Nelson – Private Investor

Hi. Hello, and congratulations on a great quarter. My first question is, with the current stock price in this quarter, has the company completed any share purchase in line with the share purchase program?

Rick Torriero — Chief Financial Officer, Decisive Dividend Corporation

Yes, Christian. We have acquired some shares under the NCIB. It's not a key focus of ours, but something we use to try and protect the floor, and—that definitely was in place. I don't know the exact number of shares we purchased, but it wasn't a large number. Really, our capital allocation strategy is around paying dividends to our shareholders, and we do use the NCIB periodically when we feel like the share price isn't representative of the value of the Company.

Christian Nelson – Private Investor

Okay. Perfect. Thank you. The second question would be, I know in previous earning calls you made comments on employee share purchase programs and the membership in that—with regard to employees. Has that held strong with employee census for the company?

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yes. Over the years, we've seen a really nice improvement and higher levels of participation from our employees over time. We're actually making some improvements to our program at this time as well to help provide greater levels of access in terms of the timing of them being able to join and a few things like that. We continue to view that as a key retention tool and a great opportunity for—it's something that's actually really attractive to the vendors that we buy businesses from as well, the fact that their employees are going to have an opportunity to become part owners of the business that they work in. It's a really nice feature of our program, and I think it's part of the reason that we have really strong participation rates across the business.

Christian Nelson – Private Investor

Okay. Perfect. Thank you for that. Again, congratulations on having a great quarter.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Thanks, Christian.

Rick Torriero — Chief Financial Officer, Decisive Dividend Corporation

Thanks, Christian.

Operator

As a reminder, if you wish to ask a question, please press star, one. Now, your next question comes from the line of Steve Hansen from Raymond James. Your line is now open. Please go ahead.

Steve Hansen – Analyst, Raymond James

Yes. Good morning, guys. Thanks for the time. I apologize because I dropped off earlier, but I just wanted to ask two things. One is, Jeff, can you—you've got a pretty new strategic hire on the operating side, a COO that's come in from the auto side, and I just wanted to maybe help us understand a little bit where you're going to direct his focus initially. What target you're looking at from an efficiency or optimization standpoint, and where—which businesses perhaps is going to be the first focus once he gets on board here?

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yes. No, it's a great question, Steve. Yes, we're really excited about the capabilities that Chris brings to the table. He has built an extended career in auto parts manufacturing, which—across a variety of different types of products, which has resulted in having exposure to the different types of businesses that look like a lot of the different businesses that we have, actually. We're really encouraged about not just the capability he brings to the table, but the fit he has in terms of how we like to work with our subsidiaries to support them through different challenges. I think what Chris will really bring to the table is an overarching ability to help us really enhance our capabilities to manage our businesses by dashboard and data. I think he has really strong capabilities in that, which will improve our ability to more quickly diagnose and address issues through the type of data-driven information management that opens up clarity around where there's issues occurring and then his ability to step into that and help address those things, too.

I think there's this broad umbrella type of impact that I think he's going to be able to really help support us with that we've been investing in already. I think that's a critical characteristic of him. With respect to individual subsidiaries, we have very—we have clear objectives on what we're trying to achieve from an organic growth perspective. That really becomes his key guiding light, is how do we help our businesses grow organically? Operational efficiency is something that he's—has been bred into him through a couple decades, more than that, in auto parts with a highly efficient organization in doing that. I think that's going to be obviously a key focus of his, but also working with our subsidiaries around adding value to their products, which allows us to drive pricing improvement. I think he has a lot of new product development expertise and capability that I think will be very beneficial to us, both in installing, I'd say, an increased level of robustness, diligence, rigor to our new product development strategies across our businesses. Also, as we talked about in our prepared comments here, the fact we're introducing six new products in the Hearth division, IHT is working on a cooling mat product, for instance, he's a guy that has a tremendous amount of experience in that area that can really help us with that. We're excited about those elements.

In terms of his initial focus, I think we were undertaking a number of programs already at IHT around operational efficiency improvement. There's a number of, I would call it, the—helping support the professionalization of our bills and material, for instance, across a number of our organizations that we have products that we are either engaged in already or working through. Yes, we have a few that are a priority, I would say, that I know he can step into for different reasons. Maybe less now about kind of immediate fires that we're fighting, but this ongoing improvement to help us support organic growth in our subsidiaries. I think he'll be tremendously impactful, and we're very much looking forward to having him on board when he starts June 2.

Steve Hansen – Analyst, Raymond James

That's great. Again, I apologize for the interruption (audio interference).

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Steve, your phone's cracking up a little bit.

Steve Hansen – Analyst, Raymond James

(Audio interference).

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Okay. I think, Operator, I think he dropped off. I think we can move to the next question.

Operator

Your next question comes from the line of Yuri Lynk from Canaccord Genuity. Please go ahead. Your line is now open.

Yuri Lynk – Analyst, Canaccord Genuity

Good morning, guys, and nice quarter.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Thanks, Yuri.

Rick Torriero — Chief Financial Officer, Decisive Dividend Corporation

Thanks, Yuri.

Yuri Lynk – Analyst, Canaccord Genuity

Just want to pick up on the M&A conversation, wondering how the landscape has evolved and—following COVID and the labor challenges, and inflation, and now the tariffs, if you're seeing any increase in sole proprietor businesses throwing their hands up and saying, okay, I'm ready to sell now.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yes, I think you're right. These layers of challenges, I think, definitely promote the pace at which people are looking at perhaps exiting their businesses. Overall, time just continues to march forward. I think that, almost more than any of these individual factors, is the driver of a significant number of the opportunities that we see in terms of our M&A portfolio. The owners we are talking to are absolutely looking at this—at us as an option because they don't—they're looking to retire, and they don't have a succession plan. I would say maybe the factors you've mentioned, like COVID, or interest rates, or inflation, or tariffs now are—have an impact on that. It's really more so about just the age and stage they are, and a lot of times coming to the realization that they may even have hoped that there would be a succession plan within a family structure or something like that, and it hasn't turned out that way, or they've made the decision not to go that route. That becomes the real driver, less any of these individual elements and more just that overall story.

Because of that, our story, our differentiating advantage, which you talk about, the buy, build, hold—buy, build, hold and access to capital are—in the market we're in, are our two material differentiating advantages for us. Our story just really resonates with those types of folks who want us—who would ideally prefer probably to maintain the ownership of the business and just to keep have it running as a going concern, but realize that time is not on their side. They look at us as something that can continue to support and sustain that, while for us, it's an opportunity to get in and see what we can do to help drive the organic growth of the business, which is really going to be the source of compounding, which, back to Steve's question about our COO, and having those types of expert capabilities that we can deliver to these subsidiaries to help them drive organic growth is a very material source. I think the key source of compounding opportunity for the businesses that we operate in in the context of our overall model. Yes, I guess that would be—yes, I think the trend continues and the pipeline of deal opportunities continues to be strong, really driven by that.

Yuri Lynk – Analyst, Canaccord Genuity

Okay. Is it fair to say that you're looking more—it sounds like you're looking more within your existing verticals? If that's the case, can you share the position you're in to ring more either cost and/or revenue synergies out of deals that should be now more complimentary that—now that you've got a base in a number of different end markets?

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yes, for sure. I think that's exactly the vision and why we're looking to pursue opportunities in this way. I think what investing within verticals we have are already invested in helps us do, number one, is reduce transaction risk because we have an understanding of the industries that we're investing in and some of the risks associated with those, which allows us to not have to start from scratch, so to speak, in terms of our diligence around what the potential challenges or the risks that are prevalent in any particular industry that we're investing in are. That's number one.

Number two, we can leverage off the—we've made significant investment in finding, attracting, recruiting, retaining really strong executives across the portfolio and we continue to invest in that. A lot of these folks really want the challenge of growing the line of business that they're operating in, and acquiring businesses within those lines helps us leverage off the highly capable people that we've put in place in those—within the subsidiaries we have already to give them that next challenge, especially in the cases where they performed really well to open up the door to give them more access to different types of businesses that allow them to perform—to do what they've done in our existing subsidiaries within an acquired business. That's another reason that's really beneficial. I think from a synergy perspective, which is cost basis, I think there's a lot of opportunity as we do that to look at things like administrative programs, oversight and management programs, that allow us to leverage off of the capabilities we have already to not just repeat those in another business, but have them work within the existing structures we have in place that allows us to see some cost savings as well. That's also really beneficial.

I think we want to see—we're buying these businesses not just for brand names or those types of things, but to grow into adjacent markets or adjacent products. It's not just the identical type of business in another jurisdiction. It could be similar, but the things that we're looking to add help support the overall growth of the businesses while we're leveraging off of the systems and structures we have. I think that's an important thing for us to do. Again, circling back to it, I think our ability to integrate these transactions in a way that drives their organic growth is the key source of compounding return for our shareholders. It's a real priority for us to focus on ramping up our operational capabilities and the quality of the support we can provide from expert-level teams across different types of business challenges these businesses might face to help achieve that objective.

Yuri Lynk – Analyst, Canaccord Genuity

Okay. Makes sense. Last one for me. Just on the dividend, previously you had identified a 60 percent to 75 percent target payout ratio. Wondering if there's any update to that, and if you see any value in perhaps operating in the—at least in the very low end of that range going forward to keep more dry powder for value accretive M&A.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yes, I think I'll refer to our 2025 annual report—2024 annual report. I wrote a letter to investors in that and we had some language around that. I put some language around that in that letter, which is we entered 2024 with a 54-percent payout ratio, and we exited—our Q4 payout ratio was 55 percent when we exited the year just for that quarter. Obviously, the strength of our Q4 performance and our—the continued strength of our Q1 performance has continued to drive our TTM payout ratio down, and we're really starting to see improvement in that obviously in Q1 here as we shed a rough quarter in Q1 and basically more than replaced our Q1 and Q2. We expect to see continued improvement into that in Q2. What we stated is—what was highlighted through the challenging period that we saw in the first half of 2024 is the importance of balance sheet flexibility. As I say in that letter, what our objective is, is to—in the near term is to be more in line with where we entered 2024 and where we exited 2024 in terms of a payout ratio, which helps support the flexibility in our balance sheet.

Our primary objective with the dividend is sustainable and growing dividends. That sustainability element, we've repeated it over and over again that we believe our current dividend levels are sustainable and operating with a payout ratio that's more in line with the levels that I talked about where we enter '24 and exit 2024 helps—will help drive that further, but our objective continues to be dividend growth. We would like to be part of a dividend aristocrat type of index where we operate within the confines of a flexible balance sheet, but we still are able to generate dividend growth to support that for our shareholders and be part of those types of indices. I agree with you and the priority, I think, of our group and our team is to ensure that we're operating our business in a way that provides the type of flexibility we need to invest in our businesses, invest in M&A programs, manage our debt ratio levels while also growing the dividend for our shareholders. That balanced approach within the confines of more flexible levels of payout while maintaining our existing dividend and looking to grow it in the future are what we're focused on.

Yuri Lynk – Analyst, Canaccord Genuity

Thanks. I'll get back in the queue.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Thanks, Yuri.

Operator

Your next question comes from the line of Russell Stanley from Beacon Securities. Your line is now open. Please go ahead.

Russell Stanley – Analyst, Beacon Securities

Hi. Just a follow-up question just around organic growth and new products. You talked about our business's plans to launch some products later this year, I guess. Can you remind us what type of new product launches you're planning for the other businesses? Thanks.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

There was some background noise there, but I think you were talking about what the type of new product launches are in our businesses. Yes, I think we mentioned, specifically in our disclosure, the Hearth industry as where we'll be seeing a lot of new products launched. In that sector, we'll start in North America. We're working on two major new product lines that we think will allow us to access new market niches within the existing wood-burning stove marketplace where we really have a very strong position in, and that's both in the down-market and up-market spaces.

Our down-market product is a smaller product called the E16, that we expect to launch later this year, that has a lower price point while still offering the Blaze King technology because it's a—and it's a smaller unit. We're really excited about that product. We think actually in economic times like this with some level of economic uncertainty, our wood-burning stoves typically do pretty well in that type of environment. Having a product that is a multiple of times better than what you can walk into, whatever at Home Hardware or Canadian Tire to buy, is something that we think will—that competes at the level of some of the products that are in that space, is something that we're really excited to bring to market. We also have an up-market fireplace, an insert product that's a wall-mounted unit, or an insert like a fireplace is, that we'll be launching likely in 2026 as we get through the regulatory approval processes, but that's at the high end of the market. We're also…

Rick Torriero — Chief Financial Officer, Decisive Dividend Corporation

Sorry, just on that, it's also new-build focused, more than just renovation, which is our current fleet.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yes. We think that's an important product too in North America. That's our focus in North America. In the U.K., we have new wood-burning electric and gas products that we're bringing to market, but we're really excited about the wood-burning product. That's going to be the first long-burn stove available in the U.K. and European marketplace. It's the first of its kind that incorporates Blaze King combustion technology with the styling and design capabilities that ACR brings to the table in terms of their more European-sized and styled fleet of products that they already have. We're looking to launch that later in the summertime here, in time for heating season in the U.K. as well with a very focused group of dealers first in the U.K, and then looking to move into the European marketplace next year with that product. We think that's going to be an important product that really drives a strong product differentiator for ACR in that marketplace.

In addition to that, we've had some nice wins with respect to some electric products. We're going to be selling some of the new electric products that ACR has developed into some different lodges like holiday lodges that we want to contract for across the U.K. That's a multi-year contract. We think that's an important validation, I guess, of the quality of that new product we're bringing to market on the electric side where we have some new gas products as well. That's the Hearth industry, and we think those are all really important drivers of future growth of the business, especially with respect to different market channels that we'll be operating in North America, but also opening up the door to geographic growth for our European product. We're mainly U.K.-focused at this point in time with some distribution into Europe—continental Europe, but we really believe these new products are going to open significant doors into the continent, which I think will be really helpful from a geographic expansion perspective and a longer-term growth objectives we have for that organization.

Another example of a great new product we have is the cooling mats at IHT. We're very strong in the heating mats. We have the best product in the marketplace from an energy efficiency and product quality perspective, and so we're well-positioned there. We've been working with Purdue University to commercialize a cooling mat technology that was developed, including an IP license that we have with them to bring the cooling mat product to market that has a significant benefit for—as it relates to animal welfare and heat stress that animals experience, and especially as people are concerned about things like global warming. This is a very topical product and something that we think we'll have some really important success with as well.

We're just in the middle of launching some product trials with some key customers to validate some of the work we've done around that, and so we're excited to see that going into barns to help demonstrate the benefits of this product to the farmers and believe there's a great trajectory that we have for that product within our existing customer base as well. It's the same folks we sell the heating mat to. Those are just some examples within the product—within the group of the different new products that we're bringing to market.

Russell Stanley – Analyst, Beacon Securities

That's great. Thanks for the colour, and congrats again.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

Yes. Thanks, Russ. Appreciate it.

Rick Torriero — Chief Financial Officer, Decisive Dividend Corporation

Thanks, Russ.

Operator

There are no further questions at this time. Please continue, Mr. Jeff Schellenberg.

Jeff Schellenberg — Chief Executive Officer, Decisive Dividend Corporation

All right. Thank you, all of you, for attending our Q1 2025 conference call. We look forward to updating you on our progress continuing into the next quarter and beyond.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.