

Acme United Corp. (ACU) Company Report – November 09, 2024

Acme United Corporation broke its third quarter earnings record that it had established last year. The Company's net income for the third quarter of 2024 was \$2.23 million, or \$0.54 per diluted share, compared to a net income of \$2.15 million or \$0.58 per diluted share for the same period of 2023. An increase of 3% in net income.

Net sales for the quarter ended September 30, 2024 were \$48.2 million compared to \$50.4 million in the third quarter of 2023, a decrease of 4%. Excluding the impact of the Camillus and Cuda hunting and fishing product lines sold on November 1, 2023*, net sales for the third quarter of 2024 increased 4% compared to the third quarter of 2023.

* Remember that the Camillus and Cuda businesses combined had about \$12 million in revenues in 2022, and were sold in November 2023 for \$19.8 million.

On top of the outstanding earnings in the third quarter, the Company anticipates to generate strong earnings and cash flow for the remainder of the year. Moreover, thanks to its strengthening balance sheet, it is very well positioned to continue to make accretive acquisitions.

We reiterate our buy recommendation for Acme United Corp. with a price target of \$60.01 for 2024, which is 44% above today's stock price.



- ▣ Chairman and CEO of Acme United Walter C. Johnsen commented on the third quarter results saying, "After a strong performance in the first half of 2024, sales of first aid products in the U.S. were soft in the third quarter due to customer timing and market conditions. Sales of our Westcott cutting tools and DMT sharpeners continued to be strong in the quarter, with increased placement in large mass market accounts."

- ▣ As for the coming months and beyond, the Company expects to realize more growth, keep a close eye on costs and improve its margins. As such, the Company has been making significant investments in new equipment and automation to drive its manufacturing and distribution costs lower.



THE COMPANY

Acme United Corporation is a supplier of cutting, measuring and safety products for the school, home, office, outdoors, fishing, hardware, and industrial markets. Its principal products are scissors, rulers, pencil sharpeners, knives and first aid kits.

The Company's products are organized under nine main brands: Westcott, Clauss, First Aid Only, PhysiciansCare, Pac-Kit, DMT, Spill Magic, Med-Nap and Safety Made. Both the number of products offered under these brands, as well as the number of physical and online stores where these products are available, continue to grow.

Acme's quest for innovation is reflected by its on-going goal of generating at least 30% of its sales from products developed in the last 3 years. Therefore, the Company works with new, often proprietary, materials and adds new user-friendly features to existing tools.

The Company's products are available at Staples, Office Depot, Office Max, United Stationers, SP Richards, W.B. Mason, Home Depot, Target, Wal-Mart, Walgreens, Grainger, McMaster Carr, Meijer, Fred Meyer, and many other major chains all over the world. Also online sales are substantial. In fact, Amazon is one of Acme United's most important customers.

Acme United pays a quarterly dividend of 15 cents per share. Traditionally the Company increases the amount by 1 cent every 6 to 8 quarters, the last one being late 2023. Mr. Johnsen commented on this occasion, "This is Acme United's fourteenth dividend increase since 2004. We are optimistic about our future, and we are pleased to provide this additional return to shareholders."

Increased Domestic Sourcing

Although 40 percent of Acme's products are still sourced from China, domestic manufacturing is gaining significant importance. Since 2011, the Company has purchased no less than eight North American-based manufacturers. This way, the Company

strategically diversifies its portfolio of sourcing, while reducing its reliance on China.

In 2011, Acme acquired Pac-Kit Safety Equipment Company in Norwalk, Connecticut. In 2014, it purchased First Aid Only in Vancouver, Washington. In 2016, the Company bought Diamond Machining Technology (DMT), which is located in Marlborough, Massachusetts. Early 2017, Spill Magic was acquired, which has facilities in Santa Ana, California and Smyrna, TN. In 2020, Acme acquired First Aid Central and Med-Nap LLC, both manufacturers of first aid supplies and respectively based in Quebec, Canada and Brooksville, Florida. Last year, Acme acquired Safety Made, a manufacturer of first aid kits, as well as the exclusive source for Dorcy, Life Gear and DieHard flashlights, in the promotional products industry.

BRANDS

Today, Acme United has nine main brands: Westcott, Clauss, First Aid Only, PhysiciansCare, Pac-Kit, DMT, Spill Magic, Med-Nap and Safety Made.

Westcott began as a ruler company more than 140 years ago. It sells between 60 and 80 million scissors, and between 15 and 18 million rulers annually. It truly is the leading scissors brand in the United States and one of the leading ruler brands in North America.

The Company's infamous grey/yellow Titanium Bonded Non-Stick scissors are known all over the globe. The blades are lightweight, stay sharper longer, and are five times harder than steel. Also, they have a non-stick coating that resists adhesives.

The Westcott scissors business continues to become stronger. In fact, Mr. Johnsen mentioned during a conference call that a large retailer tried a different scissors supplier, but quickly returned to Westcott because sales of the other brand were disappointing. A true validation of the brand.

Westcott is also known for its line of Safety Cutters. The safer-slicing retractable box cutters with ceramic knives have ergonomic

improvements so the user can actuate on top or side of the slider. In addition, they are available with replaceable and non-replaceable blades. Next to being safer, the Slice ceramic blades last up to 11 times longer than metal blades.

In addition, the brand constantly innovates and brings new products to the market. For example, it launched a set of revolutionary glue guns for the craft and DIY markets. These guns have non-stick internal mechanisms so that the glue sticks don't clog up the machines. Also, the tips of the guns have non-stick color changing coatings. When the tip of the gun is hot enough to dispense the glue, it turns red. The red color is also an indication for users not to touch it. When the tip has cooled off, it's blue.



Westcott's all-new iPoint GEM Battery Pencil Sharpener was recently launched.

Clauss has its roots dating back to 1877 as a scissors, razors and kitchen knives manufacturer. Today, Clauss offers a substantial line of quality cutting tools for professionals in the hardware & industrial, lawn & garden, food processing, sewing, and housewares channels.

When the brand was re-introduced, shortly after it was acquired by Acme in 2004, it was a simple scissors business, available in only a handful of stores. Since then, Clauss has completely transformed and become an established name in the industry with a broad hardware line that is available at Lowe's,

Home Depot, Sears, Granger, McMaster-Carr and many others.

Similar to Acme's other brands, Clauss applies its proprietary coatings to everyday tools. The brand, for example, markets a family of putty knives that have a full tang construction with a hardened, tempered blade that has Titanium non-stick bonding for superior adhesive and rust resistance.

Another noteworthy product is the Clauss 8" Workbench Shear with Titanium bonded blades that are 3x harder than untreated stainless steel. The shear also features an integrated box cutter and bottle opener.

First Aid Only (FAO) is a supplier of SmartCompliance first aid kits, refills, and safety products that meet regulatory requirements for a broad range of industries.

The business was founded in 1988 and pioneered consultative selling and support of first aid items to large corporate customers. It has since become a recognized industry leader. It was acquired by Acme United in June 2014.

FAO operates out of a modern 54,000 square-foot facility in Vancouver, Washington where well over 100 people are employed. All of FAO's first aid kits are produced in the United States.

First Aid Only is especially known for its SmartCompliance kits. Most businesses are federally mandated to have first aid solutions that are compliant with OSHA as well as ANSI standards. These SmartCompliance first aid supply cabinets ensure that a business is covered.

The innovative design of the SmartCompliance first aid cabinet eliminates disorganized and missing supplies often seen within traditional first aid cabinets. As first aid products are used, the SmartTab ezRefill reminders notify a user when it's time to reorder so that supplies never run out when it matters most.

The First Aid Only SafetyHub app, which is available for both Apple and Android, provides a platform to manage and refill SmartCompliance cabinets. Users can search

and scan barcodes on individual first aid products, as well as place requisitions for ANSI & OSHA compliant first aid kits. Features such as the "Physical Inventory Count" keeps users aware of which products to reorder and when to do so through inventory reminders.

PhysiciansCare offers a wide assortment of first aid kits, emergency and disaster kits, kit refills, hearing, eye and head protection, and ergonomic supports and braces. It also carries a successful branded line of over-the-counter medications, including the active ingredients aspirin, acetaminophen and Ibuprofen, etc. PhysiciansCare's products are sold at Staples, Office Depot, United Stationers, Office Max and many others.

Pac-Kit sells first aid kits, industrial stations and refills, emergency medical travel and recreational kits for the industrial, safety, transportation and marine markets. The brand has a long and vivid history dating back to the 19th century. Its early first aid kits were chosen by global explorers like Captain Robert Scott, Admiral Peary and Theodore Roosevelt on their expeditions.

Pac-Kit is especially known for tailoring its products to meet user requirements and for rapid turnaround.

Diamond Machining Technology (DMT) is the world's leading innovator of manual diamond sharpening technology. It has around 30 employees and sells its products at chains such as Home Depot, Bass Pro Shops, Grainger, Fastenal, and Amazon. DMT manufactures all its products in the United States and exports worldwide to nearly 50 countries.

DMT is renowned for its polka dot pattern diamond surface products. It offers sharpening solutions for virtually every user, from do-it-yourselfers to professionals and large commercial operations.

DMT's products differ significantly from those of its competitors. For example, DMT makes certain that each sharpening surface carries the most diamonds per square inch in the industry to guarantee long-lasting performance.

The uniformity of the diamond is also key to a sharpener's performance. DMT uses a proprietary process that ensures near-perfect consistency in grit size. The result is a micronized monocrystalline diamond that covers evenly across the sharpening surface to prove effective with every use, year after year.



The consistent, even surfaces of the DMT Diamond sharpening stones also help extend the life of knives used in the kitchen area.

Since Acme bought DMT in 2016, sales have continued to rise fast. New equipment and machinery was since installed to significantly expand its production capacity. More orders are coming in as the business continues to grow both in the U.S. and abroad.

Spill Magic manufactures a wide variety of spill pickup products that handle anything from liquid spills, hazardous material spills and even biohazard spills. It has two facilities, one in Santa Ana, CA and the other one in Smyrna, TN. Acme United acquired Spill Magic in February 2017.

Spill Magic's best-selling product is its non-toxic, non-flammable, lightweight absorbent that quickly removes any spilled liquid or semi-liquid of any origin. It turns the liquid into a dry powder almost immediately, while leaving no spill residue behind. It's safe for use around humans, animals, plants and the environment; and will not damage cement, asphalt, carpet or any floor surface.

The Spill Magic absorbent is being used thousands of times every day in national and regional grocery, retail, big box, and countless other retail stores in the United States.

Spill Magic focusses on B2B customers, such as retail, grocery, restaurant, hotel chains and

governmental agencies with the goal of reducing slip and fall accidents in their locations. Some of its customers include Target, McDonalds, and Wal-Mart. The latter, for example, uses Spill Magic products in each of its stores.

Mid-December 2020, Acme United acquired the assets of **Med-Nap LLC.**, a Brooksville, Florida based manufacturer of alcohol prep pads, alcohol wipes, benzalkonium chloride wipes (BZK), antiseptic wipes, and other first aid products.

What makes this acquisition for Acme even more interesting is that Med-Nap has an FDA-registered manufacturing facility where it produces all of its products. In fact, there are only a handful of companies that manufacture these types of products in the United States, which gives Acme two major advantages:

- ❑ First, it doesn't have to import these products anymore from China. With the emphasis on sourcing local getting stronger, this is important.
- ❑ Second, having such a manufacturing facility at its disposal gives Acme the ability to manufacture all kinds of other tear-open packaging products, such as burn cream, etc.

In June of 2022, Acme acquired **Safety Made**, a well-known manufacturer of first aid kits, as well as the exclusive source for Dorcy, Life Gear and DieHard flashlights, in the promotional products industry.

Basically, Safety Made sources a wide variety of products, assembles them and then screen-prints a company's name or logo on the products. Companies use promotional products, like safety kits, to build brand awareness, make clients aware of a rebranding, hand out at an event or conference, or simply launch a marketing campaign.

The acquisition of Safety Made provides a platform to expand sales of personalized products to many of Acme United's domestic and global customers. Although its primary business today is in first aid, we see opportunities in all our product ranges.

Safety Made in its turn purchased the assets of Ready 4 Kits in October of 2022. Founded in 1996, and like Safety Made, based in New Hampshire, Ready 4 Kits custom designs logoed and imprinted first aid kits for promotional use across a number of categories and themes, including automotive, golf, disaster/survival, eco-friendly, health and wellness, outdoor and trade show/travel.

Late September 2023, Acme paid approximately \$1 million for certain assets of the Canadian company **Hawktree Solutions**, which is the official primary distributor of Canadian Red Cross (CRC) products. For over 10 years it has developed hundreds of products, such as first aid kits, emergency preparedness kits, and personal protective equipment that have been featured on the Canadian Red Cross eShop, as well as retail stores and businesses across Canada.

Hawktree reported revenues of approximately \$4.0 million in prior years, with very healthy profit margins. Since July of 2023, the company was in receivership due to financial misfortune related to COVID-19.



Hawktree has the exclusive license for first aid, safety, and survival products with the Canadian Red Cross.

Walter C. Johnsen, Chairman and CEO of Acme United, said, "Hawktree Solutions will expand our product line of first aid and survival items that are focused on devastating fires, floods, and earthquakes. We intend to work closely with the Canadian Red Cross to deliver outstanding products to those impacted by natural disasters."

Hawktree was established in 2012 as an importer and distributor of wholesale and retail health and safety products, including, masks, respirators, eye protection, gowns, swabs, gloves, ventilators and testing devices.

Helped by an early foothold with the Canadian Red Cross, Hawktree re-vamped the Red Cross first aid training program for the organization's major corporate clients, such as Loblaws, Starbucks, CN Rail and Air Canada, and the 3,500 community training partners licensed by the Red Cross to deliver first aid training.

At the core of Hawktree's business was a requirement that organizations delivering Red Cross programs also used specific approved products, including first aid kits, CPR devices and gloves, which Hawktree provided.

Hawktree's business did well, but all of that changed in 2020 with the outbreak of the COVID-19 pandemic. The company's contract with the Government of Canada, initiated through the call out to suppliers, included the provision of more than 500,000 pairs of goggles and millions of masks, as well as around 400,000 bottles of Quebec-made hand sanitizer. Hawktree also provided millions of pieces of PPE to multiple provincial governments, hospitals, corporations and municipalities across the country. All of this caused Hawktree's sales to skyrocket from about \$4 million to over \$64 million in 2020.

However, when demand for COVID-related products dropped again in 2021, the company's financial results declined sharply. In fact, costs of sales became higher than sales, leading to negative gross margins and a worsening financial condition. All of this resulted in Hawktree being placed into receivership in July 2023.

RECENT EVENTS

Elite First Aid Acquisition - A Strategic Expansion in Safety and First Aid Solutions

In a strategic move to further strengthen its position in the safety and first aid market,

Acme United acquired Elite First Aid in May 2024. The North Carolina-based company is a provider of tactical, trauma, and emergency response products. With revenues of approximately \$4.2 million in 2023, Elite First Aid has established itself as a trusted name in the industry.

This acquisition is part of Acme United's ongoing effort to expand its product offerings and enhance its market reach in the first aid and emergency preparedness sectors.



Elite First Aid's Tactical Trauma Kit #3 is currently its best-selling product.

Elite First Aid Inc. is a prominent supplier of first aid and tactical medical kits for a variety of markets, including military, law enforcement, and emergency services.

It all started back in 1992 when Pete Sweere, who had served in the U.S. Army for 9 years, began selling military surplus products. Initially, selling them at local trade shows to retail customers, but soon buying larger quantities and marketing them to wholesalers. The company continued to grow and employed seven people by 1996. By then, it had started to focus almost entirely on first aid kits. In later years, Elite First Aid also sold internationally, to law enforcement and military departments of countries such as Brazil, Saudi Arabia, Peru and Ukraine.

Known for its comprehensive range of high-quality first aid products, Elite First Aid established itself as a reliable provider of critical medical supplies designed to meet the rigorous demands of its clientele.

- Enhanced Product Portfolio: The acquisition again expands Acme

United's range of first aid products, incorporating Elite First Aid's tactical and military-grade medical kits. This broader product offering will enable Acme United to better serve its existing customers. Undoubtedly, Acme will introduce the new products at chains such as Walmart, Grainger, Home Depot and Dick Sporting Goods, where the Company already has a strong foothold.

- **Market Expansion:** Elite First Aid's strong presence in the military and tactical markets provides Acme United with a new avenue for growth. Leveraging these relationships will help Acme United penetrate markets where it previously had limited presence.
- **Operational Synergies:** Combining the operational strengths of both companies is expected to yield significant cost reductions. Before the acquisition, Elite First Aid sourced all of its products from third party intermediaries. Thanks to Acme United's global sourcing network however, it will be able to source products directly from factories. Or, in the best case scenario, produce the items itself, such as alcohol pads that are manufactured at Med-Nap.
- **Innovation and Development:** The integration of Elite First Aid's specialized knowledge in tactical first aid with Acme United's research and development expertise is likely to spur innovation. This collaboration will help in developing new and improved first aid solutions tailored to a wider array of applications and industries.

FINANCIALS

Sales for the nine months ended September 30, 2024 were \$148.5 million compared to \$149.6 million in the same period in 2023, a decrease of 1%. Excluding the impact of Camillus and Cuda, sales increased 5%.

Net income for the first nine months ended September 30, 2024, was \$8.3 million or \$2.03 per diluted share compared to \$6.6 million or \$1.83 per dilute share in the comparable period last year, increases of 26% and 11%.

Gross margin was 38.5% in the three months ended September 30, 2024 versus 38.7% in the comparable period last year. Gross margin was 39.4% for the nine-month period ended September 30, 2024 compared to 37.3% for the same period in 2023. The increase in the nine-month period was primarily due to productivity improvements in the Company's manufacturing and distribution facilities.

Amounts in \$000's	09/30/24	09/30/23
Net Sales	48,166	50,384
Cost of Goods Sold	29,602	30,881
S, G & A Expenses	15,638	15,846
Income From Operations	2,926	3,657
Pre-Tax Income	2,408	2,818
Income Tax Expense	182	666
Net Income	2,226	2,152
Diluted Shares Outs.	4,104	3,721
Diluted EPS	0.54	0.58

Selected income statement data for the quarters ended September 30, 2024 and September 30, 2023. Source: Company Filing

SG&A expenses for the third quarter of 2024 were \$15.6 million, or 32% of sales compared with \$15.8 million or 31% of sales for the same period of 2023. SG&A expenses for the first nine months of 2024 were \$47 million or 31% of sales compared with \$45 million or 30% of sales in 2023.

Interest expense for the third quarter of 2024 was \$535,000 compared to \$785,000 in third quarter of 2023. The decrease was due to a lower average debt of approximately \$15 million.

Balance Sheet As Of September 30, 2024

The Company's bank debt less cash improved significantly. On September 30, 2024 it was \$27 million compared to \$38 million on September 30, 2023.

During the twelve-month period ended September 30, 2024, the Company paid approximately \$6.1 million for the acquisition of the assets of Elite First Aid Inc., distributed \$2.2 million in dividends on its common stock and generated approximately \$6.2 million in free cash flow. Additionally, the Company

realized net proceeds from the sale of the Camillus and Cuda product lines of approximately \$13.0 million.

Amounts in \$000's	09/30/24	09/30/23
Cash and Cash Eq.	5,702	5,567
Accounts Receivable	31,349	33,855
Inventories	55,990	54,575
Total Current Assets	98,774	98,526
Property & equipment	30,892	27,708
Intangible Assets, net	22,810	19,546
Total Assets	165,473	156,269
Accounts Payable	7,008	9,976
Total Current Liabilities	22,394	25,429
Bank Debt	22,018	32,934
Total Liabilities	59,156	70,363
Total Stockholder Equity	106,317	85,906

Selected balance sheet data for September 30, 2024 and September 30, 2023. Source: Company Press Release

Inventory levels increased slightly from \$54.5 million last year to \$55.9 million on September 30 this year. It is expected that inventory will more or less remain where it is today.

Strong Performance in Europe

Acme United reports financial information on three separate business segments: the United States (including Asia), Europe and Canada.

Exact revenues per segment for the third quarter will be available in the 10-Q, which will be filed mid-November. However, Acme announced for each segment the percentage by which revenues increased or decreased compared with last year's third quarter. Based on those numbers, we provide the following estimate.

Amounts in \$000's	Q3 2024	Q3 2023
U.S.	41,151	43,688
Canada	3,277	3,305
Europe	3,738	3,391

Estimated sales per segment for the third quarter ended September 30, 2024 (Source: Smallcaps Investment Research) and actual sales per segment for the third quarter ended September 30, 2023 (Source: Company Filing)

For the three months ended September 30, 2024, net sales in the **U.S. segment** decreased 6% compared to the same period in 2023. Excluding Camillus and Cuda, net sales for the third quarter of 2024 increased 3% compared to the third quarter of 2023. For the nine months ended September 30, 2024, net sales in the U.S. segment decreased 1% compared to the same period in 2023. Excluding Camillus and Cuda, net sales for the nine months increased 5% compared to the same period in 2023. The sales increase for the nine-month period was due to market share gains with First Aid, Westcott craft products and DMT sharpeners.



Westcott is doing well in the craft channel, with lots more expected in 2025.

European net sales for the three months ended September 30, 2024 increased 10% in both U.S. dollars and local currency compared to the third quarter of 2023. Excluding Camillus and Cuda, net sales for the third quarter of 2024 increased no less than 15% compared to the third quarter of 2023. Net sales for the nine months ended September 30, 2024 increased 6% in both U.S. dollars and local currency compared to the first nine months of 2023. Excluding Camillus and Cuda, net sales for the nine months increased 10% compared to the same period in 2023. The sales increase for both periods was due to market share gains in the office channel.

Net sales in **Canada** for the three months ended September 30, 2024 decreased 1% in U.S. dollars but increased 2% in local currency compared to the same period in 2023. Excluding Camillus and Cuda, net sales

for the third quarter of 2024 increased 6% compared to the third quarter of 2023. Net sales for the nine months ended September 30, 2024 decreased 5% in U.S. dollars and 4% in local currency compared to the first nine months of 2023. Excluding Camillus and Cuda, net sales for the nine months were constant compared to the same period in 2023. Sales of first aid products were strong, however sales of school and office products continued to be adversely impacted by a soft economy.

OUTLOOK & VALUATION

In addition to the record breaking third quarter, Acme's management also indicated that the fourth quarter has started well. Moreover, the Company is winning new business for 2025 in its Westcott and first aid businesses, as well as DMT sharpeners.

In first aid, for example, Acme recently introduced the latest generation of Smart Compliance first aid cabinets at the National Safety Conference. What makes these cabinets so special is that they have patented automatic replenishment capabilities, which monitor real-time consumption of the components and permit automatic ordering of refills.



The new RFID SmartCompliance cabinets were recently introduced at the NSC Congress.

These first aid units not only facilitate compliance with OSHA, ANSI, and other regulations, but also remove the hassle of

manually checking the expiration and quantity of components. We are excited about the prospects for this next generation product and look forward to seeing its impact on the market next year. There are no similar products from competitors on the market today.

During the past quarter, the Company also integrated the Elite First Aid product line into its overall product offering. Elite First Aid, which was acquired by Acme late May of this year, is a prominent supplier of first aid and tactical medical kits for a variety of markets, including military, law enforcement, and emergency services.

Acme's sales team is actively presenting these items to its first aid customers in the U.S. and Canada and is promoting them in the e-commerce channels. Elite generated revenues of approximately \$4.2 million in 2023, and we expect to see a solid boost of that number in 2025.

A final growth driver that we want to highlight are Westcott's tools for the craft market. Although this was a small part of the business, it has grown quite well the past few months because several well-known accounts in the crafts market have started selling the Westcott tools. The number of products offered in this area will likely be expanded by Westcott, and lots more growth is expected in 2025.

Valuation

Acme United competes with many companies in each market and geographic area. The major competitors in the cutting category are 3M and Fiskars Corporation, while Maped and Staedtler are the major competitors in the measuring category. In addition, the major competitor in the pencil sharpener category is Bostitch, and in the safety category Acme faces most competition from Johnson and Johnson.

Although there are many competitors, it's hard to identify a peer group of companies, because there's no other Company in exactly the same line of business as Acme United. Moreover, some of these other companies

that engage in the Company's line-of-business do so through divisions or subsidiaries that are not publicly-traded.

For reason of comparison, we have placed the Company in the Housewares & Accessories industry. The average P/E ratio for a Company in that industry is 25.31x.

Although Acme is not providing guidance at this moment, it is looking forward to stronger top line growth. We are going to remain conservative in our estimate and expect earnings per share of \$2.45 for the full fiscal year 2024.

Applying our full fiscal year EPS estimate of \$2.45, and the 25.31x P/E multiple from the peer group, we reach the following calculation: \$2.45 estimated EPS multiplied by 25.31 = \$60.01.

Based on these calculations, we reiterate our buy recommendation for Acme United Corp. with a price target of \$60.01 for 2024, which is 44% above today's stock price.

SHARE DATA & OWNERSHIP

On September 30, 2024 Acme United had 3,726,000 common shares outstanding. The principal owners of the Company's common stock are Capital Management Corp (14.9%), Walleye Capital LLC (9.6%), Walter Johnsen (8.7%), North Star Investment Management Corporation (8.1%), and Mink Brook Capital (5.5%).

MANAGEMENT

❑ WALTER C. JOHNSEN - CHAIRMAN AND CEO

Mr. Johnsen has served as director since 1995 and as Chairman and Chief Executive Officer since November 30, 1995. Before joining the Company he was Vice Chairman and a principal of Marshall Products, Inc., a medical supply distributor.

❑ PAUL DRISCOLL - VICE PRESIDENT AND CFO, SECRETARY AND TREASURER

Mr. Driscoll has served as Vice President and Chief Financial Officer, Secretary and Treasurer since October 2, 2002. Mr. Driscoll joined Acme as Director International Finance on March 19, 2001. From 1997 to 2001 he was employed by Ernest and Julio Gallo Winery including two years in Japan as Director of Finance and Operations. Prior to Gallo he served in several increasingly responsible positions in Sterling Winthrop Inc. in New York City and Sanofi S.A. in France.

❑ BRIAN OLSCHAN - PRESIDENT AND COO

Mr. Olschan served as Senior Vice President of Sales and Marketing from September 10, 1996 until January 22, 1999. Effective January 23, 1999, he was promoted to President and Chief Operating Officer. From 1984 to 1996, he was employed by General Cable Corporation in various executive positions.

ANNUAL INCOME STATEMENT FY 2021 – 9M 2024

All numbers in thousands

PERIOD ENDING	FY 2021	FY 2022	FY 2023	9M 2024
Total Revenue	182,088	193,962	191,501	149,547
Cost of Revenue	117,287	130,403	119,291	89,960
Gross Profit	64,801	63,559	72,210	58,587
Operating Expenses				
Selling, General and Administrative	52,030	57,285	59,022	46,728
Non Recurring	-	-	-	-
Others	-	-	-	-
Total Operating Expenses	52,030	57,285	59,022	46,728
Operating Income or Loss	12,771	6,274	13,188	11,859
Income from Continuing Operations				
Total Other Income (Expenses) Net	(196)	(246)	(28)	90
Earnings Before Interest And Taxes	12,575	6,028	13,160	11,949
Net Interest Expense	908	2,365	2,977	1,517
Gain on Sale of Assets			12,551*	
Income Before Tax	11,667	3,663	22,734	10,432
Income Tax Expense	1,519	628	4,941	2,117
Net Income From Continuing Ops	10,148	3,035	17,793	8,315
Non-recurring Events				
Discontinued Operations	-	-	-	-
Extraordinary Items	3,508**	-	-	-
Effect Of Accounting Changes	-	-	-	-
Other Items	-	-	-	-
Net Income	13,656	3,035	17,793	8,315
Preferred Stock And Other Adjustments	-	-	-	-
Net Income Applicable To Common Shares	\$13,656	\$3,035	\$17,793	\$8,315

Annual Income Statement FY 2021 – 9M 2024. Source: Company Filings

* In 2023, Acme United sold its Camillus and Cuda hunting and fishing product lines to GSM Holdings, Inc.

** In 2021, the U.S. small Business Administration forgave a \$3.5 million Paycheck Protection Program (PPP) loan. The year before, Acme United encountered numerous business and operational uncertainties resulting from the COVID-19 pandemic. The PPP loan was a key factor in enabling Acme to successfully meet the significant challenges that resulted from these uncertainties, including the Company's ability to avoid laying off any of its employees during the pandemic.



Acme United Corporation

US: ACU

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