

Acme United Corp. (ACU)

Company Report – March 15, 2025

Acme United Corporation reported robust financial results for the fourth quarter and full year of 2024, reflecting strategic growth and operational efficiency. The Company reported net sales of \$45.9 million for Q4 2024, marking a 10% increase from \$41.9 million* in the same period of 2023. Net income for the quarter rose by 9% to \$1.70 million, compared to \$1.56 million* in Q4 2023.

The First Aid business generated approximately \$120 million in revenue in 2024, bolstered by refills of components for first aid kits, which were approximately \$30 million. To further boost sales in 2025, Acme introduced SmartCompliance first aid cabinets with RFID technology in 2024, which permit automatic replenishment of refills. Automatic replenishment provides substantial savings to customers and captures a high percentage of items needed to keep the kits compliant with OSHA and ANSI standards.

The Westcott cutting and DMT sharpening businesses achieved net revenues of approximately \$75 million in 2024, an increase of 10% compared to 2023. The growth was mainly driven by market share gains in the craft market and a broader distribution of high leverage scissors. In 2025, these brands are again looking to expand, as they successfully introduced their products in the kitchen and culinary markets.

We reiterate our buy recommendation for Acme United Corp. with a price target of \$54.80 for 2025, which is 34% above today's stock price.



- Chairman and CEO Walter C. Johnsen said, "Our net sales increased 6% from our core businesses and grew overall despite the sale of the Cuda and Camillus product lines for \$19.8 million in 2023. We successfully reduced costs and implemented productivity improvements that enabled us not only to offset the contribution from the business we sold, but also to generate 23% net income growth.
- Acme United's strategic acquisitions, product innovations, and operational efficiencies position the Company for continued growth. Despite potential challenges such as tariffs and market volatility, Acme's diversified sourcing and strong financial performance provide a solid foundation for future success. The Company has strong liquidity and is positioned for further acquisitions and growth in 2025.



| Market Data | |
|---------------------|-------------------------------------------------------------------|
| Price | \$40.85 |
| Sector | Consumer Products |
| 52-Week Price Range | \$32.85 - \$50.00 |
| Shares Issued (m) | 4.10 |
| Market Cap (m) | \$167.42 |
| Listings | ACU (NYSE Mkt) |
| Website | http://www.acmeunited.com |

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.”

Operational Efficiency

In 2024, Acme United implemented several productivity initiatives resulting in over \$2 million in annual savings. Some of these measures include:

- **Cost Reductions:** Efforts to reduce the cost of first aid boxes and other

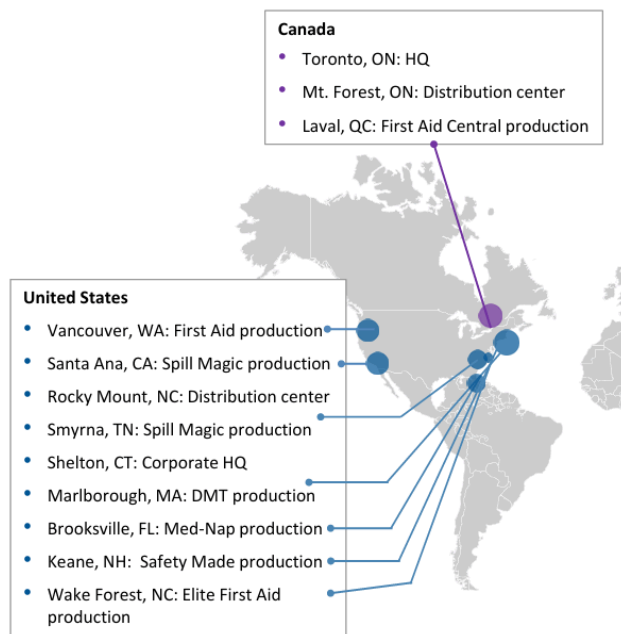
materials contributed to significant savings.

- **Automation Improvements:** The Company automated the placement of items into unitized packages, enhancing efficiency in production processes.
- **Freight and Carrier Optimization:** By bidding out freight and carrier charges, Acme United achieved cost reductions in logistics.
- **Warehouse Optimization:** The installation of new racking in the Rocky Mount, North Carolina distribution center increased capacity by 30%.

Tariff Preparedness

During the latest earnings conference call, Mr. Johnsen addressed anticipated challenges related to tariffs. He mentioned that the Company is ready as it has proactively diversified its sourcing and production to mitigate tariff impacts.

For example, over the past eight years, it acquired no less than 10 companies with manufacturing sites in the U.S. and Canada, including facilities in Vancouver, Washington; Rocky Mount, North Carolina; Santa Ana, California; Nashville, Tennessee; and Brooksville, Florida.



Acme United's ten most recent acquisitions were U.S. or Canadian manufacturers.

The Company implemented a dual sourcing strategy in countries such as Egypt, Thailand, India, and the Philippines to reduce reliance on any single country or region. For example, the Company sources gauze and tape from Egypt, leveraging the country's robust cotton industry.

Acme also increased its inventory in advance of the tariffs so that it has time to adjust and implement the new prices.

Finally, to offset potential tariff costs, Acme United plans to collaborate with suppliers to reduce expenses, enhance productivity, and implement price adjustments while maintaining customer value.

BRANDS

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

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 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.



The SmartCompliance Mobile cabinets are specifically designed for transportation and fleet vehicles.

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.

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.

Early 2020, the Company opened up the Canadian first aid market thanks to the acquisition of **First Aid Central (FAC)**, a Canadian owned and operated manufacturer of first aid kits and safety supplies.

In business for over 12 years, FAC is a provider of cost effective first aid products for individuals and businesses in every industry. FAC generated approximately C\$4.3 million in revenues in 2019. Although an acquisition price was not disclosed, Acme United did mention that it expects FAC to be accretive in 2020.



The fact that FAC's products meet federal Health Canada and provincial regulatory requirements was crucial in the acquisition, as it gave Acme United access to the vast Canadian market.

What makes this acquisition so attractive – next to the financial aspect – is the fact that FAC holds a valid Medical Device Establishment License issued by Health Canada. This requirement helps to ensure that certain regulatory requirements and procedures are in place with regards to the medical products that FAC offers in Canada.

This license is hard to obtain and truly opens many doors in Canada for Acme United. Several of Acme's multinational customers that already purchase first aid products in the United States, can now also be served in their Canadian branches. After all, regulations regarding medical products are very strict and differ significantly country by country.

Based in Laval, Canada, FAC produces and sells a complete line of first aid kits, refills, and safety products that cover all personal and industrial needs as well as provincial and federal regulations.

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.

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

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.

RECENT EVENTS

Acme United Shines at Ambiente Fair 2025 in Frankfurt

The Ambiente Fair, held in Frankfurt am Main, Germany, once again solidified its reputation as the premier international consumer goods exhibition. With an impressive 4,660 exhibitors and approximately 148,000 visitors from over 170 countries, the fair provided an outstanding platform for brands to showcase their latest innovations and connect with industry professionals from around the world.

Among the many exhibitors, Acme United stood out with a dynamic and engaging booth that attracted significant attention. The Company showcased a range of products from its well-known brands, DMT (Diamond Machining Technology) and First Aid Only, both of which introduced exciting new offerings to the market.

The Acme United team was enthusiastic about the event, as they not only received positive feedback on their products, but also secured numerous new sales leads, making the fair a great success for the Company.



The brand new DMT Simple Sharp with wood design.

DMT, a leader in precision sharpening solutions, used the Ambiente Fair as an opportunity to unveil new variations of its popular Simple Sharp product. The Simple Sharp, known for its effectiveness and ease of use, now features an expanded selection of colors and materials, providing customers with more customization options to suit their preferences. These new offerings enhance both the aesthetics and functionality of the product, making it an even more attractive solution for home and professional users alike. Visitors to the booth were particularly impressed with the fresh design choices, and

many expressed interest in adding the new Simple Sharp to their product lines.

First Aid Only, a leading provider of first aid solutions, also made a strong impression at the fair with the introduction of its latest products—new compression socks and plasters designed to provide superior comfort and protection. The compression socks, developed for improved circulation and reduced fatigue, were well received by retailers and healthcare professionals looking for high-quality wellness solutions. Additionally, First Aid Only introduced advanced plasters with improved adhesive properties and enhanced durability, catering to both everyday users and medical professionals. The new additions complement the brand's extensive line of first aid kits and supplies, reinforcing First Aid Only's commitment to innovation in health and safety.

For Acme United, the Ambiente Fair 2025 proved to be an outstanding opportunity to connect with existing customers and establish new partnerships. The team engaged with a wide range of distributors and industry leaders, generating valuable business leads that will help drive future growth. The strong reception to the new DMT and First Aid Only products further validated the Company's dedication to continuous improvement and customer satisfaction.

Acme United Introduces Revolutionary First Aid Cabinet at NSC Congress & Expo

The 2024 NSC Safety Congress & Expo, hosted by the National Safety Council, took place at the Orange County Convention Center in Orlando, Florida. Known as the world's largest annual gathering of safety professionals, this year's NSC Safety Congress & Expo once again experienced an uptick in attendance with more than 12,600 safety, health and environmental professionals and distributors.

One of the attending companies was Acme United. The NSC Congress & Expo is Acme's biggest marketing event of the year in the first aid category. As such, it gives a good

indication of the outlook for the industry and Acme’s first aid and safety brands.



The RFID SmartCompliance first aid cabinets were shown to the public for the first time.

The show was a true success for the Company with lots of exciting meetings. It had a large booth, which was packed with the latest products from the First Aid Only (FAO), Med-Nap, Elite First Aid, etc. These brands are trusted providers of cost effective first aid solutions for individuals and businesses in every industry. They offer a full line of first aid kits, cabinets and stations, Emergency Response Care, individual first aid products, Spill Clean Up kits, CPR care and much more.

The star at Acme’s booth was the latest generation of SmartCompliance first aid cabinets. 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.

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. Truly unique in the industry, which was recognized by distributors and end-users.

In addition, FAO also highlighted its SmartCompliance Mobile cabinets. Designed specifically for transportation and fleet

vehicles, these first aid kits meets ANSI A 2021 to provide people on the road peace of mind and compliance with safety regulations. Ideal for drivers who need quick, reliable access to first aid essentials in case of a roadside emergency.

FINANCIALS

Net sales for the year ended December 31, 2024 were \$194.5 million compared to \$191.5 million in 2023, an increase of 2%. Excluding the impact of the sale of the Camillus and Cuda hunting and fishing product lines on November 1, 2023, net sales for 2024 increased 6% compared to 2023.

Net income for the year ended December 31, 2024 was \$10.02 million, or \$2.45 per diluted share, compared to \$8.15 million, or \$2.23 per diluted share (as adjusted), for 2023, an increase of 23% in net income and 10% in diluted earnings per share. Including the net gain recognized on the sale of assets of Camillus and Cuda, net income was \$17.8 million, or \$4.86 per diluted share, for the year ended December 31, 2023.

| Amounts in \$000's | 12/31/24 | 12/31/23 |
|------------------------------------------------------------------------------------------------------------------------------|--------------|---------------|
| Net Sales | 45,943 | 41,942 |
| Cost of Goods Sold | 28,178 | 25,538 |
| S, G & A Expenses | 15,483 | 14,311 |
| Income From Operations | 2,282 | 2,093 |
| Gain on Sale of Assets | - | 12,564 |
| Pre-Tax Income | 1,863 | 14,166 |
| Income Tax Expense | 153 | 2,958 |
| Net Income | 1,710 | 11,208 |
| Diluted Shares Outs. | 4,155 | 3,909 |
| Diluted EPS | 0.41 | 2.87 |
| Selected income statement data for the quarters ended December 31, 2024 and December 31, 2023. Source: Company Filing | | |

SG&A expenses for the fourth quarter of 2024 were \$15.5 million or 34% of sales compared with \$14.3 million or 34% of sales for the same period of 2023. SG&A expenses for the 12 months of 2024 was \$62 million or 32% of sales compared with \$59 million or 31% of sales in 2023.

Interest expense for the year went from \$3 million in 2023 to \$1.9 million in 2024 due to

a decline in the average debt of approximately \$16 million.

Gross margin was 38.7% in the three months ended December 31, 2024 versus 39.1% in the comparable period last year. Gross margin was 39.3% for the year ended December 31, 2024 compared to 37.7% in 2023. The increase for the year was primarily due to productivity improvements in the Company's manufacturing and distribution facilities.

Balance Sheet As Of December 31, 2024

The Company's bank debt less cash as of December 31, 2024 was \$21.5 million compared to \$19.0 million as of December 31, 2023. During the year ended December 31, 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 \$5.0 million in free cash flow.

Inventory levels increased in anticipation of the tariffs so that it has time to adjust and implement the new prices.

| Amounts in \$000's | 12/31/24 | 12/31/23 |
|---------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Cash and Cash Eq. | 6,399 | 4,796 |
| Accounts Receivable | 28,236 | 26,234 |
| Inventories | 56,254 | 55,470 |
| Total Current Assets | 95,460 | 92,024 |
| Property & equipment | 31,653 | 28,025 |
| Intangible Assets, net | 20,323 | 19,001 |
| Total Assets | 162,170 | 149,241 |
| Accounts Payable | 9,005 | 12,102 |
| Total Current Liabilities | 22,872 | 26,012 |
| Bank Debt | 17,606 | 13,105 |
| Total Liabilities | 55,190 | 51,343 |
| Total Stockholder Equity | 106,980 | 97,898 |
| Selected balance sheet data for December 31, 2024 and December 31, 2023. Source: Company Press Release | | |

Growth in All Segments

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

| Amounts in \$000's | FY 2024 | FY 2023 |
|---------------------------------------------------------------------------------------------------------------|---------|---------|
| U.S. | 166,152 | 163,205 |
| Canada | 13,261 | 13,891 |
| Europe | 15,077 | 14,405 |
| Sales per segment for the years ended December 31, 2024 and December 31, 2023 (Source: Company Filing) | | |

For the three months ended December 31, 2024, net sales in the **U.S. segment** increased 12% compared to the 2023 period. For the year ended December 31, 2024, net sales in the U.S. segment increased 2% compared to 2023. Excluding Camillus and Cuda, net sales for the year ended December 31, 2024 increased 7% compared to 2023. The sales increases for the three and twelve-month periods were due to market share gains with First Aid, Westcott, craft products and DMT sharpeners.

European net sales for the three months ended December 31, 2024 decreased 1% in both U.S. dollars and local currency compared to the fourth quarter of 2023. Net sales for the year ended December 31, 2024 increased 5% in both U.S. dollars and local currency compared to 2023. Excluding Camillus and Cuda, net sales for the year ended December 31, 2024 increased 8% compared to 2023 due to market share gains in the office channel.

Net sales in **Canada** for the three months ended December 31, 2024 decreased 3% in U.S. dollars and were constant in local currency compared to the same period in 2023. Net sales for the year ended December 31, 2024 decreased 5% in U.S. dollars and 3% in local currency compared to 2023. Excluding Camillus and Cuda, net sales for the year ended December 31, 2024 increased 1% compared to 2023. Sales of first aid products were strong, while sales of school and office products continued to be adversely impacted by a soft economy.

OUTLOOK & VALUATION

In 2024, Acme United implemented productivity initiatives resulting in over \$2 million in annual savings. These efforts included cost reductions, automation improvements, and optimization of warehouse operations.

The Company remains committed to delivering high-quality, innovative products that meet the evolving needs of customers worldwide. 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.

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.

Acme United's strategic acquisitions, product innovations, and operational efficiencies position the Company for continued growth. Despite potential challenges such as tariffs and market volatility, Acme's diversified sourcing and strong financial performance provide a solid foundation for future success. The Company has strong liquidity and is positioned for further acquisitions and growth 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 22.10x, which is down from 25.31x in our previous report.

Acme is not providing guidance for 2025 at this moment. Due to the current market's instability and the Trump administration's tariff uncertainty, we are going to be very conservative in our estimate and expect earnings per share of \$2.48 for the full fiscal year 2025, which is slightly higher than 2024.

Applying our full fiscal year EPS estimate of \$2.48, and the 22.10x P/E multiple from the peer group, we reach the following calculation: \$2.48 estimated EPS multiplied by 22.10 = \$54.80.

Based on these calculations, we reiterate our buy recommendation for Acme United Corp. with a price target of \$54.80 for 2025, which is 34% above today's stock price.

SHARE DATA & OWNERSHIP

On February 28, 2025 Acme United had 3,754,498 common shares outstanding. The principal owners of the Company's common stock are Capital Management Corp (15.18%), Walleye Capital LLC (9.5%), Walter Johnsen (8.4%), North Star Investment Management Corporation (8.0%), and Mink Brook Asset Management (7.0%).

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 – FY 2024

All numbers in thousands

| PERIOD ENDING | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|-----------------------------------------------|-----------------|----------------|-----------------|-----------------|
| Total Revenue | 182,088 | 193,962 | 191,501 | 194,490 |
| Cost of Revenue | 117,287 | 130,403 | 119,291 | 118,139 |
| Gross Profit | 64,801 | 63,559 | 72,210 | 76,351 |
| Operating Expenses | | | | |
| Selling, General and Administrative | 52,030 | 57,285 | 59,022 | 62,211 |
| Non Recurring | - | - | - | - |
| Others | - | - | - | - |
| Total Operating Expenses | 52,030 | 57,285 | 59,022 | 62,211 |
| Operating Income or Loss | 12,771 | 6,274 | 13,188 | 14,140 |
| Income from Continuing Operations | | | | |
| Total Other Income (Expenses) Net | (196) | (246) | (28) | 95 |
| Earnings Before Interest And Taxes | 12,575 | 6,028 | 13,160 | 14,235 |
| Net Interest Expense | 908 | 2,365 | 2,977 | 1,942 |
| Gain on Sale of Assets | | | 12,551* | |
| Income Before Tax | 11,667 | 3,663 | 22,734 | 12,293 |
| Income Tax Expense | 1,519 | 628 | 4,941 | 2,270 |
| Net Income From Continuing Ops | 10,148 | 3,035 | 17,793 | 10,023 |
| Non-recurring Events | | | | |
| Discontinued Operations | - | - | - | - |
| Extraordinary Items | 3,508** | - | - | - |
| Effect Of Accounting Changes | - | - | - | - |
| Other Items | - | - | - | - |
| Net Income | 13,656 | 3,035 | 17,793 | 10,023 |
| Preferred Stock And Other Adjustments | - | - | - | - |
| Net Income Applicable To Common Shares | \$13,656 | \$3,035 | \$17,793 | \$10,023 |

Annual Income Statement FY 2021 – FY 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

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