UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2017**

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission file number **001-07698**

ACME UNITED CORPORATION
(Exact name of registrant as specified in its charter)

CONNECTICUT (State or other jurisdiction of incorporation or organization)	**06-0236700** (I.R.S. Employer Identification No.)
55 WALLS DRIVE, FAIRFIELD, CONNECTICUT (Address of principal executive offices)	**06824** (Zip Code)

Registrant's telephone number, including area code: **(203) 254-6060**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Sec. 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [_]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer [_]   Accelerated filer [_]   Non-accelerated filer [_]   Smaller reporting company [X]

Emerging growth company [_]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [_]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [_]   No [X]

As of August 1, 2017 the registrant had outstanding 3,371,953 shares of its $2.50 par value Common Stock.

ACME UNITED CORPORATION

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Part I - FINANCIAL INFORMATION

Item 1: Financial Statements

ACME UNITED CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(all amounts in thousands)

	June 30, 2017 (unaudited)	December 31, 2016 (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,674	$ 5,911
Accounts receivable, less allowance	32,616	20,021
Inventories:		
Finished goods	29,936	33,972
Work in process	178	188
Raw materials and supplies	5,524	3,078
	35,638	37,238
Prepaid expenses and other current assets	2,417	2,293
Total current assets	76,345	65,463
Property, plant and equipment:		
Land	422	413
Buildings	6,100	5,669
Machinery and equipment	15,050	13,428
	21,572	19,510
Less accumulated depreciation	12,495	11,537
	9,077	7,973
Goodwill	3,948	3,948
Intangible assets, less accumulated amortization	19,227	13,988
Other assets	765	694
Total assets	$ 109,362	$ 92,066

See Notes to Condensed Consolidated Financial Statements

ACME UNITED CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (continued)
(all amounts in thousands, except share amounts)

	June 30, 2017 (unaudited)	December 31, 2016 (Note 1)
LIABILITIES		
Current liabilities:		
Accounts payable	$ 7,498	$ 7,339
Other accrued liabilities	5,215	5,481
Total current liabilities	12,713	12,820
Long-term debt	46,956	32,936
Other non-current liabilities	345	190
Total liabilities	60,014	45,946
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Common stock, par value $2.50:		
authorized 8,000,000 shares;		
issued - 4,835,963 shares in 2017 and 4,788,965 in 2016,		
including treasury stock	12,089	11,972
Additional paid-in capital	8,509	8,493
Retained earnings	44,662	41,861
Treasury stock, at cost - 1,464,010 shares in 2017 and 2016	(13,870)	(13,870)
Accumulated other comprehensive loss:		
Minimum pension liability	(664)	(664)
Translation adjustment	(1,378)	(1,672)
	(2,042)	(2,336)
Total stockholders’ equity	49,348	46,120
Total liabilities and stockholders’ equity	$ 109,362	$ 92,066

See Notes to Condensed Consolidated Financial Statements

ACME UNITED CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(all amounts in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Net sales	$ 38,849	$ 40,997	$ 66,595	$ 66,285
Cost of goods sold	24,366	26,303	41,548	42,406
Gross profit	14,483	14,694	25,047	23,879
Selling, general and administrative expenses	10,594	10,054	19,966	18,284
Operating income	3,889	4,640	5,081	5,595
Non-operating items:				
Interest expense, net	321	211	583	395
Other (income) expense, net	(51)	11	(60)	(27)
Total other expense, net	270	222	523	368
Income before income taxes	3,619	4,418	4,558	5,227
Income tax expense	773	1,151	1,052	1,395
Net income	$ 2,846	$ 3,267	$ 3,506	$ 3,832
Basic earnings per share	$ 0.85	$ 0.98	$ 1.05	$ 1.15
Diluted earnings per share	$ 0.75	$ 0.91	$ 0.94	$ 1.08
Weighted average number of common shares outstanding-denominator used for basic per share computations	3,353	3,323	3,342	3,331
Weighted average number of dilutive stock options outstanding	427	260	402	229
Denominator used for diluted per share computations	3,780	3,583	3,744	3,560
Dividends declared per share	$ 0.11	$ 0.10	$ 0.21	$ 0.20

See Notes to Condensed Consolidated Financial Statements

ACME UNITED CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(all amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Net income	$ 2,846	$ 3,267	$ 3,506	$ 3,832
Other comprehensive income (loss):				
Foreign currency translation	209	(58)	294	194
Comprehensive income	$ 3,055	$ 3,209	$ 3,800	$ 4,026

See Notes to Condensed Consolidated Financial Statements

ACME UNITED CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(all amounts in thousands)

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Cash flows from operating activities:		
Net income	$ 3,506	$ 3,832
Adjustments to reconcile net income		
to net cash used by operating activities:		
Depreciation	811	717
Amortization	575	455
Stock compensation expense	237	184
Changes in operating assets and liabilities:		
Accounts receivable	(11,840)	(13,898)
Inventories	2,347	(2,432)
Prepaid expenses and other assets	(107)	(329)
Accounts payable	141	4,856
Other accrued liabilities	(329)	993
Total adjustments	(8,165)	(9,454)
Net cash used by operating activities	(4,659)	(5,622)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,600)	(752)
Purchase of patents and trademarks	—	(29)
Acquisition of businesses	(7,233)	(6,971)
Net cash used by investing activities	(8,833)	(7,752)
Cash flows from financing activities:		
Net borrowings of long-term debt	14,010	14,908
Cash settlement of stock options	(732)	(681)
Proceeds from issuance of common stock	628	390
Distributions to stockholders	(666)	(668)
Purchase of treasury stock	—	(907)
Net cash provided by financing activities	13,240	13,042
Effect of exchange rate changes on cash and cash equivalents	15	(7)
Net decrease in cash and cash equivalents	(237)	(339)
Cash and cash equivalents at beginning of period	5,911	2,426
Cash and cash equivalents at end of period	$ 5,674	$ 2,087
Supplemental cash flow information:		
Cash paid for income taxes	$ 175	$ 531
Cash paid for interest	$ 550	$ 372

See Notes to Condensed Consolidated Financial Statements

ACME UNITED CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation

In the opinion of management, the accompanying condensed consolidated financial statements include all adjustments necessary to present fairly the financial position, results of operations and cash flows of Acme United Corporation (the "Company"). These adjustments are of a normal, recurring nature. However, the financial statements do not include all of the disclosures normally required by accounting principles generally accepted in the United States of America or those normally made in the Company's Annual Report on Form 10-K. Please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2016 for such disclosures. The condensed consolidated balance sheet as of December 31, 2016 was derived from the audited consolidated balance sheet as of that date. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in the Company's 2016 Annual Report on Form 10-K.

The Company has evaluated events and transactions subsequent to June 30, 2017 and through the date these condensed consolidated financial statements were included in this Form 10-Q and filed with the SEC.

Recently Adopted and Issued Accounting Standards

In January 2017, the FASB issued ASU No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. ASU 2017-04 simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Under the new amendments, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. We adopted this guidance prospectively at the beginning of first quarter 2017.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. The new guidance clarifies the definition of a business in order to allow for the evaluation of whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The new guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We do not expect that ASU 2017-01 will have a material impact on our financial statements.

In March 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-09 to improve the accounting for employee share-based payments. This standard simplifies several aspects of the accounting for share-based payment award transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows, as part of FASB's simplification initiative to reduce cost and complexity in accounting standards while maintaining or improving the usefulness of the information provided to the users of financial statements. The new standard was effective for the Company beginning on January 1, 2017. The adoption of the new standard resulted in the recognition of excess tax benefits in the amount of approximately $350,000 in our provision for income taxes within the Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2017, rather than additional paid-in capital. Additionally, our Condensed Consolidated Statement of Cash Flows now present excess tax benefits as an operating activity included in Other accrued liabilities, adjusted prospectively.

In February 2016, the FASB issued guidance that will change the requirements for accounting for leases. The principal change under the new accounting guidance is that lessees under leases classified as operating leases will recognize a right-of-use asset and a lease liability. Current lease accounting does not require lessees to recognize assets and liabilities arising under operating leases on the balance sheet. Under the new guidance, lessees (including lessees under leases classified as finance leases and operating leases) will recognize a right-to-use asset and a lease liability on the balance sheet, initially measured as the present value of lease payments under the lease. Expense recognition and cash flow presentation guidance will be based upon whether the lease is classified as an operating lease or a finance lease (the classification criteria for distinguishing between finance leases and operating leases is substantially similar to the classification criteria for distinguishing between capital leases and operating leases under current guidance). The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition approach for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements; the guidance provides certain practical expedients. The Company will evaluate this guidance to determine its impact on the Company's results of operations, cash flows and financial position.

2. Contingencies

The Company is involved from time to time in disputes and other litigation in the ordinary course of business and may encounter other contingencies, which may include environmental and other matters. There are no pending material legal proceedings to which the registrant is a party, or, to the actual knowledge of the Company, contemplated by any governmental authority.

In 2014, the Company sold its Fremont, NC distribution facility for $850,000 in cash. Under the terms of the sale agreement, the Company is responsible to remediate any environmental contamination on the property. In conjunction with the sale of the property, the Company recorded a liability of $300,000 in the second quarter of 2014, related to the remediation of the property. The accrual includes the total estimated costs of remedial activities and post-remediation monitoring costs.

Remediation work on the project was completed in 2015. The monitoring period is expected to be completed by the end of 2020.

The change in the accrual for environmental remediation for the six months ended June 30, 2017 follows (in thousands):

	Balance at December 31, 2016	Payments	Balance at June 30, 2017
Fremont, NC	$ 57	$ (9)	$ 48

3. Pension

Components of net periodic benefit cost (income) are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Components of Net Periodic Benefit Cost:				
Interest cost	$ 14	$ 14	$ 28	$ 28
Service cost	9	9	18	18
Expected return on plan assets	(20)	(19)	(40)	(38)
Amortization of prior service costs	2	—	4	—
Amortization of actuarial loss	26	31	52	62
	$ 31	$ 35	$ 62	$ 70

The Company's funding policy with respect to its qualified plan is to contribute at least the minimum amount required by applicable laws and regulations. In 2017, the Company is not required to contribute to the plan. As of June 30, 2017, the Company had not made any contributions to the plan in 2017.

4. Debt and Shareholders' Equity

On January 27, 2017, the Company amended its revolving credit loan agreement with HSBC Bank, N.A. on a temporary basis in order to provide for the funding of the Company's acquisition of the assets of Spill Magic, Inc. as described in Note 8 below. The amended facility provides for an increase in borrowings from $50 million to $55 million for the period commencing on April 1, 2017 and ending on September 30, 2017. Commencing October 1, 2017, the maximum amount outstanding at any time under the facility will return to $50 million. The interest rate on borrowings remains unchanged at a rate of LIBOR plus 2.0%. The Company must pay a facility fee, payable quarterly, in an amount equal to two tenths of one percent (.20%) per annum of the average daily unused portion of the revolving credit line. In addition, the amendment modified the debt to net worth ratio covenant applicable during the same six month period. All principal amounts outstanding under the agreement are required to be repaid in a single amount on May 6, 2019, the date the agreement expires; interest is payable monthly. Funds borrowed under the agreement may be used for working capital, acquisitions, general operating expenses, share repurchases and certain other purposes. Under the revolving loan agreement, the Company is required to maintain specific amounts of tangible net worth, a specified debt to net worth ratio and a fixed charge coverage ratio and must have annual net income greater than $0, measured as of the end of each fiscal year. At June 30, 2017, the Company was in compliance with the covenants then in effect under the loan agreement.

As of June 30, 2017 and December 31, 2016, the Company had outstanding borrowings of $46,956,000 and $32,936,000, respectively, under the Company's revolving loan agreement with HSBC.

During the three months ended June 30, 2017, the Company issued a total of 34,498 shares of common stock and received aggregate proceeds of $442,366 upon exercise of employee stock options. During the six months ended June 30, 2017, the Company issued a total of 46,998 shares of common stock and received aggregate proceeds of $627,941 upon exercise of employee stock options. Also during the three and six months ended June 30, 2017, the Company paid approximately $500,773 and $731,893, respectively, to optionees who elected a net cash settlement of their respective options.

5. Segment Information

The Company reports financial information based on the organizational structure used by the Company's chief operating decision makers for making operating and investment decisions and for assessing performance. The Company's reportable business segments consist of: (1) United States; (2) Canada; and (3) Europe. As described below, the activities of the Company's Asian operations are closely linked to those of the U.S. operations; accordingly, the Company's chief operating decision makers review the financial results of both on a consolidated basis, and the results of the Asian operations have been aggregated with the results of the United States operations to form one reportable segment called the "United States segment" or "U.S. segment". Each reportable segment derives its revenue from the sales of cutting devices, measuring instruments and safety products for school, office, home, hardware, sporting and industrial use.

Domestic sales orders are filled primarily from the Company's distribution centers in North Carolina, Washington and Massachusetts. The Company is responsible for the costs of shipping, insurance, customs clearance, duties, storage and distribution related to such products. Orders filled from the Company's inventory are generally for less than container-sized lots.

Direct import sales are products sold by the Company's Asian subsidiary, directly to major U.S. retailers, who take ownership of the products in Asia. These sales are completed by delivering product to the customers' common carriers at the shipping points in Asia. Direct import sales are made in larger quantities than domestic sales, typically full containers. Direct import sales represented approximately 17% and 13% of the Company's total net sales for the three and six months ended June 30, 2017 compared to 25% and 20% for the comparable periods in 2016.

The chief operating decision maker evaluates the performance of each operating segment based on segment revenues and operating income. Segment amounts are presented after converting to U.S. dollars and consolidating eliminations.

The following table sets forth certain financial data by segment for the three and six months ended June 30, 2017 and 2016:

Financial data by segment:

(in thousands)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Sales to external customers:				
United States	$ 34,140	$ 36,296	$ 58,615	$ 58,821
Canada	2,503	2,646	3,895	4,039
Europe	2,206	2,055	4,085	3,425
Consolidated	$ 38,849	$ 40,997	$ 66,595	$ 66,285
Operating income (loss):				
United States	$ 3,267	$ 4,246	$ 4,375	$ 5,191
Canada	503	377	535	410
Europe	119	17	171	(6)
Consolidated	$ 3,889	$ 4,640	$ 5,081	$ 5,595
Interest expense, net	321	211	583	395
Other (income) expense, net	(51)	11	(60)	(27)
Consolidated income before income taxes	$ 3,619	$ 4,418	$ 4,558	$ 5,227

Assets by segment:
(in thousands)

	June 30, 2017	December 31, 2016
United States	$ 99,945	$ 84,104
Canada	4,806	3,882
Europe	4,611	4,080
Consolidated	$ 109,362	$ 92,066

6. Stock Based Compensation

The Company recognizes share-based compensation at the fair value of the equity instrument on the grant date. Compensation expense is recognized over the required service period. Share-based compensation expenses were $121,717 and $81,338 for the three months ended June 30, 2017 and 2016, respectively. Share-based compensation expenses were $236,717 and $183,535 for the six months ended June 30, 2017 and 2016, respectively.

As of June 30, 2017, there was a total of $1,132,951 of unrecognized compensation cost, adjusted for estimated forfeitures, related to non-vested share–based payments granted to the Company’s employees. As of that date, the remaining unamortized expense is expected to be recognized over a weighted average period of approximately three years.

7. Fair Value Measurements

The carrying value of the Company’s bank debt approximates fair value. Fair value was determined using a discounted cash flow analysis.

8. Business Combination

(a) Acquisition of the assets of Spill Magic, Inc.

On February 1, 2017, the Company purchased the assets of Spill Magic, Inc., located in Santa Ana, CA and Smyrna, TN for $7.2 million in cash. The Spill Magic products are leaders in absorbents that encapsulate spills into dry powders that can be safely disposed. Many large retail chains use its products to remove liquids from broken glass containers, oil and gas spills, bodily fluids and solvents.

The purchase price was allocated to assets acquired as follows (in thousands):

Assets:		
Accounts receivable	$	684
Inventory		453
Equipment		296
Intangible assets		5,800
Total assets	$	7,233

Management's assessment of the valuation of intangible assets is preliminary and finalization of the Company's purchase price accounting assessment may result in changes to the valuation of the identified intangible assets. The Company will finalize the purchase price allocation within the required measurement period in accordance with Accounting Standards Codification Topic 805 "Business Combinations".

Assuming Spill Magic assets were acquired on January 1, 2017, unaudited pro forma combined net sales for the six months ended June 30, 2017 for the Company would have been approximately $67.0 million. Unaudited pro forma combined net income for the six months ended June 30, 2017 for the Company would have been approximately $3.6 million.

Net sales for the three and six months ended June 30, 2017 attributable to Spill Magic products were approximately $1.8 million and $3.0 million, respectively. Net income for the three and six months ended June 30, 2017 attributable to Spill Magic products was approximately $0.2 million and $0.3 million, respectively.

Assuming Spill Magic assets were acquired on January 1, 2016, unaudited proforma combined net sales for the three and six months ended June 30, 2016, for the Company would have been approximately $42.8 million and $69.6 million, respectively. Unaudited proforma combined net income for the three and six months ended June 30, 2016 for the Company would have been approximately $3.6 million and $4.3 million, respectively.

(b) Acquisition of the assets of Vogel Capital, Inc.

On February 1, 2016, the Company acquired the assets of Vogel Capital, Inc., d/b/a Diamond Machining Technology ("DMT") based in Marlborough, MA for $6.97 million in cash. The DMT products are leaders in sharpening tools for knives, scissors, chisels, and other cutting tools. The DMT products use finely dispersed diamonds on the surfaces of sharpeners. The acquired assets include over 50 patents and trademarks.

The purchase price was allocated to assets acquired and liabilities assumed as follows (in thousands):

Assets:		
Accounts receivable	$	1,145
Inventory		280
Equipment		262
Prepaid expenses		176
Intangible assets		5,481
Total assets	$	7,344
Liabilities		
Accounts payable	$	192
Accrued expense		181
Total liabilities	$	373

Assuming the assets of DMT were acquired on January 1, 2016, unaudited pro forma combined net sales for the six months ended June 30, 2016 for the Company would have been approximately $66.9 million. Unaudited pro forma combined net income for the six months ended June 30, 2016 for the Company would have been approximately $3.9 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Information

The Company may from time to time make written or oral "forward-looking statements", including statements contained in this report and in other communications by the Company, which are made in good faith by the Company pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements include statements of the Company's plans, objectives, expectations, estimates and intentions, which are subject to change based on various important factors (some of which are beyond the Company's control). The following factors, in addition to others not listed, could cause the Company's actual results to differ materially from those expressed in forward looking statements: the strength of the domestic and local economies in which the Company conducts operations, the impact of uncertainties in global economic conditions, changes in client needs and consumer spending habits, the impact of competition and technological change on the Company, the impact of any loss of a major customer, whether through consolidation or otherwise, the Company's ability to manage its growth effectively, including its ability to successfully integrate any business or assets which it might acquire, currency fluctuations and potential increases in the cost of borrowings resulting from rising interest rates. For a more detailed discussion of these and other factors affecting us, see the Risk Factors described in Item 1A included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

Critical Accounting Policies

There have been no material changes to the Company's critical accounting policies and estimates from the information provided in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Results of Operations

On February 1, 2017, the Company purchased the assets of Spill Magic, Inc., located in Santa Ana, CA and Smyrna, TN. The Spill Magic products are leaders in absorbents that encapsulate spills into dry powders that can be safely disposed. Many large retail chains use its products to remove liquids from broken glass containers, oil and gas spills, bodily fluids and solvents. The Company purchased Spill Magic assets for $7.2 million in cash using funds borrowed under its revolving credit facility with HSBC. Additional information concerning the acquisition of Spill Magic assets is set forth in Note 8 – Business Combinations, in the Notes to Condensed Consolidated Financial Statements.

On February 1, 2016, the Company purchased certain assets of Vogel Capital, Inc., d/b/a Diamond Machining Technology (DMT), located in Marlborough, MA. The DMT products are leaders in sharpening tools for knives, scissors, chisels and other cutting tools. The DMT products use finely dispersed diamonds on the surfaces of sharpeners. The Company purchased inventory, accounts receivable, equipment, patents, trademarks and other intellectual property for $6.97 million using funds borrowed under its revolving credit facility with HSBC. Additional information concerning the acquisition of DMT assets is set forth in Note 8 – Business Combinations, in the Notes to Condensed Consolidated Financial Statements.

Traditionally, the Company's sales are stronger in the second and third quarters and weaker in the first and fourth quarters of the fiscal year, due to the seasonal nature of the back-to-school market. Our online sales have been growing very rapidly in recent years, and their order and fulfillment patterns are affecting the timing of our revenues. With our online sales we are receiving orders that closely match the timing of actual purchases by end users, resulting in a shift in some sales from the second quarter to the third quarter.

Net Sales

Consolidated net sales for the three months ended June 30, 2017 were $38,849,000 compared with $40,997,000 in the same period in 2016, a 5% decrease. Consolidated net sales for the six months ended June 30, 2017 were $66,595,000, compared with $66,285,000 for the same period in 2016.

Net sales for the three months ended June 30, 2017 in the U.S. segment decreased 6% and remained constant for the six months ended June 30, 2017, compared with the same periods in 2016, respectively. Sales in the U.S. for the three month period decreased compared to the same period last year, primarily due to a back-to-school promotion that did not repeat this year and the changes in timing of online back-to-school sales as described above. Net sales of Spill Magic products were $1.8 million and $3.0 million for the three and six months ended June 30, 2017.

Net sales in Canada for the three months ended June 30, 2017 decreased 5% in U.S. dollars (2% in local currency), compared with the same period in 2016. Net sales in Canada for the six months ended June 30, 2017 decreased 4% in U.S. dollars (2% in local currency) compared with the same period in 2016.

European net sales for the three months ended June 30, 2017 increased 7% in U.S. dollars (10% in local currency), compared with the same period in 2016. Net sales for the six months ended June 30, 2017 increased 19% in U.S. dollars (23% in local currency). The increases in net sales for the three and six months ended June 30, 2017 were primarily due to new customers in the office products and sporting goods channels as well as sales of DMT sharpening products.

Gross Profit

Gross profit for the three months ended June 30, 2017 was $14,483,000 (37.3% of net sales) compared to $14,694,000 (35.8% of net sales) for the same period in 2016. Gross profit for the six months ended June 30, 2017 was $25,047,000 (37.6% of net sales) compared to $23,879,000 (36.0% of net sales) in the same period in 2016. The decrease in gross profit for the three months ended June 30, 2017 was primarily due to lower net sales. The increase in gross profit for the six months ended June 30, 2017 was primarily due improvements in manufacturing efficiencies in the Company’s first aid operations and a favorable product mix which included increased sales of DMT sharpeners and Spill Magic clean up products.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for the three months ended June 30, 2017 were $10,594,000 (27.3% of net sales) compared with $10,054,000 (24.5% of net sales) for the same period of 2016, an increase of $540,000. SG&A expenses for the six months ended June 30, 2017 were $19,966,000 (30.0% of net sales) compared with $18,284,000 (27.6% of net sales) in the comparable period of 2016, an increase of $1,682,000. The increases in SG&A expenses for the three and six months ended June 30, 2017, compared to the same period in 2016, were primarily the result of certain costs incurred in connection with the acquisition of Spill Magic assets and higher personnel related costs, which include compensation and recruiting costs, primarily from additional headcount.

Operating Income

Operating income for the three months ended June 30, 2017 was $3,889,000 compared with $4,640,000 in the same period of 2016. Operating income for the six months ended June 30, 2017 was $5,081,000 compared with $5,595,000 in the same period of 2016.

Operating income in the U.S. segment decreased by approximately $1.0 million and $0.8 million for the three and six months ended June 30, 2017, respectively, compared to the same periods in 2016. The decrease in operating income was principally due to lower sales.

Operating income in the Canadian segment increased by approximately $125,000 for the three and six months ended June 30, 2017, respectively, compared to the same periods in 2016.

Operating income in the European segment increased by $102,000 and $177,000 for the three and six months ended June 30, 2017 compared to the same periods in 2016. The increases in operating income in the European segment were principally due to higher sales.

Interest Expense, net

Interest expense, net for the three months ended June 30, 2017 was $321,000, compared with $211,000 for the same period of 2016, a $110,000 increase. Interest expense, net for the six months ended June 30, 2017 was $583,000, compared with $395,000 for the same period of 2016, a $188,000 increase. The increase in interest expense resulted from higher average borrowings under the Company’s bank revolving credit facility for the three and six months ended June 30, 2017. The higher borrowings were primarily the result of funding the acquisition of assets of Spill Magic.

Other (Income) Expense, net

Other income, net was $51,000 in the three months ended June, 2017 compared to $11,000 of other expense, net in the same period of 2016. Other income, net was $60,000 in the six months ended June, 2017 compared to $27,000 of other income, net in the same period of 2016. The change in other (income) expense, net for the three and six months ended June 30, 2017 is primarily due to gains and losses from foreign currency transactions.

Income Taxes

The Company’s effective tax rates for the three and six month periods ended June 30, 2017 were 21% and 23%, respectively, compared to 26% and 27% during the same periods in 2016. In the three and six months ended June 30, 2017, the Company recorded approximately $350,000 in excess tax benefits resulting from the adoption of ASU 2016-09 in 2017. Excluding the impact of the tax benefit, the effective tax rate would have been 31% for the three and six months ended June 30, 2017. In 2016, the Company donated school products to the Kids In Need Foundation. Excluding the impact of the charitable donation in 2016, the effective tax rate for the three and six months ended June 30, 2016 would have been 30%.

Financial Condition

Liquidity and Capital Resources

During the first six months of 2017, working capital increased approximately $11.0 million compared to December 31, 2016. Inventory decreased by approximately $1.6 million at June 30, 2017 compared to December 31, 2016. Inventory turnover, calculated using a twelve month average inventory balance, was 2.1 at both June 30, 2017 and December 31, 2016. Receivables increased by approximately $12.6 million at June 30, 2017 compared to December 31, 2016. The average number of days sales outstanding in accounts receivable was 63 days at June 30, 2017 compared to 64 days at December 31, 2016. The increase in accounts receivables is due to the seasonal nature of the Company’s back to school business. Sales are typically stronger in the second and third quarters compared to the first and fourth quarters. Accounts payable and other current liabilities decreased by approximately $107,000.

The Company's working capital, current ratio and long-term debt to equity ratio are as follows:

	June 30, 2017	December 31, 2016
Working capital	$ 63,632	$ 52,643
Current ratio	6.01	5.11
Long term debt to equity ratio	95.2%	71.4%

During the first six months of 2017, total debt outstanding under the Company's revolving credit facility increased by approximately $14.0 million, compared to total debt thereunder at December 31, 2016. As of June 30, 2017, $46,956,000 was outstanding and $8,044,000 was available for borrowing under the Company's credit facility. The increase in the debt outstanding was primarily due to borrowings to fund the acquisition of assets of Spill Magic on February 1, 2017, as well as to fund the increase in working capital. Increases in accounts receivable, inventory and debt outstanding under the Company's revolving credit facility typically occur in the second and third quarter of each year due to the seasonal nature of the business.

On January 27, 2017, the Company amended its revolving credit loan agreement with HSBC Bank, N.A. on a temporary basis in order to provide for the funding of the Company's acquisition of the assets of Spill Magic, Inc. as described in Note 8 above. The amended facility provides for an increase in borrowings from $50 million to $55 million for the period commencing on April 1, 2017 and ending on September 30, 2017. Commencing October 1, 2017, the maximum amount outstanding at any time under the facility will return to $50 million. The interest rate on borrowings remains unchanged at a rate of LIBOR plus 2.0%. The Company must pay a facility fee, payable quarterly, in an amount equal to two tenths of one percent (.20%) per annum of the average daily unused portion of the revolving credit line. In addition, the amendment modified the debt to net worth ratio covenant applicable during the same six month period. All principal amounts outstanding under the agreement are required to be repaid in a single amount on May 6, 2019, the date the agreement expires; interest is payable monthly. Funds borrowed under the agreement may be used for working capital, acquisitions, general operating expenses, share repurchases and certain other purposes. Under the revolving loan agreement, the Company is required to maintain specific amounts of tangible net worth, a specified debt to net worth ratio and a fixed charge coverage ratio and must have annual net income greater than $0, measured as of the end of each fiscal year. At June 30, 2017, the Company was in compliance with the covenants then in effect under the loan agreement.

As discussed in Note 2 to the Condensed Consolidated Financial Statements set forth in Item 1 above, at June 30, 2017 the Company had a total of approximately $48,000 remaining in its accruals for environmental remediation and monitoring, related to property it had owned in Fremont, NC.

The Company believes that cash expected to be generated from operating activities, together with funds available under its revolving credit facility will, under current conditions, be sufficient to finance the Company's planned operations over the next twelve months from the filing of this report.

Item 3: Quantitative and Qualitative Disclosure about Market Risk

Not applicable.

Item 4: Controls and Procedures

(a) Evaluation of Internal Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

(b) Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2017, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1 — Legal Proceedings

There are no pending material legal proceedings to which the registrant is a party, or, to the actual knowledge of the Company, contemplated by any governmental authority.

Item 1A — Risk Factors

See Risk Factors set forth in Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3 — Defaults upon Senior Securities

None.

Item 4 — Mine Safety Disclosures

Not applicable.

Item 5 — Other Information

None.

Item 6 — Exhibits

Documents filed as part of this report.

Exhibit 10.10(e) Amendment No. 5 to the Revolving Loan Agreement with HSBC dated January 27, 2017

Exhibit 31.1 Certification of Walter C. Johnsen pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 31.2 Certification of Paul G. Driscoll pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACME UNITED CORPORATION

By /s/ Walter C. Johnsen

Walter C. Johnsen
Chairman of the Board and
Chief Executive Officer

Dated: August 4, 2017

By /s/ Paul G. Driscoll

Paul G. Driscoll
Vice President and
Chief Financial Officer

Dated: August 4, 2017

FIFTH AMENDMENT TO
LOAN AND SECURITY AGREEMENT

This FIFTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (the "Amendment") is entered into as of January __, 2017 between ACME UNITED CORPORATION, a Connecticut corporation (the "Borrower") and HSBC BANK USA, NATIONAL ASSOCIATION (the "Lender").

RECITALS

The Borrower and the Lender are parties to a Loan and Security Agreement dated as of April 5, 2012, as amended (collectively, the "Loan Agreement"). Capitalized terms used herein shall have the meanings given to them in the Loan Agreement unless otherwise specified.

The Borrower has requested that the Lender amend certain terms and conditions of the Loan Agreement, pursuant to the terms of this Amendment.

NOW, THEREFORE, in consideration of the promises, covenants and understandings set forth in this Amendment and the benefits to be received from the performance of such promises, covenants and understandings, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Amendments to Loan Agreement. Subject to satisfaction of the conditions precedent set forth in Section 3 below, the Loan Agreement is hereby amended as follows:

(a) The definition of "Revolving Line" appearing in Section 1.2 of the Loan Agreement is hereby amended to read in its entirety as set forth below:

"**Revolving Line**" is an Advance or Advances in an aggregate principal amount up to (x) Fifty Five Million Dollars ($55,000,000.00) during the period commencing on April 1, 2017 and ending on September 30, 2017, and (y) Fifty Million Dollars ($50,000,000.00) at all other times.

(b) Section 6.7(a) of the Loan Agreement is hereby amended to read in its entirety as set forth below:

"(a) Debt/Net Worth Ratio. A ratio of Total Liabilities less Subordinated Debt to Tangible Net Worth of not more than the ratio set forth below for each quarter set forth below:

Quarterly Period Ending on	Debt/Net Worth Ratio
December 31, 2016	2.0 to 1.0
March 31, 2017	2.8 to 1.0
June 30, 2017	3.0 to 1.0
September 30, 2017 and each quarterly period ending on September 30th of each year thereafter	2.5 to 1.0
December 31, 2017	2.25 to 1.0
March 31, 2018	2.25 to 1.0
June 30, 2018 and each quarterly period ending on June 30th of each year thereafter"	2.5 to 1.0
December 31, 2018 each quarterly period ending on December 31st of each year thereafter	2.0 to 1.0
March 31, 2019 and each quarterly period ending on March 31st of each year thereafter	2.0 to 1.0

(c) **Exhibit A** to the Loan Agreement is hereby deleted and replaced with **Exhibit A** attached hereto.

2. No Other Changes. Except as explicitly amended by this Amendment, all of the terms and conditions of the Loan Agreement shall remain in full force and effect.

3. Conditions Precedent. This Amendment shall be effective (the "Fifth Amendment Closing Date") when the Lender shall have received (a) a copy hereof executed by the Borrower and (b) all documents, instruments and information identified on Schedule I hereto.

4. Representations and Warranties. The Borrower hereby represents and warrants to the Lender as follows:

(a) The Borrower has all requisite power and authority to execute this Amendment and to perform all of the obligations hereunder and thereunder, and this Amendment has been duly executed and delivered by the Borrower and constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms.

(b) The execution, delivery and performance by the Borrower of this Amendment has been duly authorized by all necessary corporate action and does not (i) require any authorization, consent or approval by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) violate any provision of any law, rule or regulation or of any order, writ, injunction or decree presently in effect, having applicability to the Borrower, or the articles of incorporation or by-laws of the Borrower, or (iii) result in a breach of or constitute a default under any indenture or loan or loan agreement or any other agreement, lease or instrument to which the Borrower is a party or by which it or its properties may be bound or affected.

(c) All of the representations and warranties contained in Section 5 of the Loan Agreement are correct on and as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date.

(d) No Default or Event of Default has occurred and is continuing or will result from Borrower entering into this Amendment.

5. References. All references in the Loan Agreement to "this Agreement" shall be deemed to refer to the Loan Agreement as amended hereby; and any and all references in the Loan Documents to the Loan Agreement shall be deemed to refer to the Loan Agreement as amended hereby.

6. No Other Waiver. The execution of this Amendment and acceptance of any documents related hereto shall not be deemed to be a waiver of any Default or Event of Default under the Loan Agreement, or breach, default or event of default under any Loan Documents or other document held by the Lender, whether or not known to the Lender and whether or not existing on the date of this Amendment.

7. Costs and Expenses. The Borrower hereby reaffirms its agreement under the Loan Agreement to pay or reimburse the Lender on demand for all reasonable costs and expenses incurred by the Lender in connection with the Loan Documents, including without limitation all reasonable fees and disbursements of legal counsel. Without limiting the generality of the foregoing, the Borrower specifically agrees to pay all reasonable fees and disbursements of counsel to the Lender for the services performed by such counsel in connection with the preparation of this Amendment and the documents and instruments incidental hereto.

8. Miscellaneous. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and all of which counterparts, taken together, shall constitute one and the same instrument.

9. Reaffirmation. The Borrower as debtor, grantor, pledgor, assignor, or in any other similar capacity in which the Borrower grants liens or security interests in its property hereby (i) ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, under the Loan Agreement and each of the other Loan Documents to which it is a party (after giving effect hereto) and (ii) ratifies and reaffirms the liens on or security interests in any of its property granted pursuant to the Loan Agreement and any such other Loan Document as security for the Obligations under or with respect to the Loan Agreement or the other Loan Documents, and confirms and agrees that such security interests and liens hereafter secure all of the Obligations as amended hereby. The Borrower acknowledges that the Loan Agreement and each of the other Loan Documents remains in full force and effect and are hereby ratified and reaffirmed. The execution of this Amendment shall not operate as a waiver of any right, power or remedy of the Lender (except as expressly provided for herein), constitute a waiver of any provision of any of the Loan Agreement or any of the other Loan Documents (except as expressly provided for herein) or serve to effect a novation of the Obligations.

10. Release.

(a) Borrower hereby releases and forever discharges Lender and its parents, subsidiaries and affiliates, past or present, and each of them, as well as their respective directors, officers, agents, servants, employees, shareholders, representatives, attorneys, administrators, executors, heirs, assigns, predecessors and successors in interest, and all other persons, firms or corporations with whom any of the former have been, are now, or may hereafter be affiliated, and each of them (collectively, the "Releasees"), from and against any and all claims, demands, liens, agreements, contracts, covenants, actions, suits, causes of action in law or equity, obligations, controversies, debts, costs, expenses, damages, judgments, orders and liabilities of whatever kind or nature in law, equity or otherwise, whether known or unknown, fixed or contingent, suspected or unsuspected by Borrower, and whether concealed or hidden (collectively, "Claims"), which Borrower now owns or holds or has at any time heretofore owned or held, which are based upon or arise out of or in connection with any matter, cause or thing existing at any time prior to the date hereof or anything done, omitted or suffered to be done or omitted at any time prior to the date hereof in connection with the Loan Agreement or the other Loan Documents (collectively the "Released Matters").

(b) Borrower represents, warrants and agrees, that in executing and entering into this release, it is not relying and have not relied upon any representation, promise or statement made by anyone which is not recited, contained or embodied in this Amendment, the Loan Agreement or the other Loan Documents. Borrower has reviewed this release with Borrower's legal counsel, and understands and acknowledges the significance and consequence of this release and of the specific waiver thereof contained herein. Borrower understands and expressly assumes the risk that any fact not recited, contained or embodied therein may turn out hereafter to be other than, different from, or contrary to the facts now known to Borrower or believed by Borrower to be true. Nevertheless, Borrower intends by this release to release fully, finally and forever all Released Matters and agrees that this release shall be effective in all respects notwithstanding any such difference in facts, and shall not be subject to termination, modification or rescission by reason of any such difference in facts.

(c) Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claims released, remised and discharged by Borrower pursuant to this Section 9. If Borrower violates the foregoing covenant, Borrower agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

HSBC BANK USA, NATIONAL ASSOCIATION		ACME UNITED CORPORATION	
By:	/s/ Peter I. Sanchez	By:	/s/ Walter C. Johnsen
Name:	Peter I. Sanchez	Name:	Walter C. Johnsen
Title	Senior Vice President	Title	Chairman of the Board and Chief Executive Officer

[SIGNATURE PAGE TO FIFTH AMENDMENT TO
LOAN AND SECURITY AGREEMENT]

Schedule I

1.	Third Amended and Restated Secured Revolving Note
2.	UCC, tax lien and judgment bring down searches against Borrower
3.	Secretary's Certificate of Borrower with Incumbency Certificate attaching:
	(a) Certified Articles of Incorporation
	(b) By-Laws
	(c) Authorizing Resolutions
4.	Good Standing Certificate

EXHIBIT A

THIRD AMENDED AND RESTATED
SECURED REVOLVING NOTE

$55,000,000

Maturity Date: May 6, 2019

FOR VALUE RECEIVED, ACME UNITED CORPORATION, a Connecticut corporation (“Borrower”) hereby promises to pay to the order of HSBC Bank, National Association or the holder (the “Lender”) of this Secured Revolving Note (this “Revolving Note”) at 452 Fifth Avenue, New York, New York or such other place of payment as the holder of this Revolving Note may specify from time to time in writing, in lawful money of the United States of America, the principal amount of Fifty Five Million Dollars ($55,000,000) or such other principal amount as Lender has advanced to Borrower, together with interest at a rate as specified in the Loan Agreement (defined hereafter).

This Revolving Note is the Revolving Note referred to in, and is executed and delivered in connection with, that certain Loan and Security Agreement dated April 5, 2012, by and between Borrower and Lender (as the same may from time to time be amended, modified or supplemented in accordance with its terms, the “Loan Agreement”), and is entitled to the benefit and security of the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), to which reference is made for a statement of all of the terms and conditions thereof. All payments shall be made in accordance with the Loan Agreement. All terms defined in the Loan Agreement shall have the same definitions when used herein, unless otherwise defined herein. An Event of Default under the Loan Agreement shall constitute a default under this Revolving Note.

Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest under the UCC or any applicable law. Borrower agrees to make all payments under this Revolving Note without setoff, recoupment or deduction and regardless of any counterclaim or defense. This Revolving Note has been negotiated and delivered to Lender and is payable in the State of New York. This Revolving Note shall be governed by and construed and enforced in accordance with, the laws of the State of New York, excluding any conflicts of law rules or principles that would cause the application of the laws of any other jurisdiction.

BORROWER FOR ITSELF ACME UNITED CORPORATION

By: /s/ Walter C. Johnsen
Title: Chairman of the Board and Chief Executive Officer

Exhibit 31.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, WALTER C. JOHNSEN, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Acme United Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ Walter C. Johnsen

Walter C. Johnsen
Chairman of the Board and
Chief Executive Officer

Dated: August 4, 2017

Exhibit 31.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, PAUL G. DRISCOLL, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Acme United Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ Paul G. Driscoll
Paul G. Driscoll
Vice President and
Chief Financial Officer

Dated: August 4, 2017

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Acme United Corporation (the “Company”) hereby certifies to my knowledge that the Company’s quarterly report on Form 10-Q for the quarterly period ended June 30, 2017 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed to be a part of the Report or “filed” for any purpose whatsoever.

By /s/ Walter C. Johnsen
Walter C. Johnsen
Chairman of the Board and
Chief Executive Officer

Dated: August 4, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Acme United Corporation and will be retained by Acme United Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Acme United Corporation (the “Company”) hereby certifies to my knowledge that the Company’s quarterly report on Form 10-Q for the quarterly period ended June 30, 2017 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed to be a part of the Report or “filed” for any purpose whatsoever.

By /s/ Paul G. Driscoll
Paul G. Driscoll
Vice President and
Chief Financial Officer

Dated: August 4, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Acme United Corporation and will be retained by Acme United Corporation and furnished to the Securities and Exchange Commission or its staff upon request.