MOI GLOBAL

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Ridgewood Investments

BEST IDEAS

RIDGEWOOD investments

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Ridgewood Select Value Fund*

Disclaimer *All results shown are net of fees and assume an investment at inception.

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Ridgewood Investments – Presenter Bios

KAUSHAL "KEN" MAJMUDAR, CFA
PORTFOLIO MANAGER

- Founded Ridgewood Investments in 2002 and serves as its Chief Investment Officer
- Ridgewood Investments, a SEC registered advisor with over $200MM in AUM, has continuously managed multiple portfolios grounded in value and dividend growth
- Graduated with honors from the Harvard Law School in 1994
- Honors graduate of Columbia University in 1991 with a bachelor's degree in Computer Science
- Prior to Ridgewood Investments, worked for seven years on as an investment banker at Merrill Lynch and Lehman Brothers
- Noted value investor who has written and spoken extensively on the subject of value investing

SAM NAMIRI – CO-PORTFOLIO MANAGER AND ANALYST

- Joined Ridgewood to concentrate on building our Select Value Fund focusing on Small and MicroCap companies.
- Prior to Ridgewood, Sam was an Investment Associate at Grand Slam Asset Management, a small cap value based Hedge Fund.
- Prior to Grand Slam, Sam was Founder and President of Shop Network, a jewelry company involved in television, media, manufacturing, distribution and e-commerce.
- Received his MBA from Columbia Business School in 2012.
- BS in Industrial Engineering and Operations Research from the University of California at Berkeley (2005)

Ridgewood Select Value Fund

Launched in April 2018

- Focused on Small and MicroCap equities
- Concentrated positions
- Long-term investment horizon
- Private equity approach to public company investing
  - Thinking like an owner
- Thorough due diligence / scuttlebutt
  - Emphasis on company site visits and trade shows
  - Emphasis on management and capital allocation ability

- Email sam@ridgewoodinvestments.com to be added to our quarterly letter distribution list

Ridgewood's Previous MOI Presentations

Price $6.98 (as of 1/12/22)

- Ticker: FARM
- Price: $31.70 (as of 1/4/2018)
- Market Cap: $529 Million, Enterprise Value: $596 Million (as of 1/4/2018)
- 2 year projected price target of $45.79 (44% return)

Changed ticker to AX (Axos Bank)
Price: $60.20 (as of 1/12/22)

- Ticker: BOFI
- Price: $42.40 (as of 6/19/2018)
- Market Cap: $2.652 Billion
- 2 year projected price target of $63 (53% return)

Price $87.81 (as of 1/12/22)

- Ticker: CRAI
- Price: $57.85 (as of 1/19/2021)
- Market Cap: $450 Million
- 2 year projected price target of $108 (86% return)

Disclosure: Ridgewood Investments currently owns shares of FARM, AX and CRAI

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Investment Idea: Acme United. (NYSE American: ACU)

Acme United Corporation

- Ticker: ACU
- Price: $32.38 (as of 1/11/2022)
- Market Cap: $115 Million
- 2 year projected price target of $53.12 (64% return)

- Provider of First Aid & Medical Products and Cutting, Measuring and Sharpening Tools
- Principal products are first aid kits, and safety related products, scissors, shears, knives, rulers, pencil sharpeners and sharpening tools.
- Effective capital allocation which we expect to compound returns over time
- Valuation opportunity arises due to misunderstanding of capital allocation effectiveness

Disclosure: Ridgewood Investments currently owns shares of ACU

Ridgewood investments

Background on Acme United Corporation

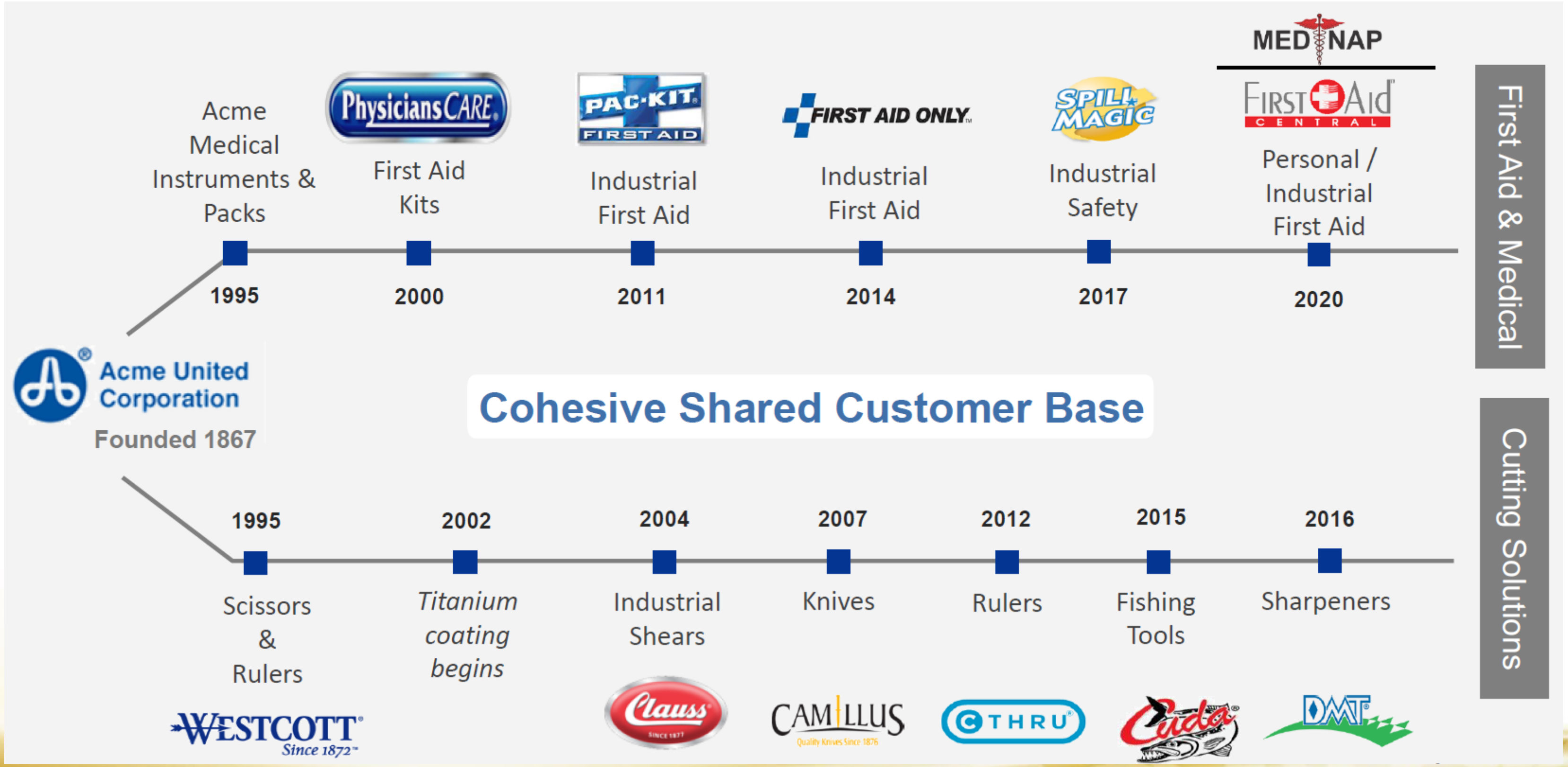
Company History

- Founded in 1867
- Current CEO Walter Johnsen joined the Board in 1995 then took over as CEO soon after and restructured the company
- Consolidated plants and moved production to lower cost North Carolina facility
- In 1997 moved manufacturing to China and used capital to invest in R&D

Background on Acme United Corporation (Continued)

Acquisition History

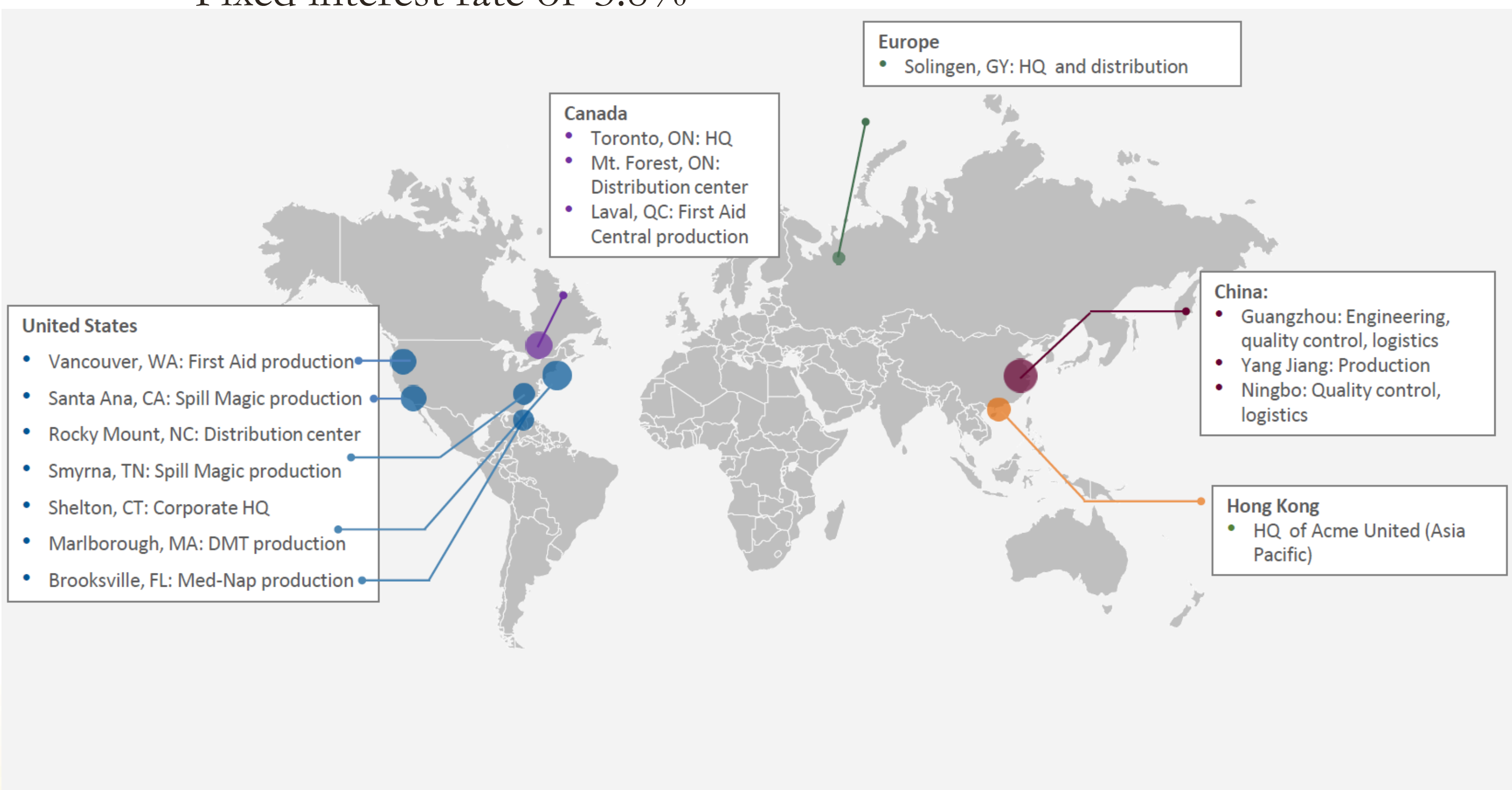
- Really started to ramp up acquisitions starting in 2011
- Predominantly used debt to fund acquisitions
- Add products to shared customer base creating more value than what was paid



Background on Acme United Corporation (Continued)

International & Domestic Footprint

- ACME owns 4 of its larger facilities
  - Own 470k SqFt out of 606k SqFt total footprint
  - Recently refinanced 2 properties pulling out $8M in cash
  - Fixed interest rate of 3.8%



Seven most recent acquisitions were U.S. or Canadian manufacturers

Background on Acme United Corporation (Continued)

CEO is aligned with Shareholders

- ACME Chief Executive owns 16.9% of the company
- According to the latest proxy statement (see below)
- This is very important for us as shareholders

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percent of Class (2)
Walter C. Johnsen 55 Walls Drive Fairfield, CT 06824	617,548 (3)	16.9

Growth Drivers - First Aid & Medical

- New first aid programs at large industrial, food service and other distributors
- Growing refill business
- Acquisition of First Aid Central and Med-Nap in 2020
- Expanding product placement of Spill Magic
- Cross sell all safety products into customer base

Major competitors are Honeywell and Cintas

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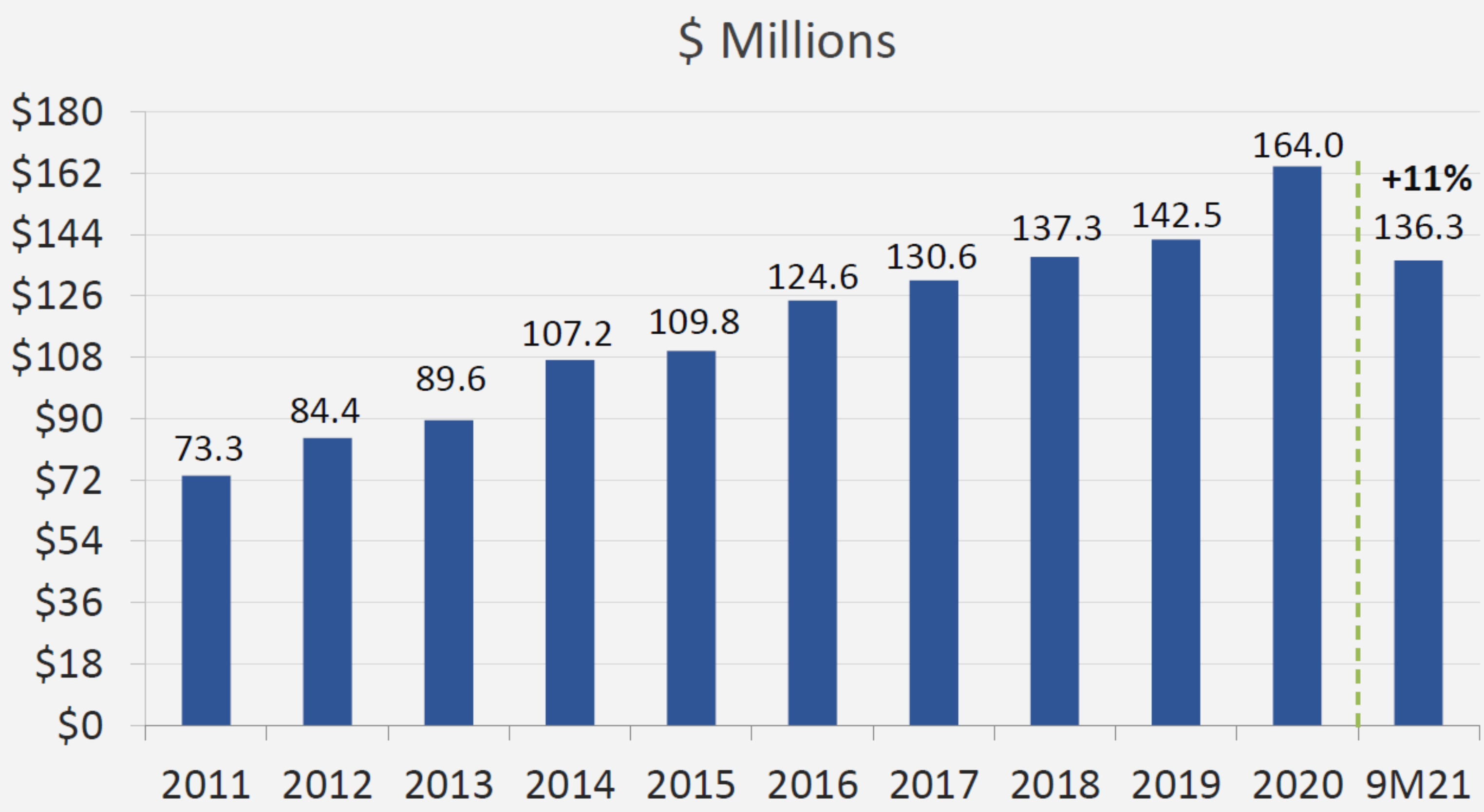
Growth Drivers - Cutting

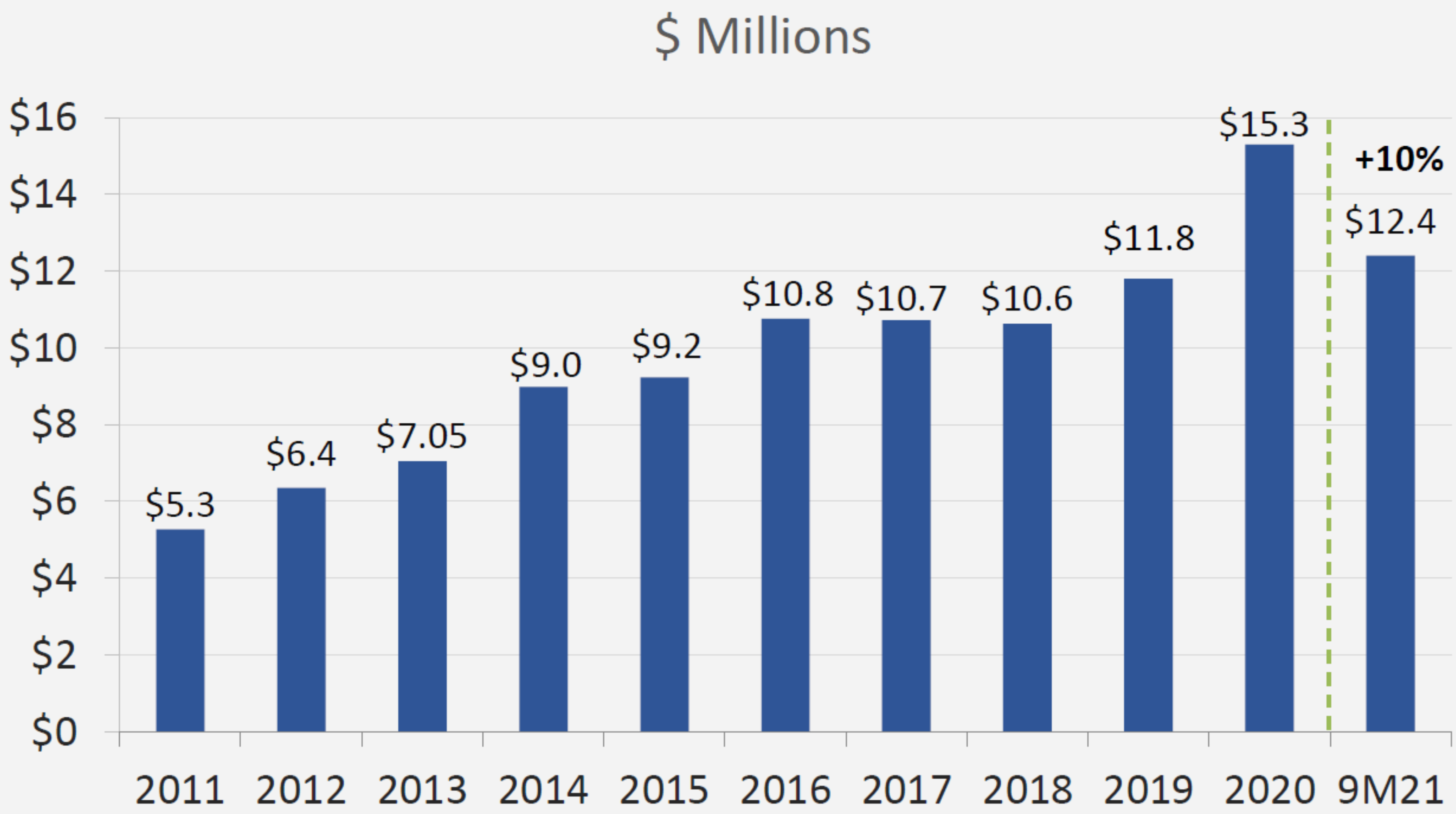
- Leverage technologies
- Patented titanium-nitride coatings
- Proprietary non-stick coatings
- Safety cutting tools with ceramic blades
- Antimicrobial plastics for school and office
- Enhanced carbonitride-titanium industrial tools

Major competitors are 3M and Fiskars Group

Net Sales

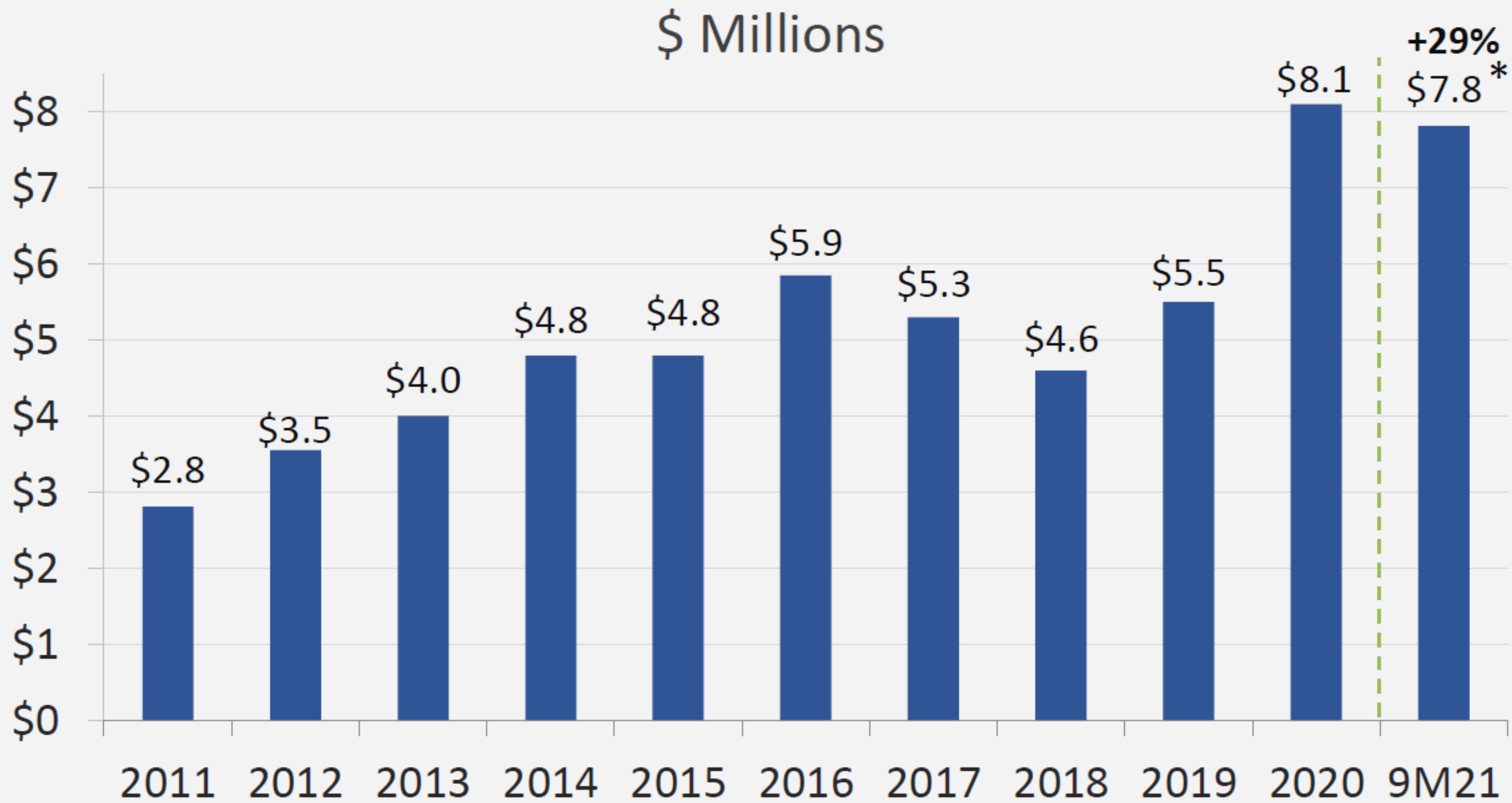

$ Millions
$180
$162
$144
$126
$108
$90
$72
$54
$36
$18
$0
73.3
84.4
89.6
107.2
109.8
124.6
130.6
137.3
142.5
164.0
+11%
136.3
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
9M21

EBITDA

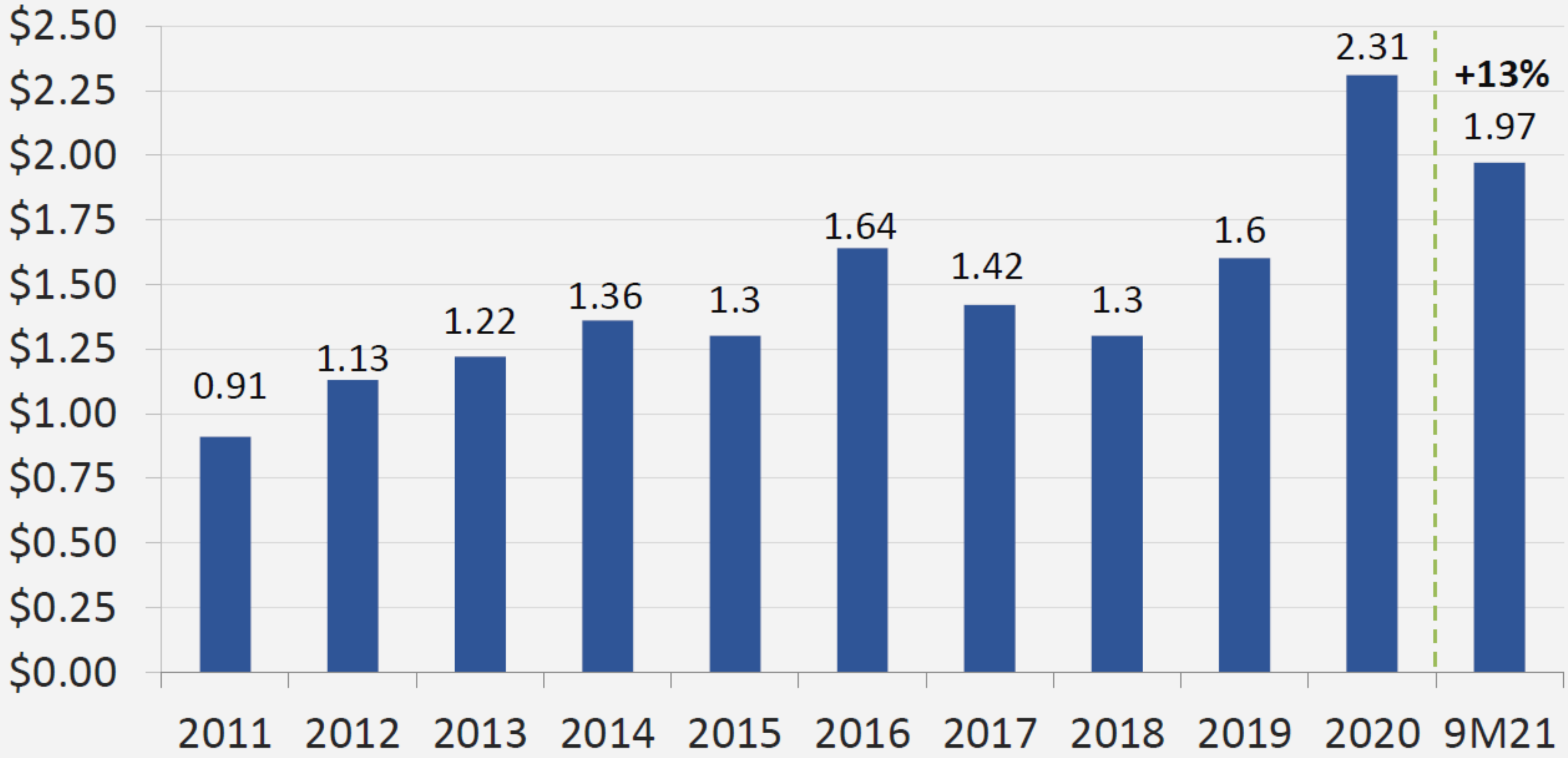


$ Millions
$16
$14
$12
$10
$8
$6
$4
$2
$0
$5.3
$6.4
$7.05
$9.0
$9.2
$10.8
$10.7
$10.6
$11.8
$15.3
+10%
$12.4
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
9M21

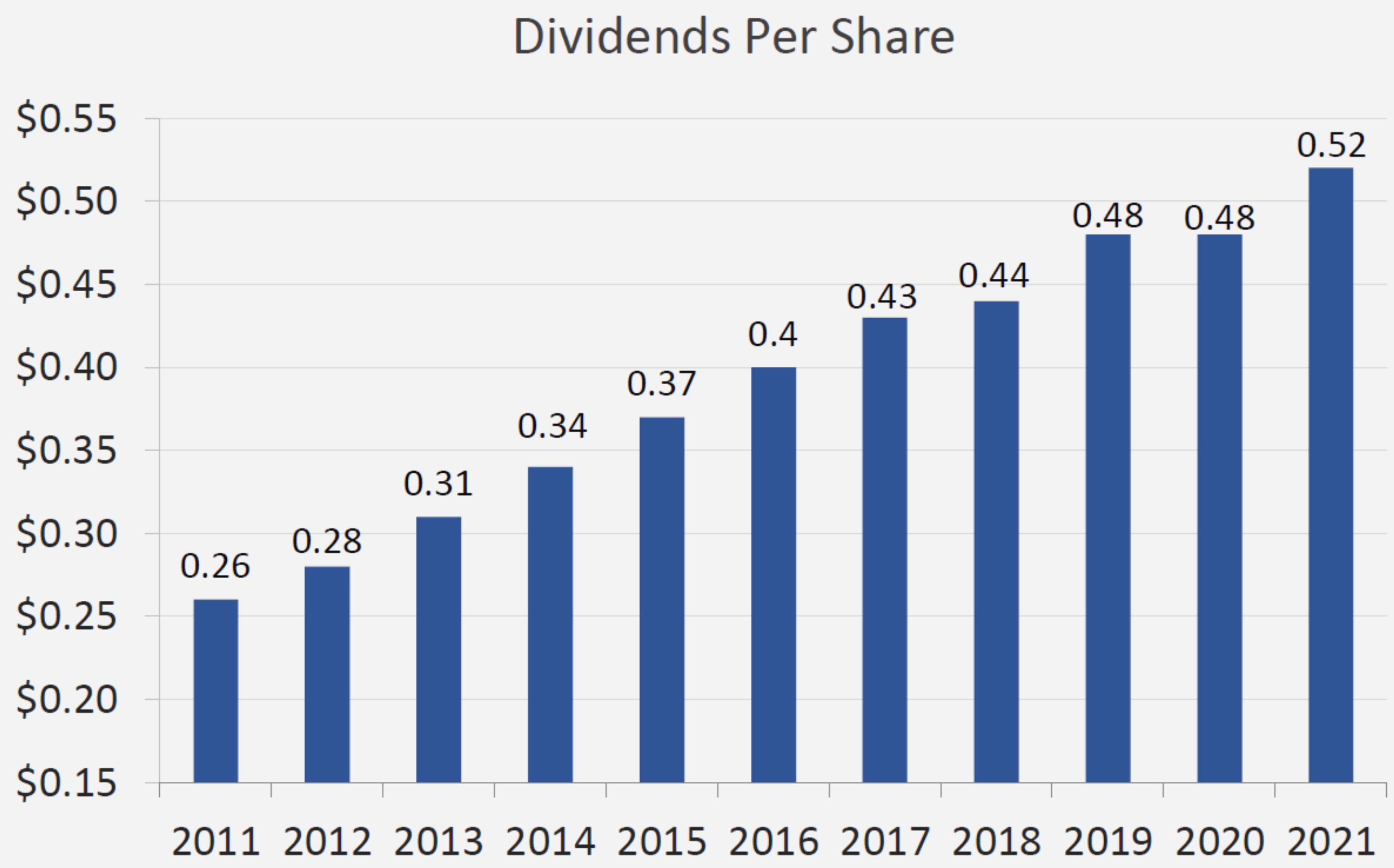
Net Income


$ Millions
+29%
*
$8
$7
$6
$5
$4
$3
$2
$1
$0
$2.8
$3.5
$4.0
$4.8
$4.8
$5.9
$5.3
$4.6
$5.5
$8.1
$7.8
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
9M21

Earnings Per Share



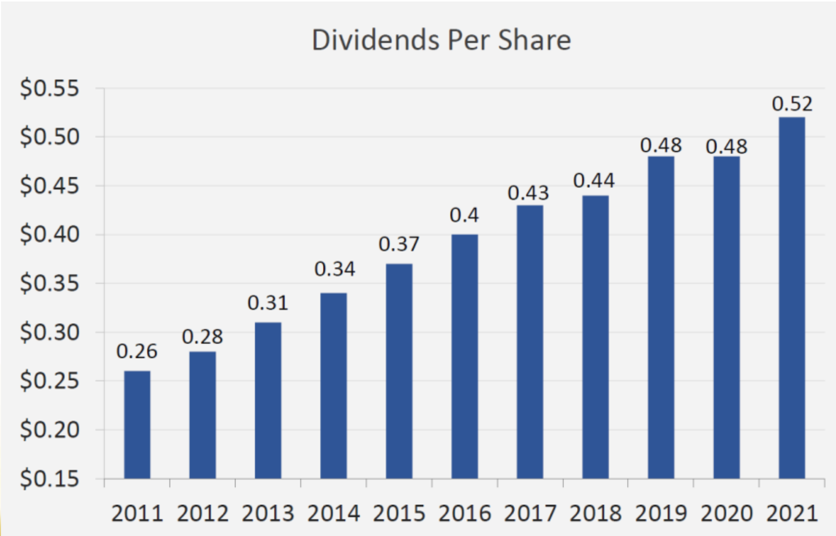
Dividend History

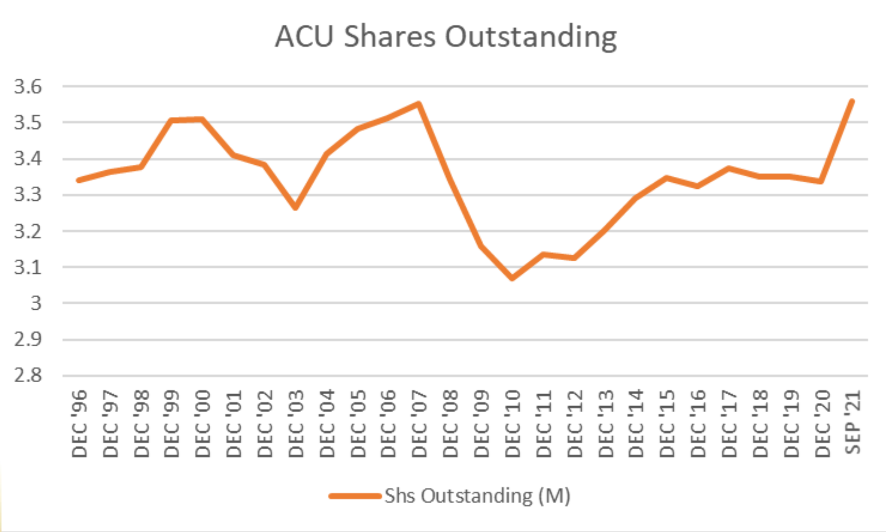


Why this opportunity exists

Market underestimates Acme's capital allocation

- Company has a history of opportunistic acquisitions
- CEO really understands value of growing Earnings Per Share
  - Acquisitions all sell into same customer base, providing increased wallet share
  - Ex. Spill magic acquired and can now be sold to all First Aid Customers
  - Wisely use low-cost debt for acquisitions and does not over lever
  - In November announced a 10b5-1 plan for share buy backs by the company
    - Announced on Nov 12th, when stock was around $36. Limits downside in our opinion and gives shareholders immediate 10% ROIC
- History of growing dividends, conscious of share dilution





Do share buybacks make sense today?

- Our valuation has ACU doing $195M Revenues each of the next two years 2022 & 2023
- Equates to earnings of $11.5M each year
  - Market cap of $115 and $11.5M in earnings
  - Shares provide earnings yield of 10%
    - $11M/$115M

- This does not include any benefits from a potential acquisition as the company is currently sitting on approximately $12M in cash and has more inventory on hand since Covid began than normal to prevent any supply chain issues

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Bringing it all together

- By 2023 expect earnings to grow to $11.5M due to price increases and additional products sold from acquisition and revenues to $195M
  - Assume $2M spent on dividends annually
  - Assume no share buybacks
  - Equates to around $16M of remaining free cash generated after 2 years
    - This could fluctuate up or down depending on inventory levels and can be greater if supply chains normalize

Bringing it all together (cont'd)

- Balance sheet of $13.3M cash and $51.2M of debt
  - Net debt of $37.9M
  - $16M of cash generated after 2 years reduces net debt to ~$22M

- Reinvestment of the current $13M of cash plus other cash generated ($16M over two years)

- Company should produce returns of >15% on that cash, potentially adding another $4.5M in annual earnings on that approximate $30M in cash generate.

- With the $11.5M of 2023 earnings plus $4.5M of additional earnings on deployed capital, we expect earnings power of $16M by the end of 2023

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Bringing it all together (cont'd)

- So taking our $16M earnings, and using the **average NTM earnings multiple of ACU over the last 5 years of 13 times**
- This gets us an expected market cap of $208M, and with 4M shares fully diluted, gets a price target of $52 a share. Add in another $1.12 that we expect to receive in dividends gives total shareholder value of $53.12 a share
- Price Target of **$53.12 per share of ACU**
  - 64% return from current share price of $32.38

Risks

- Excessive management compensation for a company of this size

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($) [1]	All Other Compensation ($)	Total ($)
Walter C. Johnsen	2020	$ 804,130	$375,000	$ 365,750	$ 27,887 [2]	$ 1,572,767
Chairman & Chief Executive Officer	2019	$ 749,138	$150,000	$ 145,250	$ 22,137 [2]	$ 1,066,525
Brian S. Olschan	2020	$ 697,575	$325,000	$ 282,550	$ 10,137 [3]	$ 1,315,862
President & Chief Operating Officer	2019	$ 649,870	$125,000	$ 116,200	$ 10,137 [3]	$ 901,207
Paul G. Driscoll	2020	$ 421,740	$200,000	$ 149,100	$ 10,137 [3]	$ 781,577
Vice President & Chief Financial Officer	2019	$ 393,015	$100,000	$ 87,150	$ 10,137 [3]	$ 590,302

  - Top 3 executives compensation totaled $3.67M in 2020 for a company we project doing $11.5M in Net Income (32%)
  - However, to an acquirer, they would likely be able to remove the executives and Acme would be even more valuable
- Very recently issued lots of shares and options diluting shareholders

Additional Risks

- Demand for products drops, particularly cutting and sharpening which are not as recurring as first aid & medical
- Our model assumes that the company can get some growth and maintain margins
- Deploy excess capital poorly, such as a poor acquisition
  - This is de-risked from a history of paying good prices and acquisitions not being to large as a percentage of the total company

QUESTIONS?

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