Olin - Winchester to Acquire Ammunition Assets of AMMO, Inc.

- Leverages Winchester's integration across commercial ammunition value chain
- Enhances our ability to participate across high-margin specialty calibers
- Drives value creation through immediate adjusted EBITDA accretion and a fully realized expected synergy benefit of $40 million

CLAYTON, Mo., Jan. 21, 2025 /PRNewswire/ -- Olin Corporation (NYSE: OLN) ('Olin') today announced it has entered into a definitive agreement with AMMO, Inc. (NASDAQ: POWW) ('AMMO') whereby Olin will acquire AMMO's small caliber ammunition manufacturing assets for a purchase price of $75 million. The transaction will be funded through available liquidity. The assets will become part of Olin's Winchester Ammunition business.

The acquisition includes AMMO's brass shellcase capabilities and their world-class, 185,000 square foot production facility located in Manitowoc, Wisconsin, constructed in 2022. The Manitowoc facility and its employees will complement Winchester's existing production capabilities, enabling greater specialization and broader participation across high-margin specialty calibers. Once fully integrated with Winchester's industry-leading economies of scale and integration across the commercial ammunition value chain - from raw material sourcing, to projectiles, primers, and loading capabilities - the acquisition is anticipated to yield realized synergies of $40 million.

"The Manitowoc assets will extend Winchester's leadership position and expand the reach and value of our near full integration," said Brett Flaugher, President of Winchester Ammunition. "The acquired assets will enable our legacy plants to lower costs of existing high-volume products and increase our ability to participate in higher margin specialty rounds at a cost advantage."

Ken Lane, Olin's President and CEO, remarked, "As highlighted during our recent Investor Day, this investment continues the Winchester acquisition strategy, which began with our White Flyer acquisition in 2023, to identify and secure small bolt-on opportunities that are highly strategic and immediately accretive to Olin. We expect the Manitowoc assets to generate $15 million to $20 million of incremental adjusted EBITDA in the first year and, by the third year, we expect to have paid less than two times adjusted EBITDA."

The transaction is subject to customary terms and closing conditions and is expected to close in the second quarter of 2025.

OLIN COMPANY DESCRIPTION

Olin Corporation is a leading vertically integrated global manufacturer and distributor of chemical products and a leading US manufacturer of ammunition. The chemical products produced include chlorine and caustic soda, vinyls, epoxies, chlorinated organics, bleach, hydrogen and hydrochloric acid. Winchester's principal manufacturing facilities produce and distribute sporting ammunition, law enforcement ammunition, reloading components, small caliber military ammunition and components, industrial cartridges and clay targets.

Visit www.olin.com for more information on Olin Corporation.

FORWARD-LOOKING STATEMENTS

This communication includes forward-looking statements. These statements relate to analyses and other information that are based on management's beliefs, certain assumptions made by management, forecasts of future results, and current expectations, estimates and projections about the markets and economy in which we and our various segments operate. The statements contained in this communication that are not statements of historical fact may include forward-looking statements that involve a number of risks and uncertainties.

We have used the words "anticipate," "intend," "may," "expect," "believe," "should," "plan," "outlook," "project," "estimate," "forecast," "optimistic," "target," and variations of such words and similar expressions in this communication to identify such forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding the anticipated timing and financial and other benefits of our proposed acquisition of the ammunition assets of Ammo, Inc. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions, which are difficult to predict and many of which are beyond our control. Therefore, actual outcomes and results may differ materially from those matters expressed or implied in such forward-looking statements. We undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise.

The risks, uncertainties and assumptions involved in our forward-looking statements, many of which are discussed in more detail in our filings with the SEC, including without limitation the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2023, and our Quarterly Reports on Form 10-Q and other reports furnished or filed with the SEC, include, but are not limited to, the following:

Business, Industry and Operational Risks

- sensitivity to economic, business and market conditions in the United States and overseas, including economic instability or a downturn in the sectors served by us;
- declines in average selling prices for our products and the supply/demand balance for our products, including the impact of excess industry capacity or an imbalance in demand for our chlor alkali products;
- unsuccessful execution of our strategic operating model, which prioritizes Electrochemical Unit (ECU) margins over sales volumes;

- failure to identify, attract, develop, retain and motivate qualified employees throughout the organization and ability to manage executive officer and other key senior management transitions;
- failure to control costs and inflation impacts or failure to achieve targeted cost reductions;
- our reliance on a limited number of suppliers for specified feedstock and services and our reliance on third-party transportation;
- the occurrence of unexpected manufacturing interruptions and outages, including those occurring as a result of labor disruptions and production hazards;
- exposure to physical risks associated with climate-related events or increased severity and frequency of severe weather events;
- availability of and/or higher-than-expected costs of raw material, energy, transportation, and/or logistics;
- the failure or an interruption, including cyber-attacks, of our information technology systems;
- our inability to complete future acquisitions or joint venture transactions or successfully integrate them into our business;
- risks associated with our international sales and operations, including economic, political or regulatory changes;
- our indebtedness and debt service obligations;
- weak industry conditions affecting our ability to comply with the financial maintenance covenants in our senior credit facility;
- adverse conditions in the credit and capital markets, limiting or preventing our ability to borrow or raise capital;
- the effects of any declines in global equity markets on asset values and any declines in interest rates or other significant assumptions used to value the liabilities in, and funding of, our pension plans;
- our long-range plan assumptions not being realized, causing a non-cash impairment charge of long-lived assets;

Legal, Environmental and Regulatory Risks

- changes in, or failure to comply with, legislation or government regulations or policies, including changes regarding our ability to manufacture or use certain products and changes within the international markets in which we operate;
- new regulations or public policy changes regarding the transportation of hazardous chemicals and the security of chemical manufacturing facilities;
- unexpected outcomes from legal or regulatory claims and proceedings;
- costs and other expenditures in excess of those projected for environmental investigation and remediation or other legal proceedings;
- various risks associated with our Lake City U.S. Army Ammunition Plant contract and performance under other governmental contracts; and
- failure to effectively manage environmental, social and governance (ESG) issues and related regulations, including climate change and sustainability.

All of our forward-looking statements should be considered in light of these factors. In addition, other risks and uncertainties not presently known to us or that we consider immaterial could affect the accuracy of our forward-looking statements.

NON-GAAP FINANCIAL MEASURES - ADJUSTED EBITDA

Olin's definition of Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is net income (loss) plus an add-back for depreciation and amortization, interest expense (income), income tax provision (benefit), other expense (income), restructuring charges (income) and certain other non-recurring items. Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors as a supplemental financial measure to assess the financial performance without regard to financing methods, capital structures, taxes or historical cost basis. The use of non-GAAP financial measures is not intended to replace any measures of performance determined in accordance with GAAP, and Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies. Reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures are omitted from this release because Olin is unable to provide such reconciliations without the use of unreasonable efforts. This inability results from the inherent difficulty in forecasting generally and quantifying certain projected amounts that are necessary for such reconciliations. In particular, sufficient information is not available to calculate certain adjustments required for such reconciliations, including interest expense (income), income tax provision (benefit), other expense (income) and restructuring charges (income). Because of our inability to calculate such adjustments, forward-looking net income guidance is also omitted from this release. We expect these adjustments to have a potentially significant impact on our future GAAP financial results.

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