UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended: September 30, 2026

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: 01-07698

ACME UNITED CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Connecticut	**06-0236700**
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
1 Waterview Drive, Shelton, Connecticut	**06484**
Address of Principal Executive Offices	Zip Code

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
$2.50 par value Common Stock	**ACU**	**NYSE American**

Indicate by check mark whether the registrant (l) 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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ 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 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	☒
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 ☒

Registrant had 3,967,745 shares of its $2.50 par value Common Stock outstanding as of November 1, 2026.

ACME UNITED CORPORATION

INDEX

		Page Number
Part I — FINANCIAL INFORMATION:		3
Item 1:	Financial Statements (Unaudited)	3
	Condensed Consolidated Balance Sheets at September 30, 2026 and December 31, 2025	3
	Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2026 and 2025	5
	Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2026 and 2025	6
	Condensed Consolidated Statements of Changes in Stockholders' Equity for the three and nine months ended September 30, 2026 and 2025	7
	Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2026 and 2025	9
	Notes to Condensed Consolidated Financial Statements	10
Item 2:	Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3:	Quantitative and Qualitative Disclosures about Market Risk	22
Item 4:	Controls and Procedures	22
Part II — OTHER INFORMATION:		23
Item 1:	Legal Proceedings	23
Item 1A:	Risk Factors	23
Item 2:	Unregistered Sales of Equity Securities and Use of Proceeds	23
Item 3:	Defaults Upon Senior Securities	23
Item 4:	Mine Safety Disclosures	23
Item 5:	Other Information	23
Item 6:	Exhibits	23
Signatures		24

Part I - FINANCIAL INFORMATION

Item 1: Financial Statements

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

	September 30, 2026 (unaudited)	December 31, 2025 (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,944	$ 3,596
Accounts receivable, less allowance for credit losses of $585 in 2026 and $494 in 2025	36,193	29,098
Inventories	69,034	59,852
Prepaid expenses and other current assets	3,718	3,649
Total current assets	116,889	96,195
Property, plant and equipment:		
Land	3,485	3,487
Buildings	24,601	24,051
Machinery and equipment	47,207	43,462
	75,293	71,000
Less: accumulated depreciation	35,861	32,459
Net property, plant and equipment	39,432	38,541
Operating lease right-of-use asset, net	9,179	6,881
Goodwill	9,908	9,908
Intangible assets, less accumulated amortization	32,451	19,473
Total assets	$ 207,859	$ 170,998

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	September 30, 2026 (unaudited)	December 31, 2025 (Note 1)
LIABILITIES		
Current liabilities:		
Accounts payable	$ 10,304	$ 8,065
Operating lease liability - current portion	1,189	1,446
Current portion of mortgage payable	467	454
Other current liabilities	18,057	12,906
Total current liabilities	30,017	22,871
Non-current liabilities:		
Long-term debt	28,090	11,853
Mortgage payable, net of current portion	9,126	9,432
Operating lease liability - non-current portion	8,081	5,532
Deferred income taxes	3,685	3,685
Other non-current liabilities	3,994	14
Total liabilities	82,993	53,387
Commitments and contingencies (see note 2)		
STOCKHOLDERS' EQUITY		
Common stock, par value $2.50:		
authorized 8,000,000 shares;		
5,512,617 shares issued and 3,967,745 shares outstanding in 2026 and		
5,351,596 shares issued and 3,806,724 shares outstanding in 2025	13,781	13,379
Additional paid-in capital	19,199	19,506
Retained earnings	109,904	102,293
Treasury stock, at cost - 1,544,872 shares in 2026 and 2025	(15,996)	(15,996)
Accumulated other comprehensive loss:		
Translation adjustment	(2,022)	(1,571)
Total stockholders' equity	124,866	117,611
Total liabilities and stockholders' equity	$ 207,859	$ 170,998

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net sales	$ 58,013	$ 49,063	$ 173,030	$ 149,018
Cost of goods sold	31,713	29,868	99,257	89,756
Gross profit	26,300	19,195	73,773	59,262
Selling, general and administrative expenses	21,837	16,188	60,736	47,438
Operating income	4,463	3,007	13,037	11,824
Non-operating items:				
Interest expense, net	594	422	1,612	1,222
Other expense (income), net	6	146	17	(44)
Income before income tax expense	3,863	2,439	11,408	10,646
Income tax expense	428	536	1,939	2,338
Net income	$ 3,435	$ 1,903	$ 9,469	$ 8,308
Basic earnings per share	$ 0.88	$ 0.50	$ 2.46	$ 2.20
Diluted earnings per share	$ 0.80	$ 0.46	$ 2.29	$ 2.03
Weighted average number of common shares outstanding-denominator used for basic per share computations	3,909	3,802	3,851	3,781
Weighted average number of dilutive stock options outstanding	387	366	283	310
Denominator used for diluted per share computations	4,296	4,168	4,134	4,091
Dividends declared per share	$ 0.16	$ 0.16	$ 0.48	$ 0.47

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 3,435	$ 1,903	$ 9,469	$ 8,308
Other comprehensive (loss) income:				
Foreign currency translation adjustment	(36)	(78)	(451)	965
Comprehensive income	$ 3,399	$ 1,825	$ 9,018	$ 9,273

See Notes to Unaudited Condensed Consolidated Financial Statements.

ACME UNITED CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)
(all amounts in thousands, except share amounts)

For the three months ended September 30, 2025

	Outstanding Shares of Common Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
June 30, 2025	3,799,252	$ 13,360	$ (15,996)	$ 18,335	$ (1,708)	$ 99,731	$ 113,722
Net income						1,903	1,903
Other comprehensive (loss)					(78)		(78)
Stock compensation expense				843			843
Distributions to stockholders						(609)	(609)
Issuance of common stock	3,375	$ 9		87			96
Cash settlement of stock options				(113)			(113)
Net share settlement of stock options	4,097	10		(10)			—
September 30, 2025	3,806,724	13,379	$ (15,996)	19,142	(1,786)	101,025	$ 115,764

For the three months ended September 30, 2026

	Outstanding Shares of Common Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
June 30, 2026	3,833,823	$ 13,447	$ (15,996)	$ 18,734	$ (1,986)	$ 107,103	$ 121,302
Net income						3,435	3,435
Other comprehensive (loss)					(36)		(36)
Stock compensation expense				1,057			1,057
Distributions to stockholders						(634)	(634)
Issuance of common stock	66,175	165		2,037			2,202
Cash settlement of stock options				(121)			(121)
Net share settlement of stock options	67,747	169		(2,508)			(2,339)
September 30, 2026	3,967,745	13,781	$ (15,996)	19,199	(2,022)	109,904	$ 124,866

For the nine months ended September 30, 2025

	Outstanding Shares of Common Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
December 31, 2024	3,754,498	$ 13,248	$ (15,996)	$ 17,981	$ (2,751)	$ 94,498	$ 106,980
Net income						8,308	8,308
Other comprehensive income					965		965
Stock compensation expense				1,630			1,630
Distributions to stockholders						(1,781)	(1,781)
Issuance of common stock	28,501	72		626			698
Cash settlement of stock options				(681)			(681)
Net share settlement of stock options	23,725	59		(414)			(355)
September 30, 2025	3,806,724	$ 13,379	$ (15,996)	$ 19,142	$ (1,786)	$ 101,025	$ 115,764

For the nine months ended September 30, 2026

	Outstanding Shares of Common Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
December 31, 2025	3,806,724	$ 13,379	$ (15,996)	$ 19,506	$ (1,571)	$ 102,293	$ 117,611
Net income						9,469	9,469
Other comprehensive loss					(451)		(451)
Stock compensation expense				1,746			1,746
Distributions to stockholders						(1,858)	(1,858)
Issuance of common stock	81,504	204		2,462			2,666
Cash settlement of stock options				(1,583)			(1,583)
Net share settlement of stock options	79,517	198		(2,932)			(2,734)
September 30, 2026	3,967,745	$ 13,781	$ (15,996)	$ 19,199	$ (2,022)	$ 109,904	$ 124,866

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 9,469	$ 8,308
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,495	2,752
Amortization of intangible assets	2,350	1,877
Non-cash lease adjustment	(3)	(39)
Stock compensation expense	1,746	1,630
Provision for credit losses	90	16
Provision for excess and obsolete inventory	-	140
Amortization of deferred financing costs	64	30
Changes in operating assets and liabilities:		
Accounts receivable	(6,891)	(1,553)
Inventories	(6,875)	(3,281)
Prepaid expenses and other assets	170	1,225
Accounts payable	1,826	(2,644)
Other accrued liabilities	5,480	1,618
Total adjustments	1,452	1,771
Net cash provided by operating activities	10,921	10,079
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,370)	(9,753)
Acquisition of My Medic Assets	(14,575)	-
Net cash used in investing activities	(18,945)	(9,753)
Cash flows from financing activities:		
Net borrowings of long-term debt	16,185	631
Tax withholding on net share settlement of stock options	(2,734)	(355)
Cash settlement of stock options	(1,583)	(681)
Repayments on mortgage	(305)	(310)
Proceeds from issuance of common stock	2,666	698
Distributions to shareholders	(1,833)	(1,735)
Net cash provided by (used in) financing activities	12,396	(1,752)
Effect of exchange rate changes on cash and cash equivalents	(24)	173
Net change in cash and cash equivalents	4,348	(1,253)
Cash and cash equivalents at beginning of period	3,596	6,399
Cash and cash equivalents at end of period	$ 7,944	$ 5,146
Supplemental cash flow information:		
Cash paid for income taxes	$ 139	$ 340
Cash paid for interest	$ 1,441	$ 1,178

See Notes to Unaudited Condensed Consolidated Financial Statements.

1. Basis of Presentation

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 the disclosures normally required by accounting principles generally accepted in the United States 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, 2025 for such disclosures. The condensed consolidated balance sheet as of December 31, 2025 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 2025 Annual Report on Form 10-K.

The Company has evaluated events and transactions subsequent to September 30, 2026 and through the date these condensed consolidated financial statements were issued.

Recently Issued Accounting Standards

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.* This ASU requires more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation, intangible asset amortization and depletion) included in certain expense captions presented on the face of the income statement. The ASU is effective for fiscal years beginning after December 15, 2026 and for interim periods beginning after December 15, 2027. The ASU may be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to all prior periods presented in the financial statements and early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on our consolidated financial statements and related disclosures.

2. Commitments and Contingencies

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

3. Revenue from Contracts with Customers

Nature of Goods and Services

The Company recognizes revenue from the sales of a broad line of products that are grouped into two main categories: (a) first aid and medical; and (b) cutting and sharpening. The first aid and medical category includes first aid kits and refills, over-the-counter medications and a variety of medical products. The cutting and sharpening category includes scissors, knives, paper trimmers, pencil sharpeners and other sharpening tools. Revenue recognition is evaluated through the following five steps: (i) identification of the contract or contracts with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied.

When Performance Obligations Are Satisfied

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Revenue is generated by the sale of the Company's products to its customers. Sales contracts (purchase orders) generally have a single performance obligation that is satisfied at a point in time, upon shipment or delivery, depending on the terms of the underlying contract. Revenue is measured based on the consideration specified in the contract. The amount of consideration we receive and revenue we recognize is impacted by incentives ("customer rebates"), including sales rebates, which are generally tied to sales volume levels, in-store promotional allowances, shared media and customer catalog allowances and other cooperative advertising arrangements; freight allowance programs offered to our customers; and allowance for returns and discounts. We generally recognize customer rebate costs as a deduction to gross sales at the time that the associated revenue is recognized.

Significant Payment Terms

Payment terms for each customer are dependent on the agreed upon contractual repayment terms. Payment terms typically are between 30 and 90 days and vary depending on the size of the customer and its risk profile to the Company. Some customers receive discounts for early payment.

Product Returns

The Company accepts product returns in the normal course of business. The Company estimates reserves for returns and the related refunds to customers based on historical experience. Reserves for returned merchandise are included as a component of "Accounts receivable" in the condensed consolidated balance sheets.

Practical Expedient Usage and Accounting Policy Elections

For the Company's contracts that have an original duration of one year or less, the Company uses the practical expedient in ASC 606-10-32-18, applicable to such contracts and does not consider the time value of money in relation to significant financing components. The effect of applying this practical expedient election did not have an impact on the Company's condensed consolidated financial statements.

Per ASC 606-10-25-18B, the Company has elected to account for shipping and handling activities that occur after the customer has obtained control as a fulfillment activity instead of a performance obligation. Furthermore, shipping and handling activities performed before transfer of control of the product also do not constitute a separate and distinct performance obligation. The effect of applying this practical expedient election did not have an impact on the Company's condensed consolidated financial statements.

The Company has elected to exclude from the transaction price those amounts which relate to sales and other taxes that are assessed by governmental authorities and that are imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from a customer.

Applying the practical expedient in ASC 340-40-25-4, *Other Assets and Deferred Costs,* the Company recognizes the incremental costs of obtaining contracts as an expense when incurred. These costs are included in "Selling, general and administrative expenses."

Disaggregation of Revenues

The following table represents external net sales disaggregated by product category, by segment (amounts in thousands):

For the three months ended September 30, 2026

	United States	Canada	Europe	Total
First Aid and Medical	$ 36,538	$ 2,808	$ 537	$ 39,883
Cutting and Sharpening	13,243	973	3,914	18,130
Total Net Sales	**$ 49,781**	**$ 3,781**	**$ 4,451**	**$ 58,013**

For the three months ended September 30, 2025

	United States	Canada	Europe	Total
First Aid and Medical	$ 30,298	$ 2,661	$ 360	$ 33,319
Cutting and Sharpening	11,075	798	3,871	15,744
Total Net Sales	**$ 41,373**	**$ 3,459**	**$ 4,231**	**$ 49,063**

For the nine months ended September 30, 2026

	United States	Canada	Europe	Total
First Aid and Medical	$ 108,498	$ 9,664	$ 1,481	$ 119,643
Cutting and Sharpening	37,793	3,085	12,509	53,387
Total Net Sales	**$ 146,291**	**$ 12,749**	**$ 13,990**	**$ 173,030**

For the nine months ended September 30, 2025

	United States	Canada	Europe	Total
First Aid and Medical	$ 89,332	$ 8,745	$ 1,045	$ 99,122
Cutting and Sharpening	36,155	3,097	10,644	49,896
Total Net Sales	**$ 125,487**	**$ 11,842**	**$ 11,689**	**$ 149,018**

4. Debt and Stockholders' Equity

Long-term debt consists of (i) borrowings under the Company's revolving credit facility (the "Loan Agreement") with HSBC Bank USA, N.A. ("HSBC") and City National Bank and (ii) amounts outstanding under the fixed rate mortgage on the Company's manufacturing and distribution facilities in Rocky Mount, NC and Vancouver, WA. On July 15, 2026 the Company entered into the Loan Agreement, a new $65 million

syndicated credit facility with HSBC and City National Bank, a U.S. subsidiary of Royal Bank of Canada. The new facility, which replaces the Company's prior $65 million credit facility with HSBC that was scheduled to expire on May 31, 2027, is intended to provide liquidity for growth, acquisitions, dividends, and other business activities. The Loan Agreement expires on July 15, 2029. HSBC serves as the administrative agent for the syndicate.

Borrowings under the Loan Agreement bear interest at Term SOFR plus an applicable margin (ranging from 2.00%–2.75%) determined by the Company's Net Funded Debt to EBITDA ratio. A commitment fee of 0.25% per annum accrues on unused commitments and is paid monthly. The Loan Agreement is secured by a first-priority lien on substantially all assets of the Company.

The Loan Agreement contains customary affirmative and negative covenants, representations and warranties and other terms which are materially similar to those of the prior credit agreement. These provisions include the following quarterly financial maintenance covenants: (i) maximum Net Funded Debt to EBITDA ratio of 3.75 to 1.00 and (ii) minimum Fixed Charge Coverage Ratio of 1.10 to 1.00. It also contains customary events of default, including payment defaults, covenant breaches, cross-default with material indebtedness, bankruptcy events, and a change of control, upon which payment of outstanding amounts may be accelerated. As of September 30, 2026, the Company was in compliance with the covenants under the Loan Agreement as then in effect.

As of September 30, 2026 and December 31, 2025, the Company had outstanding borrowings under the Loan Agreement of $28,453,036 and $11,863,000, excluding deferred financing costs of $363,036 and $10,299, respectively.

On December 1, 2021 the Company's manufacturing and distribution facilities in Rocky Mount, NC and Vancouver, WA were financed by a fixed rate mortgage with HSBC at a fixed interest rate of 3.8%. Commencing on January 1, 2022, payments of principal and interest are due monthly, with all amounts outstanding due on maturity on December 1, 2031. As of September 30, 2026 and December 31, 2025, long-term debt related to the mortgage consisted of the following (amounts in thousands):

	September 30, 2026	December 31, 2025
Mortgage payable - HSBC	$ 9,671	$ 9,976
Less debt issuance costs	(78)	(90)
	9,593	9,886
Less current maturities	467	454
Long-term mortgage payable less current maturities	$ 9,126	$ 9,432

During the three and nine months ended September 30, 2026, the Company issued a total of 66,175 and 81,504 shares of common stock and received aggregate proceeds of $2,202,000 and $2,666,000, respectively, upon exercise of employee stock options. During the three and nine months ended September 30, 2026 the Company paid approximately $121,000 and $1,583,000, to optionees who had elected (subject to the approval of the Company) a net cash settlement of certain of their respective options. Also, during the three and nine months ended September 30, 2026, the Company issued a total of 67,747 and 79,517 shares of common stock, respectively, to optionees who had elected a net share settlement of certain of their respective options.

5. Segment Information

The Company aligns its businesses into three reportable business segments based on geographical location. This segment structure reflects (i) the manner in which the Chief Operating Decision Maker ("CODM"), who is the Company's Chief Executive Officer, regularly assesses information for decision-making purposes, including the allocation of resources, and (ii) how the Company operates its businesses, assesses performance, and communicates results and strategy, among other items, to the Board and its stockholders.

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 CODM reviews 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 i) first aid and medical products and ii) cutting and sharpening tools to school, home, office, hardware, sporting and industrial markets.

The Company's CODM evaluates the performance of each operating segment based on segment revenues and operating income. Segment revenues are defined as total revenues, excluding inter-segment revenue. Segment operating earnings are defined as segment revenues, less cost of goods sold and operating expenses.

The following tables set forth certain financial data by segment for the three and nine months ended September 30, 2026 and 2025:

For the three months ended September 30, 2026
(amounts in thousands)

	United States	Canada	Europe	Total
Net Sales	$ 49,781	$ 3,781	$ 4,451	$ 58,013
Less: Segment cost of sales	26,801	2,210	2,702	31,713
Less: Segment selling, general, and administrative expenses	18,898	1,349	1,590	21,837
Segment operating income	$ 4,082	$ 222	$ 159	$ 4,463
Interest expense, net				(594)
Other expense, net				(6)
Income before income taxes				$ 3,863
Assets	178,744	14,603	14,512	207,859
Additions to property, plant and equipment	1,356	46	13	1,415
Depreciation and amortization	1,837	31	60	1,928

For the three months ended September 30, 2025
(amounts in thousands)

	United States	Canada	Europe	Total
Net Sales	$ 41,373	$ 3,459	$ 4,231	$ 49,063
Less: Segment cost of sales	25,066	2,142	2,660	29,868
Less: Segment selling, general, and administrative expenses	13,531	1,190	1,467	16,188
Segment operating income	$ 2,776	$ 127	$ 104	$ 3,007
Interest expense, net				(422)
Other expense, net				(146)
Income before income taxes				$ 2,439
Assets	149,887	11,254	11,901	173,042
Additions to property, plant and equipment	6,768	-1	13	6,780
Depreciation and amortization	1,569	29	7	1,605

For the nine months ended September 30, 2026
(amounts in thousands)

	United States	Canada	Europe	Total
Net Sales	$ 146,291	$ 12,749	$ 13,990	$ 173,030
Less: Segment cost of sales	83,882	7,205	8,171	99,257
Less: Segment selling, general, and administrative expenses	51,698	4,194	4,844	60,736
Segment operating income	$ 10,711	$ 1,350	$ 976	$ 13,037
Interest expense, net				(1,612)
Other expense, net				(17)
Income before income taxes				$ 11,408
Assets	178,744	14,603	14,512	207,859
Additions to property, plant and equipment	4,118	179	73	4,370
Depreciation and amortization	5,575	86	184	5,845

For the nine months ended September 30, 2025
(amounts in thousands)

	United States	Canada	Europe	Total
Net Sales	$ 125,487	$ 11,842	$ 11,689	$ 149,018
Less: Segment cost of sales	75,038	7,114	7,604	89,756
Less: Segment selling, general, and administrative expenses	39,680	3,686	4,072	47,438
Segment operating income	$ 10,769	$ 1,042	$ 13	$ 11,824
Interest expense, net				(1,222)
Other income, net				44
Income before income taxes				$ 10,646
Assets	149,887	11,254	11,901	173,042
Additions to property, plant and equipment	9,698	30	25	9,753
Depreciation and amortization	4,491	104	34	4,629

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, which is generally the vesting period of the equity instrument. Share-based compensation expense was approximately $1,057,000 and $1,746,000 for the three and nine months ended September 30, 2026, respectively, compared to approximately $843,000 and $1,630,000 for the three and nine months ended September 30, 2025, respectively.

As of September 30, 2026, there was a total of $5,873,670 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 was 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 is a reasonable estimate of fair value because of the nature of its payment terms and maturity.

8. Leases

The Company has operating leases for office and warehouse space and equipment under various arrangements which provide the right to use the underlying asset and require lease payments for the lease term. The Company’s lease portfolio consists of operating leases which expire at various dates through 2033.

Certain of the Company’s lease arrangements contain renewal provisions, exercisable at the Company's option. The Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company determines if an arrangement is an operating lease at inception. Leases with an initial term of 12 months or less are not recorded on the balance sheet. All other leases are recorded on the balance sheet with right-of-use (“ROU”) assets representing the right to use the underlying asset for the lease term and lease liabilities representing the obligation to make lease payments arising from the lease.

Operating lease cost was $0.5 million for the three months ended September 30, 2026, of which $0.2 million was included in cost of goods sold and $0.3 million was included in selling, general and administrative expenses. Operating lease cost was $1.5 million for the nine months ended September 30, 2026, of which $0.6 million was included in cost of goods sold and $0.9 million was included in selling, general and administrative expenses.

Information related to leases (in thousands):

Operating cash flow information:	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025
Operating lease cost	$ 452	$ 443
Operating lease - cash flow	$ 441	$ 405
Non-cash activity:		
ROU assets obtained in exchange for lease liabilities	$ 3,453	$ 83

Operating cash flow information:	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Operating lease cost	$ 1,482	$ 1,389
Operating lease - cash flow	$ 1,417	$ 1,360
Non-cash activity:		
ROU assets obtained in exchange for lease liabilities	$ 3,453	$ 3,537

	September 30, 2026	September 30, 2025
Weighted-average remaining lease term	6.0 years	6.0 years
Weighted-average discount rate	7%	7%

Future minimum lease payments under non-cancelable leases as of September 30, 2026:

2026 (remaining)	334
2027	1,888
2028	2,000
2029	1,630
2030	1,566
Thereafter	4,118
Total future minimum lease payments	$ 11,536
Less: imputed interest	(2,266)
Present value of lease liabilities - current	1,189
Present value of lease liabilities - non-current	$ 8,081

9. Other Accrued Liabilities

Other current and non-current accrued liabilities consisted of (in thousands):

	September 30, 2026	December 31, 2025
Customer rebates	$ 8,089	$ 6,863
Tariff related	2,138	—
My Medic asset acquisition	3,980	—
Accrued compensation	4,440	2,950
Dividend payable	634	609
Other	2,769	2,498
Total:	$ 22,051	$ 12,920

10. Intangible Assets and Goodwill

The Company's intangible assets and goodwill consisted of (in thousands):

	September 30, 2026	December 31, 2025
Tradename	$ 12,909	$ 12,909
Customer list	21,114	21,114
Non-compete	1,667	1,667
Patents	2,272	2,272
My Medic intangible assets	15,409	-
Subtotal	53,371	37,962
Less: Accumulated amortization	20,816	18,465
Translation adjustments	(104)	(24)
Intangible assets, less accumulated amortization	$ 32,451	$ 19,473
Goodwill	$ 9,908	$ 9,908
Total:	$ 42,359	$ 29,381

The useful lives of the identifiable intangible assets range from 5 years to 15 years.

Management's assessment of the fair values of identifiable intangible assets and goodwill, is preliminary and subject to change during the measurement period (which will not exceed one year from the acquisition date). Adjustments to the preliminary allocation may result from additional information obtained regarding facts and circumstances that existed as of the acquisition date.

11. Inventories

Inventories consisted of (in thousands):

	September 30, 2026	December 31, 2025
Finished goods	$ 55,359	$ 44,751
Work in process	419	305
Materials and supplies	13,256	14,796
	$ 69,034	$ 59,852

Inventories are stated at the lower of cost or net realizable value, determined by the first-in, first-out method.

12. Business Combination

On January 15, 2026, the Company acquired the assets of SLED Distribution, LLC (d/b/a "My Medic"), a leading supplier of tactical, trauma and emergency response products, primarily in the direct-to-consumer channel, pursuant to an Asset Purchase Agreement of the same date.

The purchase price of the acquisition was $18.5 million. At closing, the Company paid $14.4 million in cash to My Medic. Payment of the $4.1 million balance of the purchase price is subject to certain contingencies as follows: (a) $1,000,000, the payment of which is contingent upon the achievement of certain revenue milestones during the twelve months ended December 31, 2027; and (b) $3.1 million, which is subject to a holdback as a non-exclusive source of recovery primarily to satisfy indemnification claims under the Asset Purchase Agreement, which claims must be made within various time periods depending on the nature of the claim. During the three months ended September 30, 2026, the Company paid approximately $0.2 million of the holdback to the sellers. The remaining $2.9 million of the holdback and the $1.0 million contingent payment are reported in other long-term liabilities on the consolidated balance sheets.

The preliminary purchase price allocation is as follows (in thousands):

Assets:		
Accounts Receivable	$	238
Inventory		2,662
Prepaid Expense		223
Property, Plant & Equipment		21
Intangibles		15,409
Total assets	$	18,553

The acquisition was accounted for as a business combination, pursuant to ASC 805 – *Business Combinations*. All assets acquired in the acquisition are included in the Company's United States operating segment. Management's assessment of the fair values of assets acquired and liabilities assumed, including identifiable intangible assets and goodwill, is preliminary and subject to change during the measurement period (which will not exceed one year from the acquisition date). Adjustments to the preliminary allocation may result from additional information obtained regarding facts and circumstances that existed as of the acquisition date.

The results of My Medic have been included in the Company's condensed consolidated financial statements since the acquisition date. For the three and nine months ended September 30, 2026, My Medic contributed revenue of $4.1 million and $11.8 million, respectively. The net income attributed to My Medic was immaterial to the financial statements for the three and nine months ended September 30, 2026. As a direct-to-consumer seasonal business, My Medic has historically generated the majority of its profitability in the fourth quarter.

Assuming the assets of My Medic were acquired on January 1, 2025, unaudited pro forma combined net sales for the three and nine months ended September 30, 2025 for the Company would have been approximately $52.7 million and $161.3 million, respectively.

13. Tariff Refund

Beginning in 2025, the Company paid duties on certain imported products under tariffs imposed under the International Emergency Economic Powers Act ("IEEPA"). These duties were capitalized into inventory and recognized in cost of goods sold as the related products were sold.

On February 20, 2026, the U.S. Supreme Court issued a ruling invalidating tariffs imposed under the IEEPA. The ruling did not address potential refunds. The U.S. Court of International Trade ("CIT") has ordered the U.S. Customs and Border Protection ("CBP") to refund the collected IEEPA tariffs. The Company applied for and received refunds of IEEPA tariffs in the amount of $6.0 million. The Company applied the gain contingency model in accordance with ASC 450-30, *Gain Contingencies*, to account for recoveries of previously paid IEEPA tariffs. Under this model, a gain contingency is not recognized in the financial statements until the gain is realized or realizable. During the three months ended September 30, 2026, the Company recognized a pre-tax gain of $4.0 million as a reduction in cost of goods sold related to IEEPA tariff refunds. The remaining $2.0 million is recorded as an accrued liability on the condensed consolidated balance sheet as of September 30, 2026. As of September 30, 2026, the Company's IEEPA refund had been paid in full.

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 pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements are based on our beliefs as well as assumptions made by and information currently available to us. When used in this document, words like "may," "might," "will," "expect," "anticipate," "believe," "potential," and similar expressions are intended to identify forward-looking statements. Actual results could differ materially from our current expectations.

Forward-looking statements in this report, including without limitation, statements related to the Company's plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties that may impact the Company's business, operations and financial results.

These risks and uncertainties include, without limitation, the following: (i) changes in the Company's plans, strategies, objectives, expectations and intentions, which may be made at any time at the discretion of the Company; (ii) the impact of volatility in global economic conditions, including the impact on the Company's suppliers and customers; (iii) international trade policies of the United States or foreign governments and their impact on demand for our products and our competitive position, including the imposition of new tariffs, changes in existing tariff rates or the threat of any such action; (iv) the continuing adverse impact of inflation, including product costs, transportation costs and interest rates; (v) currency fluctuations; (vi) potential adverse effects on the Company, its customers, and suppliers resulting from the wars in Ukraine and the Middle East; (vii) additional disruptions in the Company's supply chains, whether caused by pandemics, natural disasters, including trucker shortages, port closures, port strikes or otherwise; (viii) labor related costs the Company has and may continue to incur, including costs of acquiring and training new employees and rising wages and benefits; (ix) changes in client needs and consumer spending habits; (x) the Company's ability to effectively manage its inventory in a rapidly changing business environment; (xi) the impact of competition; (xii) the impact of technological changes including, specifically, the growth of online marketing and sales activity; (xiii) the Company's ability to manage its growth effectively, including its ability to successfully integrate any business it might acquire; and (xiv) other risks and uncertainties indicated from time to time in the Company's filings with the Securities and Exchange Commission.

For a more detailed discussion of these and other factors affecting the Company, 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, 2025 and below under "Financial Condition". 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 Estimates

There have been no material changes to the Company's critical accounting estimates as previously reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Results of Operations

Net sales

Consolidated net sales for the three months ended September 30, 2026 were $58,013,000 compared to $49,063,000 in the same period in 2025, an increase of 18%. Consolidated net sales for the nine months ended September 30, 2026 were $173,030,000 compared to $149,018,000 in the same period in 2025, an increase of 16%. Excluding the incremental sales resulting from the acquisition of the assets of My Medic on January 15, 2026, sales increased 10% and 8%, for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025.

Net sales in the U.S. for the three months ended September 30, 2026 increased 20% compared to the same period in 2025. Net sales in the U.S. for the nine months ended September 30, 2026 increased 17% compared to the same period in 2025. The sales increases for the three and nine months were due to strong sales across all product lines and contribution from the acquisition of the My Medic business.

Net sales in Canada for the three months ended September 30, 2026 increased 9% in U.S. dollars and 12% in local currency compared to the same period in 2025. Net sales in Canada for the nine months ended September 30, 2026 increased 8% in both U.S. dollars and local currency compared to the same period in 2025. The increases in net sales for both periods were due to higher sales of first aid products.

European net sales for the three months ended September 30, 2026 increased 5% in U.S. dollars and 7% in local currency compared to the same period in 2025. European net sales for the nine months ended September 30, 2026 increased 20% in U.S. dollars and 15% in local currency compared to the same period in 2025. The sales increases for the three and nine months were due primarily to higher ecommerce sales and contribution from the line of cutting and sharpening products acquired in Germany on October 1, 2025.

Gross profit

Gross profit for the three months ended September 30, 2026 was $26,300,000 (45.3% of net sales) compared to $19,195,000 (39.1% of net sales) in the same period in 2025. Gross profit for the nine months ended September 30, 2026 was $73,773,000 (42.6% of net sales) compared to $59,262,000 (39.8% of net sales) in the same period of 2025. The increases in gross profit for the three and nine months were primarily due to the IEEPA tariff refund ($4.0 million) as well as the inclusion of the new My Medic direct to consumer business partially offset by the costs to close the DMT manufacturing facility ($1.8 million). The IEEPA tariff refund increased gross profit as a percentage of net sales by 690 basis points and 230 basis points for the three and nine months ended September 30, 2026, respectively, partially offset by DMT closing costs, which reduced gross profit as a percentage of net sales by 310 basis points and 105 basis points, respectively.

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses for the three months ended September 30, 2026 were $21,837,000 (37.6% of net sales) compared with $16,188,000 (33.0% of net sales) in the same period in 2025, an increase of $5,649,000. SG&A expenses for the nine months ended September 30, 2026 were $60,736,000 (35.1% of net sales) compared with $47,438,000 (31.8% of net sales) in the same period in 2025, an increase of $13,298,000. The increases in SG&A expenses for the three and nine months were primarily due to the acquisition of the assets of My Medic as well as higher personnel related expenses which included $1.0 million of variable compensation related to the tariff refund. The increase in SG&A expenses as a percentage of sales was due to the higher amount of advertising needed for the direct to consumer My Medic business.

Operating income

Operating income for the three months ended September 30, 2026 was $4,463,000 compared with $3,007,000 in the same period of 2025. Operating income for the nine months ended September 30, 2026 was $13,037,000 compared with $11,824,000 in the same period of 2025. The increases in operating income for the three and nine months ended September 30, 2026 were primarily due to the benefit from the IEEPA tariff refund and higher sales partially offset by the costs to close the DMT facility and variable compensation directly attributable to the tariff refund.

Operating income in the U.S. segment increased by $1,306,000 for the three months ended September 30, 2026 compared to the same period in 2025. The increase in the three months ended September 30, 2026 was primarily due to the benefit from the IEEPA tariff refund and higher sales partially offset by the costs incurred to close the DMT facility and variable compensation related to the tariff refund. Operating income in the U.S. segment decreased by $58,000 for the nine months ended September 30, 2026 compared to the same period in 2025.

Operating income in the Canadian segment increased by $95,000 and $308,000 for the three and nine months ended September 30, 2026, compared to the same periods in 2025. The increases in operating income for the three and nine months ended September 30, 2026 were primarily due to higher sales of first aid products.

Operating income in the European segment increased by $55,000 for the three months ended September 30, 2026, compared to the same period in 2025. Operating income in the European segment increased by $963,000 for the nine months ended September 30, 2026 compared to the same period in 2025. The increases in operating income for the three and nine months ended September 30, 2026 were primarily due to higher sales.

Interest expense, net

Interest expense, net for the three months ended September 30, 2026 was $594,000 compared with $422,000 in the same period of 2025, a $172,000 increase. Interest expense, net for the nine months ended September 30, 2026 was $1,612,000 compared with $1,222,000 in the same period of 2025, a $390,000 increase. The increase in interest expense for the three and nine months ended September 30, 2026 resulted from higher average outstanding borrowings.

Other expense (income), net

Other expense, net was $6,000 in the three months ended September 30, 2026 compared to other expense of $146,000 in the same period of 2025. Other expense, net was $17,000 in the nine months ended September 30, 2026 compared to Other income, net of $44,000 in the same period of 2025.

Income taxes

The effective income tax rate for the three and nine months ended September 30, 2026 was 11% and 17%, respectively, compared to 22% in the same periods of 2025. The lower effective tax rate for the three and nine months is primarily due to a tax benefit resulting from the exercise of stock options.

Financial Condition

Liquidity and Capital Resources

During the first nine months of 2026, working capital increased approximately $13.5 million. Inventory turnover, calculated using a twelve-month average inventory balance, was 1.9 at September 30, 2026 and 2.0 at December 31, 2025. The increase in inventory at September 30, 2026 was primarily due to a deliberate increase of the Company's top-selling products in response to the conflict in the Middle East and the related risk of product shortages and higher shipping costs. Also contributing to the increase was additional inventory resulting from the acquisition of My Medic and purchases made in anticipation of expected future growth. Receivables increased approximately $7.1 million at September 30, 2026 compared to December 31, 2025 primarily due to higher sales. The average number of days sales outstanding in accounts receivable was 55 days at September 30, 2026 compared to 54 days at December 31, 2025. Accounts payable and other current liabilities increased by approximately $7.4 million at September 30, 2026 compared to December 31, 2025.

The Company's working capital, current ratio and long-term debt to equity ratio are as follows (dollar amounts in thousands):

	September 30, 2026	December 31, 2025
Working capital	$ 86,872	$ 73,324
Current ratio	3.89	4.21
Long-term debt to equity ratio	29.8%	18.1%

Long-term debt consists of (i) borrowings under the Company's revolving credit facility (the "Loan Agreement") with HSBC Bank USA, N.A. ("HSBC") and City National Bank and (ii) amounts outstanding under the fixed rate mortgage on the Company's manufacturing and distribution facilities in Rocky Mount, NC and Vancouver, WA. On July 15, 2026 the Company entered into the Loan Agreement, a new $65 million syndicated credit facility with HSBC and City National Bank, a U.S. subsidiary of Royal Bank of Canada. The new facility, which replaces the Company's prior $65 million credit facility with HSBC that was scheduled to expire on May 31, 2027, is intended to provide liquidity for growth, acquisitions, dividends, and other business activities. The new Loan Agreement expires on July 15, 2029. HSBC serves as the administrative agent for the syndicate.

Borrowings bear interest at Term SOFR plus an applicable margin (ranging from 2.00%–2.75%) determined by the Company's Net Funded Debt to EBITDA ratio. A commitment fee of 0.25% per annum accrues on unused commitments and is paid monthly. The Loan Agreement is secured by a first-priority lien on substantially all assets of the Company.

The new Loan Agreement contains customary affirmative and negative covenants, representations and warranties and other terms which are materially similar to those of the prior credit agreement. These provisions include the following quarterly financial maintenance covenants: (i) maximum Net Funded Debt to EBITDA ratio of 3.75 to 1.00 and (ii) minimum Fixed Charge Coverage Ratio of 1.10 to 1.00. It also contains customary events of default, including payment defaults, covenant breaches, cross-default with material indebtedness, bankruptcy events, and a change of control, upon which payment of outstanding amounts may be accelerated. As of September 30, 2026, the Company was in compliance with the covenants under the Loan Agreement as then in effect.

On July 15, 2026, the opening balance under the new credit facility was $28.5 million, an amount equal to the payoff amount paid by the Company to HSBC in connection with the termination of the former credit facility.

During the first nine months of 2026, total debt outstanding under the Company's revolving credit facility increased by approximately $16.2 million, compared to total debt thereunder at December 31, 2025. As of September 30, 2026, $28,453,036 was outstanding and $36,546,964 was available for borrowing under the Company's credit facility.

In September 2026, we approved a plan to close our DMT production facility in Marlborough, Massachusetts, and transition production of the DMT products to more cost-effective third-party manufacturers in China. As a result of this action, during the third quarter of 2026, we recorded pre-tax charges of $1.8 million, consisting of employee termination benefits, impairment of machinery and equipment and the write-down of inventory. We expect to complete the closure in the fourth quarter of 2026. We expect the closure of the DMT production facility to result in annual cost savings of more than $1.0 million beginning in 2027.

On January 15, 2026, the Company acquired the assets of SLED Distribution, LLC. (d/b/a "My Medic") a leading supplier of tactical, trauma and emergency response products sold primarily through the direct-to-consumer channel, for approximately $18.5 million. At closing, the Company paid $14.4 million in cash to My Medic. Payment of the $4.1 million balance of the purchase price is subject to certain contingencies as follows: (a) $1,000,000, the payment of which is contingent upon the achievement of certain revenue milestones during the twelve months ended December 31, 2027; and (b) $3.1 million, which is subject to a holdback as a non-exclusive source of recovery primarily to satisfy indemnification claims under the Asset Purchase Agreement, which claims must be made within various time periods depending on the nature of the claim. During the three months ended September 30, 2026, the Company paid approximately $0.2 million of the holdback. The remaining $2.9 million of the holdback and the $1.0 million contingent payment are reported in other long-term liabilities on the condensed consolidated balance sheet.

On July 15, 2025, the Company purchased a manufacturing and distribution center in Mt. Pleasant, TN for approximately $6.0 million. The property consists of 77,000 square feet of manufacturing and warehouse space on 12 acres and is designed to be expanded by up to an additional 60,000 square feet. The facility is being used primarily to manufacture our Spill Magic line of bodily fluid and spill clean up solutions.

The Company's manufacturing and distribution facilities in Rocky Mount, NC and Vancouver, WA were financed by a fixed rate mortgage with HSBC at a rate of 3.8%. The Company entered into the agreement on December 1, 2021. Payments of principal and interest are due monthly, with all amounts outstanding due on maturity on December 1, 2031. At September 30, 2026, there was approximately $9.7 million outstanding on the mortgage.

Our operations, supply chains, and financial performance are impacted by evolving global trade policies and tariffs, and geopolitical tensions and wars, including ongoing conflicts and instability in the Middle East and its effects on global energy prices. In particular, our global operations and international sales expose us to risks associated with trade conflicts between the United States and other governments, as well as broader regional instability in the Middle East that can disrupt global shipping routes and energy markets. These factors have resulted in and could continue to result in inflationary costs to produce and sell our products, both domestically and in foreign markets. Since the outbreak of hostilities involving Iran, we have experienced supplier price increases and significantly higher freight costs, including ocean freight costs on shipments from China that have approximately tripled. We have partially offset these cost increases through, among other things, improved efficiencies from automation and new equipment, and we increased our inventory of top-selling products to reduce the risk of shortages. If these conditions continue or worsen, they could further increase our costs and affect our ability to obtain products on a timely basis.

Tariff Refunds

Beginning in 2025, the Company paid duties on certain imported products under tariffs imposed under the International Emergency Economic Powers Act ("IEEPA"). These duties were capitalized into inventory and recognized in cost of goods sold as the related products were sold.

On February 20, 2026, the U.S. Supreme Court issued a ruling invalidating tariffs imposed under the IEEPA. The ruling did not address potential refunds. The U.S. Court of International Trade ("CIT") has ordered the U.S. Customs and Border Protection ("CBP") to refund the collected IEEPA tariffs. The Company applied for and received refunds of IEEPA tariffs in the amount of $6.0 million. The Company applied the gain contingency model in accordance with ASC 450-30, *Gain Contingencies*, to account for recoveries of previously paid IEEPA tariffs. Under this model, a gain contingency is not recognized in the financial statements until the gain is realized or realizable. During the three months ended September 30, 2026, the Company recognized a pre-tax gain of $4.0 million as a reduction in cost of goods sold related to IEEPA tariff refunds. The remaining $2.0 million is recorded as an accrued liability on the condensed consolidated balance sheet as of September 30, 2026. As of September 30, 2026 the Company's IEEPA refund had been paid in full.

We have been actively diversifying our supply base for many years and source products and components in a number of countries. A significant portion of the products we sell (and components used in our products) are sourced from suppliers located in China. The United States government has imposed, and may continue to impose or adjust, significant tariffs on a range of Chinese goods, most recently through tariffs imposed in July 2026 under Section 301 of the Trade Act of 1974. These tariffs replaced the tariffs imposed under section 122 of that Act and which had expired, did not have a material incremental impact on our cost of goods sold however, tariffs could further escalate depending on changes in trade policy, negotiations, or retaliatory measures by China or by other countries similarly impacted. The indirect impact on demand for our products as a result of these developments has become more uncertain. The Company has taken and continues to take steps to mitigate the potential impact on our business and operations through strategic sourcing adjustments, price adjustments and supply chain diversification, but such efforts have not been able to fully mitigate the effects of the imposition of tariffs and related developments. Any further increases of existing tariffs, the imposition of new tariffs, the potential modifications to existing trade agreements, new restrictions on free trade and the responses by other governments to changes in trade policy by the United States may further adversely impact demand for our products, increase our costs, and disrupt our supply chain. These risks, in turn, could have a material adverse effect on our business, results of operations, and financial condition.

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

Item 3: Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4: Controls and Procedures

(a) Evaluation of Disclosure 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 defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of September 30, 2026. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective.

(b) Changes in Internal Control over Financial Reporting

During the quarter ended September 30, 2026, 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, 2025.

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 31.1	Certification of Walter C. Johnsen pursuant to 18 U.S.C. Section 1350, as adopted pursuant Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Paul G. Driscoll pursuant to 18 U.S.C. Section 1350, as adopted pursuant Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification of Walter C. Johnsen 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 of Paul G. Driscoll pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
104	The cover page for the Company’s Quarterly Report on Form 10-Q has been formatted in Inline XBRL and contained in Exhibit 101

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: November 10, 2026

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

Dated: November 10, 2026

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: November 10, 2026

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: November 10, 2026

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 September 30, 2026 (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: November 10, 2026

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 September 30, 2026 (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: November 10, 2026

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.