



## AMMO, INC.

**POLICY STATEMENT ON REGULATION FD AND  
COMMUNICATING WITH ANALYSTS, SECURITYHOLDERS, AND OTHERS****A. Introduction**

AMMO, Inc. (the “*Company*”) is committed, consistent with legal and regulatory requirements, to maintaining an active and open dialogue with its securityholders and potential investors.

Regulation FD as adopted by the Securities and Exchange Commission (“*SEC*”) prohibits the selective disclosure of material nonpublic information to certain enumerated persons. The regulation is intended to eliminate situations in which a company may disclose important nonpublic information, such as earnings warnings, to securities analysts or selected institutional investors, before disclosing the information to the general public.

Regulation FD requires that whenever

- the Company or a person acting on its behalf;
- intentionally discloses material nonpublic information;
- to certain enumerated persons (including broker-dealers, analysts, and securityholders);
- the Company must simultaneously disseminate, or have previously disseminated, the information to the public.

If the Company learns that it has unintentionally disclosed material nonpublic information, it generally must publicly disseminate the information within 24 hours, which means as soon as reasonably practicable, but not later than the latter of (i) the commencement of the next day’s trading on NASDAQ; or (ii) 24 hours after the discovery of the unintentional disclosure.

This Policy applies to every director and employee of the Company and its subsidiaries and is intended to complement the Company’s insider trading policy.

**B. Authorized Spokespersons**

The only persons authorized to speak on behalf of the Company to securities analysts, broker-dealers, securityholders, and any other Enumerated Persons (as described below) are the Chief Executive Officer, the Chief Financial Officer, and other persons specifically designated by one or both of them to speak with respect to a particular topic or purpose (each such person so listed or designated an “*Authorized Spokesperson*” and, collectively, the “*Authorized Spokepersons*”).

**C. “Enumerated Persons” Subject to Regulation FD Disclosure Requirements**

1 Regulation FD prohibits selective disclosure to certain specified persons, including (a) broker-dealers and persons associated with them, including investment analysts; (b) investment advisers, certain institutional investment managers, and their associated persons; and (c) investment companies, hedge funds, and affiliated persons.

2. Selective disclosure is also prohibited if made to any securityholder under circumstances in which it is reasonably foreseeable that the securityholder would purchase or sell securities on the basis of the information.

3. Communications to persons who owe a duty of trust or confidence to the Company, such as lawyers, accountants, and investment bankers, are not covered by Regulation FD. Communications in the ordinary course of business with customers, suppliers, or strategic partners, as well as communications with the press or news organizations, or the government, are not specifically covered by Regulation FD, but care should be taken whenever selective disclosure is made, which may include the use of a confidentiality agreement.

#### **D. Day-to-Day Communications**

1. Inquiries from analysts, securityholders, and other Enumerated Persons received by any director or employee other than an Authorized Spokesperson as expressly defined above should be forwarded to an Authorized Spokesperson. Under no circumstances should any attempt be made to handle these inquiries without prior authorization from an Authorized Spokesperson.

2. It should be determined in advance whether it is intended or contemplated that any material nonpublic information will be disclosed. If so, the material nonpublic information should be disclosed prior to or simultaneously with the planned conversation by the issuance of a press release, the filing with or “furnishing” to the SEC of a report on a Form 8-K, or other means reasonably designed to provide broad, non-exclusionary dissemination of the information to the public.

#### **E. Public Disclosure of Significant Company Information**

1. Any time an Authorized Spokesperson determines to disclose or discuss nonpublic Company information with anyone who is or might be an Enumerated Person, there must be a determination made prior to such disclosure whether the information is material. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell, or hold a Company security or if the information is likely to have a significant effect on the market price of the security. Both positive and negative information may be material.

2. Information or events that are likely to be material and, therefore, should be thoughtfully considered before disclosure include, but are not limited to, the following:

- earnings information and quarterly results;
- guidance on earnings estimates;
- mergers, acquisitions, tender offers, joint ventures, or changes in assets;
- new products, contracts with suppliers, or developments regarding major customers or suppliers (e.g., the acquisition or loss of a contract);
- changes in auditors or a determination that the Company’s financial statements can no longer be relied upon;
- events regarding the Company’s securities (e.g., defaults on senior securities, calls of securities for redemption, repurchase plans, stock splits or changes in dividends, changes to the rights of securityholders, public or private sales of additional securities, or information related to any additional funding);
- bankruptcies or receiverships; and

- regulatory approvals or changes in regulations and any analysis of how they affect the Company.

Furthermore, the original Regulation FD adopting release cautions:

- “When an issuer official engages in a private discussion with an analyst who is seeking **guidance** about earnings estimates, he or she takes on a high degree of risk under Regulation FD. If the issuer official communicates selectively to the analyst nonpublic information that the company’s anticipated earnings will be higher than, lower than, or even the same as what analysts have been forecasting, the issuer likely will have violated Regulation FD. This is true whether the information about earnings is communicated expressly or through indirect ‘guidance,’ the meaning of which is apparent though implied. Similarly, an issuer cannot render material information immaterial simply by breaking it into ostensibly non-material pieces.

3. If the determination is made that the information to be disclosed is material, the information must be disclosed via a means reasonably designed to provide broad, non-exclusionary distribution to the public (e.g., a press release or Form 8-K) before or at the same time that the information is disclosed to the analyst, broker-dealer, or securityholder. The public disclosure may either disclose the material information or, if it is issued prior to disclosure to the analyst, broker-dealer, or securityholder, may disclose that a conference call and/or webcast will be held to disclose the information. The public must be given adequate advance notice of any conference call and/or webcast and the means of accessing it. Form 8-K requires disclosure, within four business days, of a number of significant events, including certain of those items listed above. Compliance with these 8-K filing requirements, however, does not automatically mean that there has been compliance with Regulation FD.

#### **F. Earnings Calls**

1. Adequate advance public notice must be given of any quarterly earnings conference call and webcast. Notice should include a press release issued to all major news wires and a posting on the Company’s website with information, including the date, time, telephone number, and webcast URL for the earnings call. The press release should also state the period, if any, for which a replay of the webcast will be available.

2. A quarterly earnings conference call and/or webcast must be open to analysts, media representatives, and the general public. Only analysts generally should be allowed to submit questions. Any such conference call should be recorded and a tape of the call maintained by the Company for 12 months. Web replay of such a call should be available for seven days after the conference call.

#### **G. Guidance, Quiet Period, and Analyst Reports**

1. Whenever the Company has issued earnings guidance (which will ordinarily be issued through a press release and furnishing a Form 8-K), no employee should comment on that guidance to any outside party during the quarter. In response to any question about the earnings guidance, Authorized Spokespersons should say only that earnings guidance speak as of the date originally made, and it is the Company’s policy not to comment on guidance during the quarter. The Company will not comment on its intention to update these materials.

2. Authorized Spokespersons should not provide “comfort” with respect to an earnings estimate or otherwise “walk the street” up or down (*i.e.*, suggest adjustments to an analyst’s estimates). If an analyst inquires as to the reliability of a previously, publicly disseminated projection, the spokesperson should follow the “no comment” policy.

3. The Company should observe a “quiet period,” during which the Company will not comment on its earnings estimates or other prospective financial results for the period for the Company. The quiet period will begin one month prior to the end of the quarter and continue until the Company’s earnings information for the applicable period is made public.

4. Analyst reports and earnings models should be reviewed only to correct errors that can be corrected by referring to publicly available, historical, factual information or to correct any mathematical errors. No other analyst feedback or guidance on earnings models should be communicated to an analyst. A written record should be kept of any comments provided on an analyst’s report. The Company should not distribute analyst reports on the Company externally.

5. Neither the Company nor any Company employee should distribute copies of, or refer to, selected analysts’ reports to anyone outside the Company. This is consistent with the Company’s intention not to adopt or endorse any particular analyst report.

## **H. Investment Banker Conferences/Roadshows**

1. This policy will apply to communications between Authorized Spokespersons and Enumerated Persons at investment banker conferences and roadshows (other than roadshows undertaken in connection with a registered public offering of the Company’s securities that is not subject to Regulation FD). Accordingly, prior to the conference or roadshow, the Company should disclose either through a press release, an open conference call or a webcast, or any combination of these methods, any material information that is not already public and which may be discussed or presented at the conference or the roadshow.

2. If it is determined that material nonpublic information may have been disclosed unintentionally during the conference or roadshow, legal counsel should be notified immediately. If legal counsel determines that an inadvertent disclosure of material nonpublic information has occurred, a press release should be issued disclosing the information within 24 hours of such determination.

3. Authorized Spokespersons should be cautious about “one-on-one” meetings with analysts and when having such meetings should adhere to this policy. When such meetings occur, an Authorized Spokesperson should, if at all possible, be accompanied by another Authorized Spokesperson or another Company representative.

## **I. Press Release Policy**

1. Legal counsel should review all press releases concerning matters that may be material to the Company before they are distributed, particularly earnings releases and any releases involving forward-looking statements.

2. If a forward-looking statement has been made, i.e., one that has a forward intent and connotation upon which parties can reasonably be expected to rely, an employee with knowledge thereof should promptly report to an Authorized Spokesperson or, if appropriate, legal counsel any facts or events that might cause that meaning to change.

3. If a meeting or conference call is held after the issuance of a press release the purpose of which is to give analysts or major securityholders an opportunity to seek more information or ask questions concerning the information disclosed in a press release, the meeting or call should be preceded by a press release as soon as the meeting or call is planned, which should announce such meeting or call and provide information including the date, time, telephone number, and webcast URL for the meeting or

call and state that material non-public or forward-looking information may be disclosed. The meeting or call should be open to analysts, media representatives, and the general public. If possible, all such meetings should be webcast.

4. If a director or an employee of the Company learns of information that causes him or her to believe that a disclosure may have been misleading or inaccurate when made or may no longer be true, such person should report that information immediately to an Authorized Spokesperson or legal counsel, if appropriate.

**J. Rumors: No Comment Policy**

Generally, the Company should not comment on market rumors or speculations. If the Company decides to comment on a rumor, only an Authorized Spokesperson may speak on behalf of the Company. When it is learned that rumors about the Company are circulating, Authorized Spokespersons should state only that it is Company policy to not comment on rumors. If the source of the rumor is found to be internal, legal counsel should be consulted to determine the appropriate response.

**K. Violation of this Policy**

Violations of Regulation FD are subject to SEC enforcement action, which may include an administrative action seeking a cease-and-desist order, or a civil action against the Company or an individual seeking an injunction and/or civil money penalties. Any violation of this policy by a director or employee should be brought to the attention of an Authorized Spokesperson or legal counsel, if appropriate, and will constitute grounds for disciplinary action, up to and including termination of employment.

**L. Training**

As part of the Company's ethics and compliance program, Authorized Spokespersons should continue to be familiar with the requirements of Regulation FD and this Policy and of developments in this area of the law that could affect such persons' responsibilities. Authorized Spokespersons should also confer with legal counsel regarding the Policy and its application.