SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTION 13 OR 15(d) THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)
√ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2024
OR

__ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ____________ to ___________

Commission File Number 001-10435

STURM, RUGER & COMPANY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**06-0633559**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1 Lacey Place, Southport, Connecticut	**06890**
(Address of Principal Executive Offices)	(Zip Code)

(203) 259-7843
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $1 par value	**RGR**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **YES √ NO ___**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. **YES___ NO √**

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or shorter such period of time 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 (§ 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 definition of "accelerated filer," "large accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C 7262(b)) by the registered public accounting firm that prepared or issued its audit report. [√]

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. **YES__ NO √**

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **YES__ NO √**

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2024:
Common Stock, $1 par value - $771,970,000

The number of shares outstanding of the registrant's common stock as of February 10, 2025: *Common Stock, $1 par value –16,762,100, shares*

DOCUMENTS INCORPORATED BY REFERENCE.

Portions of the registrant's Proxy Statement relating to the 2025 Annual Meeting of Stockholders to be held May 29, 2025 are incorporated by reference into Part III (Items 10 through 14) of this Report.

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PART IV

EXPLANATORY NOTE:

In this Annual Report on Form 10-K, Sturm, Ruger & Company, Inc. and Subsidiaries (the "Company") makes forward-looking statements and projections concerning future expectations. Such statements are based on current expectations and are subject to certain qualifying risks and uncertainties, such as market demand, sales levels of firearms, anticipated castings sales and earnings, the need for external financing for operations or capital expenditures, the results of pending litigation against the Company, the impact of future firearms control and environmental legislation, and accounting estimates, any one or more of which could cause actual results to differ materially from those projected. Words such as "expect," "believe," "anticipate," "intend," "estimate," "will," "should," "could" and other words and terms of similar meaning, typically identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to publish revised forward-looking statements to reflect events or circumstances after the date such forward-looking statements are made or to reflect the occurrence of subsequent unanticipated events.

PART I

ITEM 1—BUSINESS

Company Overview

Sturm, Ruger & Company, Inc. and Subsidiaries (the “Company”) is principally engaged in the design, manufacture, and sale of firearms to domestic customers. Virtually all of the Company’s sales for the year ended December 31, 2024 were from the firearms segment, with less than 1% from the castings segment. Export sales represent approximately 5% of firearms sales. The Company’s design and manufacturing operations are located in the United States and almost all product content is domestic.

The Company has been in business since 1949 and was incorporated in its present form under the laws of Delaware in 1969. The Company primarily offers products in three industry product categories – rifles, pistols, and revolvers. The Company’s firearms are sold through independent wholesale distributors, principally to the commercial sporting market.

The Company manufactures and sells investment castings made from steel alloys and metal injection molding (“MIM”) parts for internal use in the firearms segment and has minimal sales to outside customers. The castings and MIM parts are sold to outside customers, either directly or through manufacturers’ representatives.

For the years ended December 31, 2024, 2023, and 2022, net sales attributable to the Company's firearms operations were $533.6 million, $540.7 million and $593.3 million. The balance of the Company's net sales for the aforementioned periods was attributable to its castings operations.

Firearms Products

The Company presently manufactures firearm products, under the “Ruger” name and trademark, in the following industry categories:

Rifles
- Single-shot
- Autoloading
- Bolt-action
- Modern sporting

Pistols
- Rimfire autoloading
- Centerfire autoloading

Revolvers
- Single-action
- Double-action

In addition, the Company manufactures lever-action rifles under the “Marlin” name and trademark.

Most firearms are available in several models based upon caliber, finish, barrel length, and other features.

Rifles
A rifle is a long gun with spiral grooves cut into the interior of the barrel to give the bullet a stabilizing spin after it leaves the barrel. Net sales of rifles by the Company accounted for $310.2 million, $306.8 million, and $305.4 million of total net sales for the years 2024, 2023, and 2022, respectively.

Pistols
A pistol is a handgun in which the ammunition chamber is an integral part of the barrel and which typically is fed ammunition from a magazine contained in the grip. Net sales of pistols by the Company accounted for $135.3 million, $131.4 million, and $184.7 million of revenues for the years 2024, 2023, and 2022, respectively.

Revolvers
A revolver is a handgun that has a cylinder that holds the ammunition in a series of chambers which are successively aligned with the barrel of the gun during each firing cycle. There are two general types of revolvers, single-action and double-action. To fire a single-action revolver, the hammer is pulled back to cock the gun and align the cylinder before the trigger is pulled. To fire a double-action revolver, a single trigger pull advances the cylinder and cocks and releases the hammer. Net sales of revolvers by the Company accounted for $54.8 million, $72.5 million, and $70.0 million of revenues for the years 2024, 2023, and 2022, respectively.

Accessories
The Company also manufactures and sells accessories and replacement parts for its firearms. These sales accounted for $33.3 million, $30.0 million, and $33.2 million of total net sales for the years 2024, 2023, and 2022, respectively.

Castings Products

Net sales attributable to the Company’s casting operations (excluding intercompany transactions) accounted for $3.0 million, $3.0 million, and $2.6 million, for 2024, 2023, and 2022, respectively. These sales represented less than 1% of total net sales in each year.

Manufacturing

Firearms
The Company produces some of its pistol models, most of its revolvers, and some of its rifle models at the Newport, New Hampshire facility. One model of revolver, one model of rifle, and most of the Company’s pistols are produced at the Prescott, Arizona facility. Some rifle models and pistol models are produced at the Mayodan, North Carolina facility.

Many of the basic metal component parts of the firearms manufactured by the Company are produced by the Company's castings segment through precision investment casting and metal injection molding. See "Manufacturing- Investment Castings and Metal Injected Moldings" below for a description of these processes. The Company believes that investment castings and MIM parts provide greater design flexibility and result in component parts which are generally close to their ultimate shape and, therefore, require less machining than processes requiring machining a solid billet of metal to obtain a part. Through the use of investment castings and MIM parts, the Company endeavors to produce durable and less costly component parts for its firearms.

All assembly, inspection, and testing of firearms manufactured by the Company are performed at the Company's manufacturing facilities. Every firearm, including every chamber of every revolver manufactured by the Company, is test-fired prior to shipment.

Investment Castings and Metal Injection Moldings

To produce a product by the investment casting method, a wax model of the part is created and coated ("invested") with several layers of ceramic material. The shell is then heated to melt the interior wax, which is poured off, leaving a hollow mold. To cast the desired part, molten metal is poured into the mold and allowed to cool and solidify. The mold is then broken off to reveal a near net shape cast metal part.

Metal injection molding is a three part powder metallurgy process by which a feedstock consisting of finely powdered metal and binders is processed through injection molding, debinding, and sintering equipment to produce steel, stainless steel, and alloy parts of complex shape and geometry. This process allows for high volume production while eliminating many of the wastes of traditional metal working methods, yielding net shape and near net shape parts.

Marketing and Distribution

Firearms

The Company's firearms are primarily marketed through a network of federally licensed, independent wholesale distributors who purchase the products directly from the Company. They resell to federally licensed, independent retail firearms dealers who in turn resell to legally authorized end users. All retail purchasers are subject to a point-of-sale background check by law enforcement. These end users include sportsmen, hunters, people interested in self-defense, law enforcement and other governmental organizations, and gun collectors. Each domestic distributor carries the entire line of firearms manufactured by the Company for the commercial market. Currently, 14 distributors service the domestic commercial market, with an additional 26 distributors servicing the domestic law enforcement market and 44 distributors servicing the export market.

In 2024, the Company's largest customers and the percent of firearms sales they represented were as follows: Lipsey's – 28%; Sports South - 18%; and Davidson's - 16%.

In 2023, the Company's largest customers and the percent of firearms sales they represented were as follows: Lipsey's – 24%; Davidson's - 19%; and Sports South - 15%.

In 2022, the Company's largest customers and the percent of firearms sales they represented were as follows: Lipsey's - 23%; Davidson's - 23%; and Sports South - 21%.

The Company employs 18 employees who service these distributors and call on retailers and law enforcement agencies. Because the ultimate demand for the Company's firearms comes from end users rather than from the independent wholesale distributors, the Company believes that the loss of any distributor would not have a material, long-term adverse effect on the Company, but may have a material adverse effect on the Company's financial results for a particular period. The Company considers its relationships with its distributors to be satisfactory.

The Company also exports its firearms through a network of selected commercial distributors and directly to certain foreign customers, consisting primarily of law enforcement agencies and foreign governments. Foreign sales were 5%, 6%, and 6% of the Company's consolidated net sales for 2024, 2023, and 2022, respectively.

Investment Castings and Metal Injection Moldings

The castings segment provides castings and MIM parts for the Company's firearms segment. In addition, the castings segment produces some products for a number of customers in a variety of industries.

Competition

Firearms

Competition in the firearms industry is intense and comes from both foreign and domestic manufacturers. While some of these competitors concentrate on a single industry product category such as rifles or pistols, many competitors manufacture products in two or three of the four categories (rifles, shotguns, pistols, and revolvers) and a few competitors manufacture products in all four categories. The principal methods of competition in the industry are product innovation, quality, availability, brand, and price. The Company believes that it can compete effectively with all of its present competitors.

Investment Castings and Metal Injection Moldings

There are a large number of investment castings and MIM manufacturers, both domestic and foreign, with which the Company competes. Competition varies based on the type of investment castings products and the end use of the product. Companies offering alternative methods of manufacturing such as wire electric discharge machining (EDM) and advancements in computer numeric controlled (CNC) machining also compete with the Company's castings segment. Many of these competitors are larger corporations than the Company with substantially greater financial resources than the Company, which could affect the Company's ability to compete with these competitors. The principal methods of competition in the industry are quality, price, and production lead time.

Human Capital

The Company is an equal opportunity employer dedicated to the attraction, development, and retention of our employees by providing a preferred work environment that promotes and celebrates our core values of Integrity, Respect, Innovation and Teamwork. Our goal is to develop, motivate, retain and reward passionate and dedicated employees.

As of February 1, 2025, the Company employed approximately 1,780 full-time employees, approximately 33% of whom had at least ten years of service with the Company.

The Company attracts candidates and retains employees by offering competitive compensation packages, which include:

- Base wages,
- Profit sharing,
- Medical and welfare benefits,
- Holidays and other paid time off, and
- 401(k) plan participation and matching program.

The Company believes its compensation packages:

- Provide a base level of compensation to reflect an individual's role and responsibilities,
- Recognize and reward employees for the Company's success, and
- Provide for the safety, security and well-being of employees.

Our primary vehicle for human capital development is Ruger University, which has a mission to:

- Enhance the understanding of our industry, Company and culture,
- Strengthen the technical, interpersonal and leadership skills of each employee, and
- Allow employees to positively change their own lives while creating value for all Ruger stakeholders.

In addition to providing a competitive compensation package and emphasizing the development of employees, the Company retains its employees by maintaining a safe, responsible, and preferred workplace. The Company is committed to conducting business in conformance with the highest ethical standards and in compliance with all applicable legal and regulatory requirements. The "Code of Business Conduct and Ethics" and the "Corporate Compliance Program" are two active programs that guide the Company's practices to achieve these goals.

To assess and improve employee retention and engagement, the Company surveys employees on an annual basis with the assistance of a third-party consultant, and takes actions to address areas of employee concern and build on the competencies that are important for our future success.

Research and Development

In 2024, 2023, and 2022, the Company spent approximately $8.2 million, $9.8 million, and $9.6 million, respectively, on research and development activities relating to new products and the improvement of existing products. Research and development expenses are included in costs of products sold. As of February 1, 2025, the Company had approximately 60 employees whose primary responsibilities were research and development activities.

Patents and Trademarks

The Company owns various United States and foreign patents and trademarks which have been secured over a period of years and which expire at various times. It is the policy of the Company to apply for patents and trademarks whenever new products or processes deemed commercially valuable are developed or marketed by the Company. The Company deems its patents and trademarks to be valuable and therefore works to police and protect them.

Environmental Matters

The Company is committed to achieving high standards of environmental quality and product safety, and strives to provide a safe and healthy workplace for its employees and others in the communities in which it operates. The Company has programs in place that monitor compliance with various environmental regulations. However, in the normal course of its manufacturing operations the Company is subject to governmental proceedings and orders pertaining to waste disposal, air emissions, and water discharges into the environment. These regulations are integrated into the Company's manufacturing, assembly, and testing processes. The Company believes that it is generally in compliance with applicable environmental regulations and that the outcome of any environmental proceedings and orders will not have a material adverse effect on the financial position of the Company, but could have a material adverse effect on the financial results for a particular period.

Information about our Executive Officers

Set forth below are the names, ages, and positions of the executive officers of the Company. Officers serve at the discretion of the Board of Directors of the Company.

Name	Age	Position With Company
Christopher J. Killoy	66	President and Chief Executive Officer (until March 1, 2025)
Todd W. Seyfert	55	President and Chief Executive Officer (effective March 1, 2025)
Thomas A. Dineen	56	Senior Vice President, Treasurer, and Chief Financial Officer
Kevin B. Reid, Sr.	64	Vice President, General Counsel, and Corporate Secretary
Shawn C. Leska	53	Vice President, Sales
Sarah F. Colbert	44	Vice President, Administration
Timothy M. Lowney	61	Vice President of Manufacturing Operations
Michael W. Wilson	48	Vice President of New Product Development
Robert J. Werkmeister, Jr.	50	Vice President of Marketing

Christopher J. Killoy became President & Chief Executive Officer on May 9, 2017. Previously he served as President and Chief Operating Officer since January 1, 2014. Prior to that he served as Vice President of Sales and Marketing since November 27, 2006. Mr. Killoy originally joined the Company in 2003 as Executive Director of Sales and Marketing, and subsequently served as Vice

President of Sales and Marketing from November 1, 2004 to January 25, 2005. Mr. Killoy will step down as President & Chief Executive Officer on March 1, 2025 and then serve as a Special Advisor through his planned retirement from the Company in May 2025.

Todd W. Seyfert will become President & Chief Executive Officer on March 1, 2025. Previously, Mr. Seyfert served as the President of Segment Land Vehicles Americas at Dometic Group AB since January 2024. Prior to that Mr. Seyfert served as the Chief Executive Officer of FeraDyne Outdoors, LLC, a leading manufacturer of premium archery and hunting products from February 2016 through May 2023.

Thomas A. Dineen became Senior Vice President on July 10, 2017. Previously he served as Vice President since May 24, 2006. Prior to that he served as Treasurer and Chief Financial Officer since May 6, 2003 and had been Assistant Controller since 2001. Mr. Dineen joined the Company as Manager, Corporate Accounting in 1997.

Kevin B. Reid, Sr. became Vice President and General Counsel on April 23, 2008. Previously he served as the Company's Director of Marketing from June 4, 2007. Mr. Reid joined the Company in July 2001 as an Assistant General Counsel.

Shawn C. Leska became Vice President, Sales on November 6, 2015. Mr. Leska joined the Company in 1989 and has served in a variety of positions in the sales department. Most recently, Mr. Leska served as Director of Sales since 2011.

Sarah F. Colbert became Vice President of Administration on June 1, 2017. Ms. Colbert has served the Company in various human resource and legal capacities since joining the Company in 2011.

Timothy M. Lowney became Vice President of Manufacturing Operations on June 15, 2023. Previously, he served as the Company's Vice President of Operations for Newport, Prescott and RPM Manufacturing since June 15, 2023. Mr. Lowney joined the Company in January 2007.

Michael W. Wilson became Vice President of New Product Development on April 1, 2024. Previously, he served as the Company's Vice President of Operations for New Product Development, Product Engineering and Mayodan Manufacturing since June 15, 2023. Mr. Wilson joined the Company in July 2007.

Robert J. Werkmeister, Jr. became Vice President of Marketing upon joining the Company on June 1, 2017. Mr. Werkmeister has served as the Company's Director of Marketing since January 2013 as President and founder of Symbolic, Inc., a full-service marketing agency. While with Symbolic, Rob began working with Ruger as a client in 2002 and has been the primary strategic marketing driver for the Ruger account since 2007.

Where You Can Find More Information

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and accordingly, files its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Definitive Proxy Statements, Current Reports on Form 8-K, and other information with the Securities and Exchange Commission (the "SEC"). As an electronic filer, the Company's public filings are maintained on the SEC's Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that website is http://www.sec.gov.

The Company makes its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Definitive Proxy Statements, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act accessible free of charge through the Company's Internet site after the Company has electronically filed such material with, or furnished it to, the SEC. The address of that website is http://www.ruger.com. However, such reports may not be accessible through the Company's website as promptly as they are accessible on the SEC's website.

Additionally, the Company's corporate governance materials, including its Corporate Governance Guidelines, the charters of the Audit, Compensation, Nominating and Corporate Governance, Risk Oversight and Capital Policy committees, and the Code of Business Conduct and Ethics may also be found under the "Investor Relations" subsection of the "Corporate" section of the Company's Internet site at http://www.ruger.com/corporate. A copy of the foregoing corporate governance materials is available upon written request to the Corporate Secretary at Sturm, Ruger & Company, Inc., 1 Lacey Place, Southport, Connecticut 06890.

ITEM 1A—RISK FACTORS

The Company's operations could be affected by various risks, many of which are beyond its control. Based on current information, the Company believes that the following identifies the most significant risk factors that could have a material, adverse effect on its business, operating results, and financial condition. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

In evaluating the Company's business, the following risk factors, as well as other information in this report, should be carefully considered.

Changes in government policies and firearms legislation could adversely affect the Company's financial results.

The sale, purchase, ownership, and use of firearms are subject to thousands of federal, state and local governmental regulations. The basic federal laws are the National Firearms Act, the Federal Firearms Act, and the Gun Control Act of 1968. Federal law generally prohibits the private ownership of fully automatic weapons manufactured after 1986 and places certain restrictions on the interstate sale of firearms unless certain licenses are obtained. The Company does not manufacture fully automatic weapons and holds all necessary licenses under these federal laws. If the scope of the National Firearms Act is expanded to regulate firearms currently regulated by the Gun Control Act, it could make acquisition of commonly owned and used firearms more expensive and complicated for consumers, which could have a material adverse impact on demand for Company products. Several states currently have laws in effect similar to the aforementioned legislation.

In 2005, Congress enacted the Protection of Lawful Commerce in Arms Act ("PLCAA"). The PLCAA was enacted to address abuses by cities and agenda-driven individuals who wrongly sought to make firearms manufacturers liable for legally manufactured and lawfully sold products if those products were later used in criminal acts. The Company believes the PLCAA merely codifies common sense and long standing tort principles. If the PLCAA is repealed or efforts to circumvent it are successful and lawsuits similar to those filed by cities and agenda-driven individuals in the late 1990s and early 2000s are allowed to proceed, it could have a material adverse impact on the Company.

Currently, federal and several states' legislatures are considering additional legislation relating to the regulation of firearms, and a number of new laws have been enacted at the federal, state, and local level. Enacted legislation and proposed bills are numerous and extremely varied, but many seek to limit magazine capacity, restrict or ban the sale and, in some cases, the ownership of various types of firearms, or ban commonly owned firearms with certain features. Other legislation seeks to require new technologies, such as microstamping and so-called "smart gun" technology, which are not proven, reliable or feasible.

The Company believes that the lawful private ownership of firearms is guaranteed by the Second Amendment to the United States Constitution and that the widespread private ownership of firearms in the United States will continue. However, there can be no assurance that the regulation of firearms will not become more restrictive in the future and that any such restriction would not have a material adverse effect on the business of the Company. Numerous bills regulating the ownership of firearms have been proposed at the state and federal levels, and these bills propose a wide variety of restrictions including, for example, limiting the number of firearms that may be purchased in a specified time, increasing the age for ownership, imposing additional licensing or registration requirements, creating additional restrictions on certain, common firearm features, and levying new taxes on firearms and/or ammunition.

The Company's results of operations could be further adversely affected if legislation with diverse requirements is enacted.

With literally thousands of laws being proposed at the federal, state and local levels, if even a small percentage of these laws are enacted and they are incongruent, the Company could find it difficult, expensive or even practically impossible to comply with them, impeding new product development and distribution of existing products.

The Company's results of operations could be adversely affected by litigation.

The Company faces risks arising from various asserted and unasserted litigation matters. These matters include, but are not limited to, assertions of allegedly defective product design or manufacture, alleged failure to warn, claimed unfair trade practices, purported class actions against firearms manufacturers, generally seeking relief such as medical expense reimbursement, property damages, and punitive damages arising from accidents involving firearms or the criminal misuse of firearms, and those lawsuits filed on behalf of municipalities alleging harm to the general public. Various factors or developments can lead to changes in current estimates of liabilities such as final adverse judgment, significant settlement or changes in applicable law. A future adverse outcome in any one or more of these matters could have a material adverse effect on the Company's financial results. See Note 20 to the financial statements which are included in this Annual Report on Form 10-K.

The Company relies upon relationships with financial institutions.
The Company utilizes the services of numerous financial institutions, including banks, insurance carriers, transfer agents, and others. Anti-gun politicians, gun-control activists, and others may target these institutions and attempt to pressure them into ceasing to do business with the Company, or to use financial relationships to impose unacceptable and improper restrictions on the Company's business, which could have a material adverse impact on the Company's business, operating results, and financial condition. The potential volatility of these relationships may also impact the Company's decision making regarding the appropriate allocation of capital to be used for activities such as internal investment, share repurchases, and potential acquisitions.

The Company's insurance may be insufficient to protect us from claims or losses.
The Company maintains insurance coverage with third-party insurers and through a wholly-owned captive insurance company with respect to product liability claims, which the Company established in 2024. However, not every risk or liability is or can be protected by insurance, and, for those risks it insures, the limits of coverage it purchases, or that are reasonably obtainable in the market, or the funding level of the Company's wholly-owned captive insurance company may not be sufficient to cover all actual losses or liabilities incurred. Moreover, there is a risk that commercially available liability insurance will not continue to be available to the Company at a reasonable cost, if at all. If liability claims or losses exceed the Company's current or available insurance coverage, its business may be harmed.

The Company's results of operations could be adversely affected by a decrease in demand for Company products.
If demand for the Company's products decreases significantly, the Company would be unable to efficiently utilize its capacity, and profitability would suffer. Decreased demand could result from a macroeconomic downturn, or could be specific to the Company and/or the firearms industry as a result of social, political, or other factors. If the decrease in demand occurs abruptly, the adverse impact would be even greater.

The financial health of the Company's independent distributors is critical to its success.
Over 90% of the Company's sales are made to 14 federally licensed, independent wholesale distributors. The Company reviews its distributors' financial statements and has credit insurance for many of them. However, the Company's credit evaluations of distributors and credit insurance may not be completely effective, especially if higher interest rates continue to exact a financial strain. If one or more independent distributors experience financial distress or liquidity issues, the Company's sales could be adversely affected and the Company may not be able to collect its accounts receivable on a timely basis, which would have an adverse impact on its operating results and financial condition.

The Company must comply with various laws and regulations pertaining to workplace safety and environment, environmental matters, and firearms manufacturing.
In the normal course of its manufacturing operations, the Company is subject to numerous federal, state and local laws and governmental regulations, and governmental proceedings and orders.

These laws and regulations pertain to matters like workplace safety and environment, firearms serial number tracking and control, waste disposal, air emissions and water discharges into the environment. Noncompliance with any one or more of these laws and regulations could have a material adverse impact on the Company.

Misconduct of the Company's employees or contractors could cause the Company to lose customers and could have a significant adverse impact on its business and reputation.
Misconduct, fraud or other improper activities by the Company's employees or contractors could have a material adverse impact on its business and reputation. Such misconduct could include the failure to comply with federal, state, local or foreign government procurement regulations, regulations regarding the protection of personal information, laws and regulations relating to antitrust and any other applicable laws or regulations.

Product quality and performance is important to the Company's success.
The Company has a long history of producing rugged, reliable firearms for the commercial market. While the Company believes its record of designing, manufacturing, and selling high-quality products demonstrates its commitment to safety and quality, the Company has occasionally identified design and/or manufacturing issues with respect to some firearms and, as a result, issued a product safety bulletin or initiated a product recall. Depending upon the volume of products the Company has shipped into the market, any future recall or safety bulletin could harm its reputation, cause the Company to lose business, and cause the Company to incur significant support and repair costs.

The ability to develop and produce new products is important to the Company's success.
The Company has a long history of designing, engineering, and manufacturing innovative new products. These new products help to drive growth, excitement, and profitability and have historically allowed the Company to refrain from having to extend some of the aggressive promotions, discounts, rebates, and the extension of payment terms offered by its competitors. While the Company believes it has a strong record of designing, manufacturing, and selling new, high-quality products, failure to continue to do so in the future could harm its reputation, cause the Company to lose business, and cause the Company to incur significant promotional costs, which would have an adverse impact on its operating results and financial condition.

The Company may be impacted by the actions of its competitors.
The Company remains focused on the long-term goal of creating shareholder value. Its disciplined pricing and promotion strategy may not always benefit current period sales and profitability, but endeavors to enhance its long-term performance and promote consistency throughout the distribution channel. Allowing both independent distributors and retailers to confidently invest in its inventory is essential to the Company's long-term success and leadership in the volatile firearms market. However, the aggressive promotions, discounts, rebates, and the extension of payment terms offered by its competitors could negatively impact the Company's market share, which would have an adverse impact on its operating results and financial condition.

Business disruptions at one of the Company's manufacturing facilities could adversely affect the Company's financial results.
The Newport, New Hampshire, Prescott, Arizona, Mayodan, North Carolina, and Earth City, Missouri facilities are critical to the Company's success. These facilities house the Company's principal production, research, development, engineering, design, and shipping operations. Any event that causes a disruption of the operation of any of these facilities for even a relatively short period of time could have a material adverse effect on the Company's ability to produce and ship products and to provide service to its customers.

The Company relies on its information and communications systems in its operations. Security breaches and other disruptions could adversely affect its business and results of operations.
Cybersecurity threats are significant and evolving and include, among others, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in mission critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. In addition to security threats, the Company is also subject to other systems failures, including network, software or hardware failures, whether caused by the Company, third-party service providers, natural disasters, power shortages, terrorist attacks or other events. The unavailability of the Company's information or communications systems, the failure of these systems to perform as anticipated or any significant breach of data security could cause loss of data, disrupt Company operations, lead to financial losses from remedial actions, require significant management attention and resources, and negatively impact the Company's reputation among its customers and the public, which could have a negative impact on the Company's financial condition, results of operations and liquidity.

The lack of available raw materials or component parts could disrupt or even cease the Company's manufacturing operations. Even if manufacturing operations are not disrupted, increased costs of raw materials and component parts could adversely affect the Company's financial results.
Third parties supply the Company with various raw materials for its firearms and castings, such as fabricated steel components, walnut, birch, beech, maple and laminated lumber for rifle stocks, wax, ceramic material, metal alloys, various synthetic products and other component parts. There is a limited supply of these materials in the marketplace at any given time, which can cause the purchase prices to vary based upon numerous market factors. If market conditions result in a significant prolonged inflation of certain prices or if adequate quantities of raw materials cannot be obtained, the Company's manufacturing processes could be interrupted and the Company's financial condition or results of operations could be materially adversely affected.

The Company relies primarily on third parties for transportation of the products it manufactures as well as delivery of its raw materials.
Any increase in the cost of the transportation of the Company's raw materials or products, as a result of increases in fuel or labor costs, higher demand for logistics services, consolidation in the transportation industry or otherwise, increased restrictions on the transportation of firearms, may adversely affect its results of operations. If any of these providers were to fail to deliver raw materials to the Company in a timely manner, the Company may be unable to manufacture and deliver its products in a timely manner. In addition, if any of these third parties were to cease

operations or cease doing business with the Company, the Company may be unable to replace them at a reasonable cost. And such failure of a third-party transportation provider could harm the Company's reputation, negatively affect its customer relationships and have a material adverse effect on its financial position and results of operations.

Availability and retention of the Company's labor force, especially its key management, is critical to the success of the Company.

The Company has observed an overall tightening and increasingly competitive labor market, which could inhibit its ability to recruit and retain the employees it requires and could lead to increased costs, such as additional overtime to meet demand and increased wages and benefits to attract and retain employees. The Company relies on the knowledge, experience, and leadership skills of its senior management team. The Company's senior executives are generally not bound by employment agreements. The loss of the services of one or more of the Company's senior executives or other key personnel could have a significant adverse impact on its business.

ITEM 1B—UNRESOLVED STAFF COMMENTS

None

ITEM 1C—CYBERSECURITY

Risk management and strategy

The Company has processes for assessing, identifying, and managing material risks from cybersecurity threats. These processes are integrated into the Company's overall risk management systems, as overseen by the Company's Board of Directors, primarily through its Risk Oversight Committee. These processes also include overseeing and identifying risks from cybersecurity threats associated with the use of third-party service providers. The Company conducts security assessments of certain third-party providers before engagement and has established monitoring procedures in its effort to mitigate risks related to data breaches or other security incidents originating from third parties. The Company from time to time engages third-party consultants, legal advisors, and audit firms in evaluating and testing the Company's risk management systems and assessing and remediating certain potential cybersecurity incidents as appropriate.

The Company has an Information Security Program ("Program") to protect personal and proprietary information in compliance with applicable federal and state requirements. The Program is designed to:

- Ensure the security and confidentiality of employee and customer personal information and Company proprietary information;
- Protect against anticipated threats or hazards to the security or integrity of such information; and
- Protect against unauthorized access to, use of, or transfer of such information in a manner that could harm or inconvenience the Company, employees or customers.

For more information about these risks, see the risk factor titled "The Company relies on its information and communications systems in its operations. Security breaches and other disruptions could adversely affect its business and results of operations" under Item 1A.

Governance

The Company's Board of Directors has assigned oversight of cybersecurity risk management to the Risk Oversight Committee. The Risk Oversight Committee regularly receives reports from management, including senior information technology ("IT") leadership, and third parties on cybersecurity matters. In addition, the Company's full Board of Directors receives reports addressing cybersecurity as part of the Company's overall enterprise risk management program and to the extent cybersecurity matters are addressed in regular business updates.

Senior IT leaders are responsible for developing appropriate cybersecurity programs, including as may be required by applicable law or regulation. These individuals' expertise in IT and cybersecurity generally has been gained from a combination of education, including relevant degrees and/or certifications, and work experience. They are informed by their respective cybersecurity teams about, and monitor, the prevention, detection, mitigation and remediation of cybersecurity incidents as part of the cybersecurity programs described above.

Information regarding cybersecurity risks may be elevated by IT leadership through a variety of channels, including discussions between or among key leaders and Company management and reports to the Company's Board of Directors and/or certain Board committees.

ITEM 2—PROPERTIES

The Company's manufacturing operations are carried out at four facilities. The following table sets forth certain information regarding each of these facilities:

	Approximate Aggregate Usable Square Feet	Status	Segment
Newport, New Hampshire	350,000	Owned	Firearms/Castings
Prescott, Arizona	230,000	Leased	Firearms
Mayodan, North Carolina	220,000	Owned	Firearms
Earth City, Missouri	35,000	Leased	Castings

Each firearms facility contains enclosed ranges for testing firearms. The lease of the Prescott facility provides for rental payments which are approximately equivalent to estimated rates for real property taxes.

The Company has other facilities that were not used in its manufacturing operations in 2024:

	Approximate Aggregate Usable Square Feet	Status	Segment
Southport, Connecticut	25,000	Owned	Corporate
Newport, New Hampshire (Dorr Woolen Building)	45,000	Owned	Firearms
Enfield, Connecticut	10,000	Leased	Firearms
Mayodan, North Carolina	225,000	Owned	Firearms

There are no mortgages or any other major encumbrance on any of the real estate owned by the Company.

The Company's principal executive offices are located in Southport, Connecticut.

ITEM 3—LEGAL PROCEEDINGS

The nature of the legal proceedings against the Company is discussed at Note 20 to the financial statements, which are included in this Form 10-K.

The Company has reported all cases instituted against it through September 28, 2024, and the results of those cases, where terminated, to the SEC on its previous Form 10-Q and 10-K reports, to which reference is hereby made.

There were no lawsuits formally instituted against the Company during the three months ending December 31, 2024.

ITEM 4—MINE SAFETY DISCLOSURES – NOT APPLICABLE

PART II

ITEM 5—MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company’s common stock is traded on the New York Stock Exchange under the symbol “RGR.” At February 5, 2025, the Company had 1,790 stockholders of record.

Issuer Repurchase of Equity Securities

In 2022, 2023 and 2024 the Company repurchased shares of its common stock. Details of the purchases in 2022, 2023 and 2024 follow:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program
Third Quarter 2022				
July 3 to July 30	-	-	-	
July 31 to August 27	-	-	-	
August 28 to October 1	2,136	$49.97	2,136	
Fourth Quarter 2022				
October 2 to October 29	-	-	-	
October 30 to November 26	2,304	$49.77	2,304	
November 27 to December 31	-	-	-	
Fourth Quarter 2023				
October 1 to October 28	-	-	-	
October 29 to November 25	179,341	$45.20	179,341	
November 26 to December 31	84,721	$43.67	84,721	

First Quarter 2024				
January 1 to January 27	7,317	$43.42	7,317	
January 28 to February 24	20,307	$42.93	20,307	
February 25 to March 30	47,400	$42.79	47,400	
Second Quarter 2024				
March 31 to April 27	-	-	-	
April 28 to May 25	28,924	$42.92	28,924	
May 26 to June 29	373,969	$42.27	373,969	
Third Quarter 2024				
June 30 to July 27	156,517	$41.27	156,517	
July 28 to August 24	-	-	-	
August 25 to September 28	64,325	$40.66	64,325	
Fourth Quarter 2024				
September 29 to October 26	11,340	$40.50	11,340	
October 27 to November 23	52,129	$39.50	52,129	
November 23 to December 31	72,832	$34.81	72,832	
Total	1,103,562	$42.07	1,103,562	$40,290,000

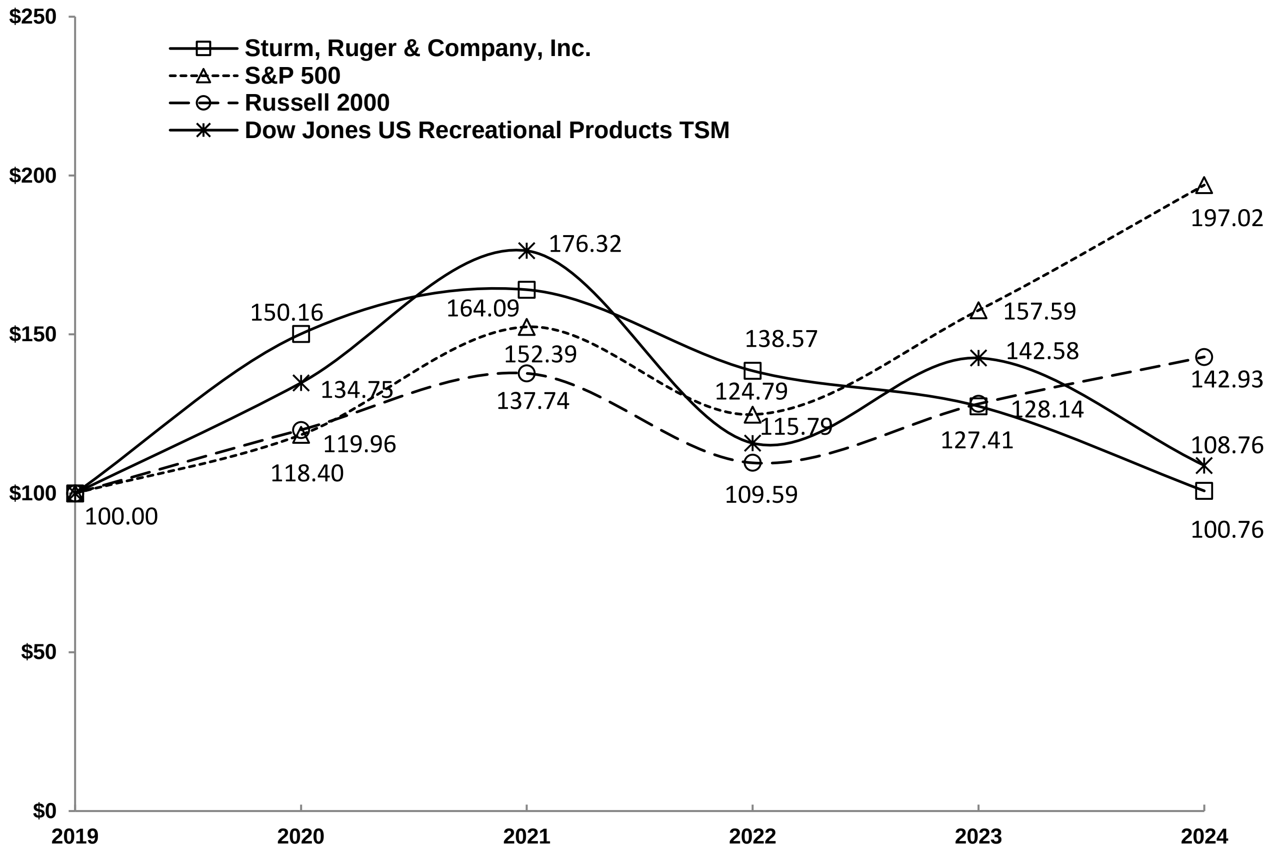
All of these purchases were made with cash held by the Company and no debt was incurred.

At December 31, 2024 approximately $40.3 million remained authorized for share repurchases.

Comparison of Five-Year Cumulative Total Return*

Sturm, Ruger & Co., Inc., Standard & Poor's 500, Dow Jones US Recreational Products TSM Index, and Russell 2000 Index

(Performance Results Through 12/31/24)



*Assumes $100 invested on 12/31/19 in stock or index, including reinvestment of dividends.

	2019	2020	2021	2022	2023	2024
Sturm, Ruger & Company, Inc.	100.00	150.16	164.09	138.57	127.41	100.76
Standard & Poors 500	100.00	118.40	152.39	124.79	157.59	197.02
Russell 2000 Index	100.00	119.96	137.74	109.59	128.14	142.93
Dow Jones US Recreational Products TSM	100.00	134.75	176.32	115.79	142.58	108.76

For the year ended December 31, 2024, the Company has provided the five year cumulative total return results for the Dow Jones US Recreational Products Index, a widely-published index tracking companies that provide recreational products.

ITEM 6—[RESERVED]

ITEM 7—MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Company Overview

Sturm, Ruger & Company, Inc. (the "Company") is principally engaged in the design, manufacture, and sale of firearms to domestic customers. Approximately 99% of sales are from firearms. Export sales represent approximately 5% of total sales. The Company's design and manufacturing operations are located in the United States and almost all product content is domestic. The Company's firearms are sold through a select number of independent wholesale distributors, principally to the commercial sporting market.

The Company also manufactures investment castings made from steel alloys and metal injection molding ("MIM") parts for internal use in its firearms and for sale to unaffiliated, third-party customers. Less than 1% of sales are from the castings segment.

Results of Operations - 2024

Product Demand

The estimated sell-through of the Company's products from the independent distributors to retailers in 2024 increased 5% from 2023. In 2024, adjusted NICS decreased 4% from 2023. The increase in the sell-through of the Company's products despite the decrease in adjusted NICS background checks may be attributable to new product introductions, like the Ruger American Rifle Generation II bolt-action rifles, the Marlin lever-action rifles, and the RXM pistol, which helped offset aggressive promotions, discounts, rebates, and the extension of payment terms offered by the Company's competitors.

Estimated sell-through from distributors to retailers and total adjusted NICS background checks:

	2024	2023	2022
Estimated Units Sold from Distributors to Retailers (1)	1,471,300	1,406,600	1,506,800
Total Adjusted NICS Background Checks (2)	15,239,000	15,848,000	16,425,000

(1) The estimates for each period were calculated by taking the beginning inventory at the distributors, plus shipments from the Company to distributors during the period, less the ending inventory at distributors. These estimates are only a proxy for actual market demand as they:

- Rely on data provided by independent distributors that are not verified by the Company,
- Do not consider potential timing issues within the distribution channel, including goods-in-transit, and
- Do not consider fluctuations in inventory at retail.

(2) NICS background checks are performed when the ownership of most firearms, either new or used, is transferred by a Federal Firearms Licensee. NICS background checks are also performed for permit applications, permit renewals, and other administrative reasons.

The adjusted NICS data presented above was derived by the NSSF by subtracting NICS checks that are not directly related to the sale of a firearm, including checks used for concealed carry ("CCW") permit application checks as well as checks on active CCW permit databases.

Adjusted NICS data can be impacted by changes in state laws and regulations and any directives and interpretations issued by governmental agencies.

Orders Received and Ending Backlog

The Company uses the estimated unit sell-through of its products from the independent distributors to retailers, along with inventory levels at the independent distributors and at the Company, as the key metrics for planning production levels.

The units ordered, value of orders received and ending backlog, net of Federal Excise Tax, for the trailing three years are as follows (dollars in millions, except average sales price):

	2024	2023	2022
Orders Received	$533.3	$433.8	$451.2
Average Sales Price of Orders Received	$377	$374	$416
Ending Backlog	$252.9	$229.0	$314.4
Average Sales Price of Ending Backlog	$568	$522	$486

Production

The Company reviews the estimated sell-through from the independent distributors to retailers, as well as inventory levels at the independent distributors and at the Company, to plan production levels and manage inventories. These reviews resulted in a decrease in total unit production of 1% in 2024 compared to 2023.

Annual Summary Unit Data

Firearms unit data for orders, production, and shipments follows:

	2024	2023	2022
Units Ordered	1,414,300	1,159,000	1,083,800
Units Produced	1,379,500	1,398,200	1,733,200
Units Shipped	1,407,800	1,367,500	1,641,000
Average Sales Price	$377	$395	$362
Units – Backlog	445,300	438,800	647,300

Inventories

The Company's finished goods inventory decreased by 28,300 units during 2024, while distributor inventories of the Company's products decreased by 63,500 units during the same period.

Inventory data follows:

	2024	2023	2022
Units – Company Inventory	115,200	143,500	112,800
Units – Distributor Inventory (3)	195,800	259,300	298,400
Total inventory (4)	311,000	402,800	411,200

(3) Distributor ending inventory as provided by the independent distributors of the Company's products. These numbers do not include goods-in-transit inventory that has been shipped from the Company but not yet received by the distributors.

(4) This total does not include inventory at retailers. The Company does not have access to data on retailer inventories.

Year ended December 31, 2024, as compared to year ended December 31, 2023:

<u>Net Sales, Cost of Products Sold, and Gross Profit</u>

Net sales, cost of products sold, and gross profit data for the year ended (dollars in millions):

	December 31, 2024	December 31, 2023	Change	% Change
Net firearms sales	$532.6	$540.7	$(8.1)	(1.5)%
Net casting sales	3.0	3.0	0.0	0.5%
Total net sales	535.6	543.7	(8.1)	(1.5)%
Cost of products sold	421.2	410.1	11.1	2.7%
Gross profit	$114.4	$133.6	$ (19.2)	(14.4)%
Gross margin	21.4%	24.6%	(3.2)%	(13.0)%

Firearms sales decreased 2% and unit shipments increased 3%, respectively, in 2024. New products represented $159.3 million or 32% of firearms sales in 2024, an increase from $119.0 million or 23% of firearms sales in 2023. New product sales include only major new products that were introduced in the past two years. In 2024, new products included the RXM pistol, American Centerfire Rifle Generation II, Marlin 1894 lever-action rifles, Security-380 pistol, Super Wrangler revolver, LC Carbine, and the Small-Frame Autoloading Rifle and the Marlin 1895 Marlin lever-action rifles, which were only included for a portion of the year.

The decreased gross profit for the year ended December 31, 2024 is attributable to the decrease in sales, unfavorable deleveraging of fixed costs resulting from decreased production, and a product mix shift toward products with relatively lower margins that remain in stronger demand.

The decrease in gross margin for the year ended December 31, 2024 is attributable to the aforementioned factors, partially offset by increased pricing.

Selling, General and Administrative

Selling and general and administrative expenses data for the year ended (dollars in millions):

	December 31, 2024	December 31, 2023	Change	% Change
Selling expenses	$38.8	$38.8	$ -	(0.1%)
General and administrative expenses	44.0	42.7	1.3	3.0%
Total operating expenses	$82.8	$81.5	$1.3	1.5%

Selling expenses for the year ended December 31, 2024 were substantially unchanged from 2023, as increased spending on advertising was offset by modest reductions in several selling and marketing initiatives.

The increase in general, and administrative expenses for the year ended December 31, 2024 was primarily attributable to increased professional service costs and accrued severances of $1.5 million taken in the first quarter of 2024 related to a reduction in force involving approximately 80 employees. These increases were partially offset by a reduction in incentive compensation expenses. The aforementioned accrued severances were settled in cash and consist of one-time termination charges arising from severance obligations and other customary employee benefit payments in connection with a reduction in force.

Operating Income

Operating income was $31.6 million or 5.9% of sales in 2024. This is a decrease of $20.4 million from 2023 operating income of $52.1 million or 9.6% of sales.

Other Operating Income (Expense), Net

Other income data for the year ended (dollars in millions):

	December 31, 2024	December 31, 2023	Change	% Change
Royalty income	$ 0.8	$ 0.6	$ 0.2	30.2%
Interest income	4.9	5.5	(0.6)	(10.6%)
Interest expense	(0.1)	(0.2)	0.1	(50.2%)
Other income, net	0.5	0.8	(0.3)	(41.5%)
Other income	$ 6.1	$ 6.7	$(0.6)	(10.0%)

The decrease in other income for the year ended December 31, 2024 was primarily the result of decreases in interest income due to decreased interest rates earned on short-term investments and other income, partially offset by increased royalty.

Income Taxes and Net Income

The effective income tax rate was 19.1% in 2024 and 18.0% in 2023. The Company's 2024 and 2023 effective tax rates differ from the statutory federal tax rate due principally to research and development tax credits, state income taxes, and the nondeductibility of certain executive compensation.

As a result of the foregoing factors, consolidated net income was $30.6 million in 2024. This represents a decrease of $17.6 million from 2023 consolidated net income of $48.2 million.

Non-GAAP Financial Measure

In an effort to provide investors with additional information regarding its results, the Company refers to various United States generally accepted accounting principles ("GAAP") financial measures and two non-GAAP financial measures, EBITDA and EBITDA margin, which management believes provides useful information to investors. These non-GAAP measures may not be comparable to similarly titled measures being disclosed by other companies. In addition, the Company believes that the non-GAAP financial measures should be considered in addition to, and not in lieu of, GAAP financial measures. The Company believes that EBITDA and EBITDA margin are useful to understanding its operating results and the ongoing performance of its underlying business, as EBITDA provides information on the Company's ability to meet its capital expenditure and working capital requirements, and is also an indicator of profitability. The Company believes that this reporting provides better transparency and comparability to its operating results. The Company uses both GAAP and non-GAAP financial measures to evaluate its financial performance.

Non-GAAP Reconciliation – EBITDA

<u>EBITDA</u>
(Unaudited, dollars in thousands)

Year ended December 31,	**2024**	2023
Net income	$ 30,563	$ 48,215
Income tax expense	7,212	10,609
Depreciation and amortization expense	22,063	22,383
Interest expense	102	205
Interest income	(4,885)	(5,465)
EBITDA	$55,055	$75,947
EBITDA margin	10.3%	14.0%
Net income margin	5.7%	8.9%

EBITDA is defined as earnings before interest, taxes, and depreciation and amortization. The Company calculates this by adding the amount of interest expense, income tax expense and depreciation and amortization expenses that have been deducted from net income back into net income, and subtracting the amount of interest income that was included in net income from net income to arrive at EBITDA. The Company's EBITDA calculation also excludes any one-time non-cash, non-operating expense.

Quarterly Data

To supplement the summary annual unit data and discussion above, the same data for the last eight quarters follows:

	2024			
	Q4	Q3	Q2	Q1
Units Ordered	374,300	316,900	250,500	472,600
Units Produced	364,300	330,300	370,400	314,500
Units Shipped	398,700	327,400	336,300	345,400
Estimated Units Sold from Distributors to Retailers	410,500	336,300	327,800	396,700
Total Adjusted NICS Background Checks	4,460,000	3,432,000	3,364,000	3,983,000
Average Unit Sales Price	$364	$371	$386	$394
Units – Backlog	445,300	469,700	480,200	566,000
Units – Company Inventory	115,200	149,600	146,700	112,600
Units – Distributor Inventory (5)	195,800	207,600	216,500	208,000

	2023			
	Q4	Q3	Q2	Q1
Units Ordered	316,600	176,300	258,100	408,000
Units Produced	305,200	324,500	387,400	381,000
Units Shipped	337,800	308,400	336,400	384,900
Estimated Units Sold from Distributors to Retailers	384,700	307,400	323,000	391,500
Total Adjusted NICS Background Checks	4,742,000	3,284,000	3,654,000	4,168,000
Average Unit Sales Price	$383	$390	$422	$387
Units – Backlog	438,800	460,000	592,100	670,400
Units – Company Inventory	143,500	176,100	160,000	108,900
Units – Distributor Inventory (5)	259,300	306,200	305,200	291,800

(5) Distributor ending inventory as provided by the independent distributors of the Company's products.

(in millions except average sales price, net of Federal Excise Tax)

	2024			
	Q4	Q3	Q2	Q1
Orders Received	$126.3	$109.4	$99.5	$198.2
Average Sales Price of Orders Received	$337	$345	$397	$419
Ending Backlog	$252.9	$268.7	$272.2	$296.2
Average Sales Price of Ending Backlog	$568	$572	$567	$523

	2023			
	Q4	Q3	Q2	Q1
Orders Received	$116.7	$58.8	$102.1	$156.2
Average Sales Price of Orders Received	$369	$334	$396	$383
Ending Backlog	$229.0	$234.8	$293.7	$327.3
Average Sales Price of Ending Backlog	$522	$510	$496	$488

<u>Fourth Quarter Net Sales and Gross Profit Analysis</u>

Net sales, cost of products sold, and gross profit data for the three months ended (dollars in millions):

	December 31, 2024	December 31, 2023	Change	% Change
Net firearms sales	$145.3	$129.6	$15.7	12.1%
Net casting sales	0.5	1.0	(0.5)	(47.6)%
Total net sales	145.8	130.6	15.2	11.6%
Cost of products sold	112.6	98.3	14.3	14.5%
Gross profit	$ 33.2	$ 32.3	$ 0.9	2.9%
Gross margin	22.8%	24.7%	(1.9)%	(7.7)%

Results of Operations - 2023

Year ended December 31, 2023, as compared to year ended December 31, 2022
Annual Summary Unit Data

Firearms unit data for orders, production, shipments and ending inventory, and castings setups (a measure of foundry production) are as follows:

	2023	2022	2021
Units Ordered	1,159,000	1,083,800	1,835,500
Units Produced	1,398,200	1,733,200	2,154,600
Units Shipped	1,367,500	1,641,000	2,142,900
Average Sales Price	$395	$362	$340
Units – Backlog	438,800	647,300	1,204,500
Units – Company Inventory	143,500	112,800	20,600
Units – Distributor Inventory (1)	259,300	298,400	164,200
Castings Setups	71,415	55,971	68,469

Orders Received and Ending Backlog

(in millions except average sales price, net of Federal Excise Tax):

	2023	2022	2021
Orders Received	$433.8	$451.2	$606.5
Average Sales Price of Orders Received (2)	$374	$416	$330
Ending Backlog	$229.0	$314.4	$429.7
Average Sales Price of Ending Backlog (2)	$522	$486	$357

(1) Distributor ending inventory as provided by the independent distributors of the Company’s products.

(2) Average sales price for orders received and ending backlog is net of Federal Excise Tax of 10% for handguns and 11% for long guns.

Product Demand

The estimated sell-through of the Company's products from the independent distributors to retailers in 2023 decreased 7% from 2022. For the same period, adjusted NICS decreased 4%. The greater reduction in the sell-through of the Company's products relative to adjusted NICS background checks may be attributable to aggressive promotions, discounts, rebates, and the extension of payment terms offered by the Company's competitors.

Estimated sell-through from distributors to retailers and total adjusted NICS background checks:

	2023	2022	2021
Estimated Units Sold from Distributors to Retailers (1)	1,406,600	1,506,800	2,017,800
Total Adjusted NICS Background Checks (2)	15,848,000	16,425,000	18,515,000

(1) The estimates for each period were calculated by taking the beginning inventory at the distributors, plus shipments from the Company to distributors during the period, less the ending inventory at distributors. These estimates are only a proxy for actual market demand as they:

- Rely on data provided by independent distributors that are not verified by the Company,
- Do not consider potential timing issues within the distribution channel, including goods-in-transit, and
- Do not consider fluctuations in inventory at retail.

(2) NICS background checks are performed when the ownership of most firearms, either new or used, is transferred by a Federal Firearms Licensee. NICS background checks are also performed for permit applications, permit renewals, and other administrative reasons.

The adjusted NICS data presented above was derived by the NSSF by subtracting NICS checks that are not directly related to the sale of a firearm, including checks used for concealed carry ("CCW") permit application checks as well as checks on active CCW permit databases.

Adjusted NICS data can be impacted by changes in state laws and regulations and any directives and interpretations issued by governmental agencies.

Production

The Company reviews the estimated sell-through from the independent distributors to retailers, as well as inventory levels at the independent distributors and at the Company, to plan production levels and manage inventories. These reviews resulted in a decrease in total unit production of 19% in 2023 compared to 2022.

Inventories

The Company's finished goods inventory increased by 30,700 units during 2023.

Distributor inventories of the Company's products decreased by 39,100 units during 2023, and approximate a reasonable level to support rapid fulfillment of retailer demand for most product families.

Inventory data follows:

	2023	2022	2021
Units – Company Inventory	143,500	112,800	20,600
Units – Distributor Inventory (3)	259,300	298,400	164,200
Total inventory (4)	402,800	411,200	184,800

(3) Distributor ending inventory as provided by the independent distributors of the Company's products. These numbers do not include goods-in-transit inventory that has been shipped from the Company but not yet received by the distributors.

(4) This total does not include inventory at retailers. The Company does not have access to data on retailer inventories.

Quarterly Data

To supplement the summary annual unit data and discussion above, the same data for the last eight quarters follows:

	2023			
	Q4	Q3	Q2	Q1
Units Ordered	316,600	176,300	258,100	408,000
Units Produced	305,200	324,500	387,500	381,000
Units Shipped	337,800	308,400	336,400	384,900
Estimated Units Sold from Distributors to Retailers	384,700	307,400	323,000	391,500
Total Adjusted NICS Background Checks	4,742,000	3,284,000	3,654,000	4,168,000
Average Unit Sales Price	$383	$390	$422	$387
Units – Backlog	438,800	460,000	592,100	670,400
Units – Company Inventory	143,500	176,100	160,000	108,900
Units – Distributor Inventory (5)	259,300	306,200	305,200	291,800

	2022			
	Q4	Q3	Q2	Q1
Units Ordered	156,000	295,600	250,600	381,600
Units Produced	397,300	382,800	431,800	521,300
Units Shipped	393,100	373,800	382,600	491,500
Estimated Units Sold from Distributors to Retailers	397,800	343,500	354,300	411,200
Total Adjusted NICS Background Checks	4,531,000	3,764,000	3,917,000	4,213,000
Average Unit Sales Price	$378	$371	$366	$338
Units – Backlog	647,300	884,400	962,600	1,094,600
Units – Company Inventory	112,800	108,600	99,700	50,400
Units – Distributor Inventory (5)	298,400	303,100	272,800	244,600

(5) Distributor ending inventory as provided by the independent distributors of the Company's products.

(in millions except average sales price, net of Federal Excise Tax)

	2023			
	Q4	Q3	Q2	Q1
Orders Received	$116.7	$58.8	$102.1	$156.2
Average Sales Price of Orders Received	$369	$334	$396	$383
Ending Backlog	$229.0	$234.8	$293.7	$327.3
Average Sales Price of Ending Backlog	$522	$510	$496	$488

	2022			
	Q4	Q3	Q2	Q1
Orders Received	$81.0	$124.3	$98.9	$147.0
Average Sales Price of Orders Received	$519	$421	$395	$385
Ending Backlog	$314.4	$377.6	$389.6	$420.5
Average Sales Price of Ending Backlog	$486	$427	$405	$384

Net Sales, Cost of Products Sold, and Gross Profit

Net sales, cost of products sold, and gross profit data for the year ended (dollars in millions):

	December 31, 2023	December 31, 2022	Change	% Change
Net firearms sales	$540.7	$593.3	$(52.6)	(8.9)%
Net casting sales	3.0	2.5	0.5	18.3%
Total net sales	543.7	595.8	(52.1)	(8.7)%
Cost of products sold	410.1	415.7	(5.6)	(1.3)%
Gross profit	$133.6	$180.1	$ (46.5)	(25.8)%
Gross margin	24.6%	30.2%	(5.6)%	(18.5)%

Firearms sales and unit shipments decreased 9% and 17%, respectively, in 2023. New products represented $119.0 million or 23% of firearms sales in 2023, an increase from $76.6 million or 14% of firearms sales in 2022. New product sales include only major new products that were introduced in the past two years. In 2023, new products included the MAX-9 pistol (during the first quarter only), Security-380 pistol, Super Wrangler revolver, LCP MAX pistol, Marlin lever-action rifles, LC Carbine, Small-Frame Autoloading Rifle, and American Centerfire Rifle Generation II.

The decreased gross profit for the year ended December 31, 2023 is attributable to the significant decrease in sales, as well as unfavorable deleveraging of fixed costs resulting from decreased production, a product mix shift toward products with relatively lower margins that remain in stronger demand, and increased promotional costs.

The decrease in gross margin for the year ended December 31, 2023 is attributable to the aforementioned factors, partially offset by increased pricing.

Selling, General and Administrative

Selling and general and administrative expenses data for the year ended (dollars in millions):

	December 31, 2023	December 31, 2022	Change	% Change
Selling expenses	$38.8	$36.1	$2.7	7.4%
General and administrative expenses	42.7	40.5	2.2	5.4%
Total operating expenses	$81.5	$76.6	$4.9	6.4%

The increase in selling expenses for the year ended December 31, 2023 was primarily attributable to increased trade show costs, travel expenditures, and advertising, partially offset by decreased sales volume.

The increase in general, and administrative expenses for the year ended December 31, 2023 was primarily attributable to increased professional service costs.

Operating Income

Operating income was $52.1 million or 9.6% of sales in 2023. This is a decrease of $51.4 million from 2022 operating income of $103.5 million or 17.3% of sales.

Other Operating Income (Expense), Net

Other income data for the year ended (dollars in millions):

	December 31, 2023	December 31, 2022	Change	% Change
Royalty income	$ 0.6	$ 0.8	(0.2)	(21.4%)
Interest income	5.5	2.6	2.9	114.1%
Interest expense	(0.2)	(0.3)	0.1	(19.9%)
Other income, net	0.8	1.7	(0.9)	(51.4%)
Other income	$ 6.7	$ 4.8	$ 1.9	39.7%

The increase in other income for the year ended December 31, 2023 was the result of increases in interest income due to increased interest rates earned on short-term investments, partially offset by decreased royalty and other income.

Income Taxes and Net Income

The effective income tax rate was 18.0% in 2023 and 18.4% in 2022. The Company's 2023 and 2022 effective tax rate differs from the statutory federal tax rate due principally to the availability of research and development tax credits, state income taxes, and the nondeductibility of certain executive compensation. The impact related to research and development tax credits on the effective tax rate is expected to decline in future years.

As a result of the foregoing factors, consolidated net income was $48.2 million in 2023. This represents a decrease of $40.1 million from 2022 consolidated net income of $88.3 million.

Non-GAAP Financial Measure

In an effort to provide investors with additional information regarding its results, the Company refers to various United States generally accepted accounting principles (“GAAP”) financial measures and two non-GAAP financial measures, EBITDA and EBITDA margin, which management believes provides useful information to investors. These non-GAAP measures may not be comparable to similarly titled measures being disclosed by other companies. In addition, the Company believes that the non-GAAP financial measures should be considered in addition to, and not in lieu of, GAAP financial measures. The Company believes that EBITDA and EBITDA margin are useful to understanding its operating results and the ongoing performance of its underlying business, as EBITDA provides information on the Company’s ability to meet its capital expenditure and working capital requirements, and is also an indicator of profitability. The Company believes that this reporting provides better transparency and comparability to its operating results. The Company uses both GAAP and non-GAAP financial measures to evaluate its financial performance.

Non-GAAP Reconciliation – EBITDA

<u>EBITDA</u>
(Unaudited, dollars in thousands)

Year ended December 31,	**2023**	2022
Net income	$ 48,215	$ 88,332
Income tax expense	10,609	19,947
Depreciation and amortization expense	22,383	25,789
Interest expense	205	256
Interest income	(5,465)	(2,552)
EBITDA	$75,947	$131,772
EBITDA margin	14.0%	22.1%
Net income margin	8.9%	14.8%

EBITDA is defined as earnings before interest, taxes, and depreciation and amortization. The Company calculates this by adding the amount of interest expense, income tax expense and depreciation and amortization expenses that have been deducted from net income back into net income, and subtracting the amount of interest income that was included in net income from net income to arrive at EBITDA. The Company's EBITDA calculation also excludes any one-time non-cash, non-operating expense.

Financial Condition

Liquidity

At December 31, 2024, the Company had cash and cash equivalents of $10.0 million and $95.5 million in short term investments. The Company's pre-LIFO working capital of $264.1 million, less the LIFO reserve of $66.4 million, resulted in working capital of $197.7 million and a current ratio of 4.2 to 1. The Company also has access to a $40 million unsecured revolving line of credit that is currently undrawn.

Capital Resources

The Company believes that its cash flow from operations, current cash position, and access to capital markets will continue to be sufficient to meet its anticipated cash requirements and contractual obligations, which includes funding the Company's capital expenditures, acquisitions, dividend payments, and share repurchases.

Operations

Cash provided by operating activities was $55.5 million, $33.9 million, and $77.2 million in 2024, 2023, and 2022, respectively. The increase in cash provided in 2024 compared to 2023 is primarily attributable to the decrease in inventory in 2024 compared to the increase in 2023, and the reduction in prepaid and other assets compared to increases in those accounts in 2023, partially offset by reduced income in 2024.

The decrease in cash provided in 2023 compared to 2022 is primarily attributable to the decrease in net income in 2023.

Third parties supply the Company with various raw materials for its firearms and castings, such as fabricated steel components, walnut, birch, beech, maple and laminated lumber for rifle stocks, wax, ceramic material, metal alloys, various synthetic products and other component parts. There is a limited supply of these materials in the marketplace at any given time, which can cause the purchase prices to vary based upon numerous market factors. If market conditions result in a significant prolonged inflation of certain prices or if adequate quantities of raw materials cannot be obtained, the Company's manufacturing processes could be interrupted and the Company's financial condition or results of operations could be materially adversely affected.

Investing and Financing

Capital expenditures were $20.8 million, $15.8 million, and $27.7 million in 2024, 2023, and 2022, respectively. In 2025, the Company expects capital expenditures to approximate $20 million, much of which will relate to tooling and fixtures for new product introductions and to upgrade and modernize manufacturing equipment. Due to market conditions and business circumstances, actual capital expenditures could vary significantly from the budgeted amount. The Company finances, and intends to continue to finance, all of these activities with funds provided by operations and current cash.

Included in capital expenditures amount noted above, on October 3, 2022 the Company purchased a 225,000 square foot facility, which it had previously been leasing, in Mayodan, North Carolina for $8.3 million for use in its manufacturing and warehousing operations.

As of December 31, 2024, the Company had $62.5 million of United States Treasury instruments which mature within one year. The Company also invests available cash in a bank-managed money market fund that invests exclusively in United States Treasury instruments which mature within one year. At December 31, 2024, the Company's investment in this money market fund totaled $33.0 million.

In 2024, the Company repurchased 835,060 shares of its common stock for $34.4 million in the open market. The average price per share purchased was $41.19. These purchases were funded with cash on hand.

In 2023, the Company repurchased 264,062 shares of its common stock for $11.8 million in the open market. The average price per share purchased was $44.71. These purchases were funded with cash on hand.

In 2022, the Company repurchased 4,440 shares of its common stock for $0.2 million in the open market. The average price per share purchased was $49.87. These purchases were funded with cash on hand.

At December 31, 2024, approximately $40.3 million remained authorized for future share repurchases.

On January 5, 2023, the Company paid a $5.00 per share special dividend to shareholders of record on December 15, 2022.

Including the $5.00 per share special dividend paid on January 5, 2023, the Company paid dividends totaling $11.8 million, $110.8 million, and $42.7 million in 2024, 2023, and 2022, respectively. The quarterly dividend varies every quarter because the Company pays a percentage of earnings rather than a fixed amount per share. The Company's practice is to pay a dividend of approximately 40% of net income.

On February 14, 2025, the Company's Board of Directors authorized a dividend of 24¢ per share to shareholders of record on March 14, 2025. The payment of future dividends depends on many factors, including internal estimates of future performance, then-current cash, and the Company's need for funds.

The Company provides supplemental discretionary contributions to substantially all employees' individual 401(k) accounts.

Based on its unencumbered assets, the Company believes it has the ability to raise cash through issuance of short-term or long-term debt.

Contractual Obligations

At December 31, 2024, the Company had approximately $37.5 million in agreements to purchase goods or services that are enforceable and legally binding on the Company, all of which are expected to be settled in less than one year. Additionally, the Company has approximately $2.8 million in operating lease obligations, which will be payable through 2034. The Company expects to fund all of these commitments with cash flows from operations and current cash.

Firearms Legislation and Litigation

See Item 1A - Risk Factors and Note 20 to the financial statements which are included in the Annual Report on Form 10-K for a discussion of firearms legislation and litigation.

Other Operational Matters

In the normal course of its manufacturing operations, the Company is subject to occasional governmental proceedings and orders pertaining to workplace safety, firearms serial number tracking and control, waste disposal, air emissions and water discharges into the environment. The Company believes that it is generally in compliance with applicable Bureau of Alcohol, Tobacco, Firearms & Explosives, environmental, and safety regulations and the outcome of any proceedings or orders will not have a material adverse effect on the financial position or results of operations of the Company. If these regulations become more stringent in the future and we are not able to comply with them, such noncompliance could have a material adverse impact on the Company.

Currently, there are 14 domestic distributors. Additionally, the Company has 44 and 26 distributors servicing the export and law enforcement markets, respectively.

The Company self-insures a significant amount of its product liability, workers’ compensation, medical, and other insurance. It also carries significant deductible amounts on various insurance policies.

The Company expects to realize its deferred tax assets through tax deductions against future taxable income.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities as of the balance sheet date and net sales and expenses recognized and incurred during the reporting period then ended. The Company bases estimates on prior experience, facts and circumstances, and other assumptions, including those reviewed with actuarial consultants and independent counsel, when applicable, that are believed to be reasonable. However, actual results may differ from these estimates.

The Company believes that the assumptions and judgments involved in the accounting estimates below have the greatest potential impact on its financial statements, so the Company believes these to be its critical accounting estimates. The methodologies applied for determining the estimates related to the below critical accounting estimates have not changed from the prior year.

Product Liability Accrual

The Company believes the determination of its product liability accrual is a critical accounting policy. The Company's management reviews every lawsuit and claim and is in contact with independent and corporate counsel on an ongoing basis. The provision for product liability claims is based upon many factors, which vary for each case. These factors include the type of claim, nature and extent of injuries, historical settlement ranges, jurisdiction where filed, and advice of counsel. An accrual is established for each lawsuit and claim, when appropriate, based on the nature of each such lawsuit or claim.

Amounts are charged to product liability expense in the period in which the Company becomes aware that a claim or, in some instances a threat of a claim, has been made when potential losses or costs of defense are probable and can be reasonably estimated. Such amounts are determined based on the Company's experience in defending similar claims. Occasionally, charges are made for claims made in prior periods because the cumulative actual costs incurred for that claim, or reasonably expected to be incurred in the future, exceed amounts already provided with respect to such claims. Likewise, credits may be taken if cumulative actual costs incurred for that claim, or reasonably expected to be incurred in the future, are less than amounts previously provided.

While it is not possible to forecast the outcome of litigation or the timing of related costs, in the opinion of management, after consultation with independent and corporate counsel, there is a remote likelihood that litigation, including punitive damage claims, will have a material adverse effect on the financial position of the Company, but such litigation may have a material impact on the Company's financial results and cash flows for a particular period.

Inventory Valuation and Reserves

The Company believes the valuation of its inventory and the related excess and obsolescence reserve is also a critical accounting policy. Inventories are carried at the lower of cost, principally determined by the last-in, first-out (LIFO) method, or market. An actual valuation of inventory under the LIFO method is made at the end of each year based on the inventory levels and the Company's estimates of the prevailing costs of the many components of inventory existing at that time.

The Company determines its excess and obsolescence reserve by projecting the year in which inventory will be consumed into a finished product. Given ever-changing market conditions, customer preferences and the anticipated introduction of new products, projecting the future usage of inventory is subjective. As such, it does not seem prudent to carry inventory at full cost beyond what the Company projects to be needed during the next 36 months.

Recent Accounting Pronouncements

In November of 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." The updated accounting guidance requires enhanced reportable segment disclosures, primarily related to significant segment expenses which are regularly provided to the chief operating decision maker. The guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company adopted ASU 2023-07, beginning with the current filing. The adoption of the new guidance required additional disclosures, but did not have a material impact to the Company. Refer to Note 17, Operating Segment Information, for the updated presentation

In December of 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The updated accounting guidance requires expanded income tax disclosures, including the disaggregation of existing disclosures related to the effective tax rate reconciliation and income taxes paid. The guidance is effective for fiscal years beginning after December 15, 2024. Prospective application is required, with retrospective application permitted. The Company is currently evaluating the effect the updated guidance will have on its financial statement disclosures.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures," which requires additional disclosure of certain costs and expenses within the notes to the financial statements. The updated standard is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods within annual reporting periods beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application. Early adoption is permitted. The Company is currently evaluating the effect the updated guidance will have on its financial statement disclosures.

Forward-Looking Statements and Projections

The Company may, from time to time, make forward-looking statements and projections concerning future expectations. Such statements are based on current expectations and are subject to certain qualifying risks and uncertainties, such as market demand, sales levels of firearms, anticipated castings sales and earnings, the need for external financing for operations or capital expenditures, the results of pending litigation against the Company, the impact of future firearms control and environmental legislation and accounting estimates, any one or more of which could cause actual results to differ materially from those projected. Words such as "expect," "believe," "anticipate," "intend," "estimate," "will," "should," "could" and other words and terms of similar meaning, typically identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to publish revised forward-looking statements to reflect events or circumstances after the date such forward-looking statements are made or to reflect the occurrence of subsequent unanticipated events.

ITEM 7A—QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to changing interest rates on its investments, which consist primarily of United States Treasury instruments with short-term (less than one year) maturities and cash. The interest rate market risk implicit in the Company's investments at any given time is low, as the investments mature within short periods and the Company does not have significant exposure to changing interest rates on invested cash.

The Company has not undertaken any actions to cover interest rate market risk and is not a party to any interest rate market risk management activities.

A hypothetical 100 basis point change in market interest rates over the next year would not materially impact the Company’s earnings or cash flows. A hypothetical 100 basis point change in market interest rates would not have a material effect on the fair value of the Company’s investments.

ITEM 8—FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Sturm, Ruger & Company, Inc. and Subsidiaries

Opinion on the Internal Control Over Financial Reporting
We have audited Sturm, Ruger & Company, Inc. and Subsidiaries' (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2024, and our report dated February 19, 2025 expressed an unqualified opinion.

Basis for Opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting
A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/RSM US LLP
Stamford, Connecticut
February 19, 2025

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Sturm, Ruger & Company, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Sturm, Ruger & Company, Inc. and its subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes to the consolidated financial statements and schedule (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated February 19, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Last-In, First-Out Inventory Reserve
As described in Notes 1 and 4 to the financial statements, substantially all of the Company's inventories are valued at the lower of cost, which is principally determined by the last-in, first-out (LIFO) method, or net realizable value, and the Company's consolidated net inventories balance of $76.5 million as of December 31, 2024, included a LIFO inventory reserve of $66.4 million. The Company records its net inventories under the LIFO method at the end of each year based on the inventory levels at the measurement date and the prevailing inventory costs existing at that time, which are estimated using a complex manual calculation.

We identified the LIFO inventory reserve as a critical audit matter because of the complexities of the manual calculations performed by management to estimate the prevailing inventory costs, which includes calculations to estimate current year price level changes through the development of a prior year and a current year cumulative price index. Auditing management's estimate of the LIFO inventory reserve was complex and required a high degree of auditor judgement and increased audit effort due to the complexities of management's manual calculations.

Our audit procedures related to the Company's LIFO inventory reserve included the following, among others:

- We obtained an understanding of the relevant controls related to the LIFO inventory reserve and tested such controls for design and operating effectiveness, including controls related to management's review of the calculations related to the estimate of the current year price level changes, the calculation of the cumulative price indexes, and the estimate of the LIFO inventory reserve.
- We tested the completeness, accuracy, and relevance of the underlying data used in management's estimate of the current year price level changes, the calculation of cumulative price index and the LIFO inventory reserve.
- We tested the mathematical accuracy of the Company's calculation to estimate the LIFO inventory reserve.
- We evaluated the appropriateness of management's methodologies to develop the estimate of the LIFO inventory reserve.
- We evaluated the reasonableness of management's estimate of the current year price level changes by comparing management's estimate to external market data.

/s/RSM US LLP

We have served as the Company's auditor since 2005.

Stamford, Connecticut
February 19, 2025

Consolidated Balance Sheets

(Dollars in thousands, except per share data)

December 31,	**2024**	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 10,028	$ 15,174
Short-term investments	95,453	102,485
Trade receivables, net	67,145	59,864
Gross inventories	149,417	150,192
Less LIFO reserve	(66,398)	(64,262)
Less excess and obsolescence reserve	(6,533)	(6,120)
Net inventories	76,486	79,810
Prepaid expenses and other current assets	9,245	14,062
Total Current Assets	258,357	271,395
Property, plant and equipment	477,622	462,397
Less allowances for depreciation	(406,373)	(390,863)
Net property, plant and equipment	71,249	71,534
Deferred income taxes	16,681	11,976
Other assets	37,747	43,912
Total Assets	$ 384,034	$ 398,817

See accompanying notes to consolidated financial statements.

December 31,	**2024**	2023
Liabilities and Stockholders' Equity		
Current Liabilities		
Trade accounts payable and accrued expenses	$ 35,750	$ 31,708
Contract liabilities with customers (Note 2)	-	149
Product liability	431	634
Employee compensation and benefits	18,824	24,660
Workers' compensation	5,804	6,044
Total Current Liabilities	60,809	63,195
Lease liability (Note 7)	1,747	2,170
Employee compensation	1,835	1,685
Product liability accrual	61	46
Contingent liabilities (Note 20)	-	-
Stockholders' Equity		
Common stock, non-voting, par value $1:		
Authorized shares – 50,000; none issued		
Common stock, par value $1:		
Authorized shares – 40,000,000		
2024 – 24,467,983 issued,		
16,790,824 outstanding		
2023 – 24,437,020 issued,		
17,458,620 outstanding	24,468	24,437
Additional paid-in capital	50,536	46,849
Retained earnings	436,609	418,058
Less: Treasury stock – at cost		
2024 – 7,677,159 shares		
2023 – 6,978,400 shares	(192,031)	(157,623)
Total Stockholders' Equity	319,582	331,721
Total Liabilities and Stockholders' Equity	$ 384,034	$ 398,817

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income and Comprehensive Income
(In thousands, except per share data)

Year ended December 31,	**2024**	2023	2022
Net firearms sales	$532,608	$540,746	$593,289
Net castings sales	3,035	3,021	2,553
Total net sales	535,643	543,767	595,842
Cost of products sold	421,228	410,148	415,757
Gross profit	114,415	133,619	180,085
Operating Expenses (Income):			
Selling	38,755	38,788	36,114
General and administrative	44,006	42,752	40,551
Other operating income, net	-	(5)	(36)
Total operating expenses	82,761	81,535	76,629
Operating income	31,654	52,084	103,456
Other income:			
Royalty income	857	658	837
Interest income	4,885	5,465	2,552
Interest expense	(102)	(205)	(256)
Other income, net	481	822	1,690
Total other income, net	6,121	6,740	4,823
Income before income taxes	37,775	58,824	108,279
Income taxes	7,212	10,609	19,947
Net income and comprehensive income	$ 30,563	$ 48,215	$ 88,332
Basic Earnings Per Share	$1.79	$2.73	$5.00
Diluted Earnings Per Share	$1.77	$2.71	$4.96
Weighted average number of common shares outstanding – Basic	17,088,205	17,676,955	17,648,850
Weighted average number of common shares outstanding – Diluted	17,270,101	17,811,218	17,793,348
Cash Dividends Per Share	$0.69	$6.27	$2.42

See accompanying notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity
(Dollars in thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance at December 31, 2021	$24,306	$46,847	$438,098	$(145,590)	$363,661
Net income			88,332		88,332
Dividends paid			(42,718)		(42,718)
Stock-based compensation		1,671			1,671
Vesting of RSU's		(3,371)			(3,371)
Common stock issued – compensation plans	72	(72)			-
Unpaid dividends accrued			(90,615)		(90,615)
Repurchase of 4,440 shares of common stock				(222)	(222)
Balance at December 31, 2022	24,378	45,075	393,097	(145,812)	316,738
Net income			48,215		48,215
Dividends paid			(22,446)		(22,446)
Stock-based compensation		3,989			3,989
Vesting of RSU's		(2,156)			(2,156)
Common stock issued – compensation plans	59	(59)			-
Unpaid dividends accrued			(808)		(808)
Repurchase of 264,062 shares of common stock				(11,811)	(11,811)
Balance at December 31, 2023	24,437	46,849	418,058	(157,623)	331,721
Net income			30,563		30,563
Dividends paid			(11,829)		(11,829)
Stock-based compensation		4,342			4,342
Vesting of RSU's		(624)			(624)
Common stock issued – compensation plans	31	(31)			-
Unpaid dividends accrued			(183)		(183)
Repurchase of 835,060 shares of common stock				(34,408)	(34,408)
Balance at December 31, 2024	$24,468	$50,536	$436,609	$(192,031)	$319,582

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
(In thousands)

Year ended December 31,	**2024**	2023	2022
Operating Activities			
Net income	$ 30,563	$ 48,215	$ 88,332
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	22,063	22,383	25,789
Stock-based compensation	4,342	3,989	1,671
Excess and obsolescence inventory reserve	413	1,308	501
Gain on sale of assets	-	(5)	(36)
Deferred income taxes	(4,705)	(5,867)	(5,573)
Changes in operating assets and liabilities:			
Trade receivables	(7,281)	5,585	(8,413)
Inventories	2,911	(16,125)	(21,644)
Trade accounts payable and accrued expenses	3,789	(4,406)	(640)
Contract liability with customers	(149)	(882)	1,031
Employee compensation and benefits	(5,869)	(6,469)	(3,420)
Product liability	(188)	372	(584)
Prepaid expenses, other assets and other liabilities	9,615	(13,026)	(954)
Income taxes receivable/payable	-	(1,171)	1,171
Cash provided by operating activities	55,504	33,901	77,231
Investing Activities			
Property, plant and equipment additions	(20,821)	(15,796)	(27,730)
Purchases of short-term investments	(138,885)	(192,627)	(365,480)
Proceeds from maturity of short-term investments	145,917	249,274	406,319
Net proceeds from sale of assets	-	5	100
Cash (used for) provided by investing activities	(13,789)	40,856	13,209
Financing Activities			
Dividends paid	(11,829)	(110,789)	(42,718)
Repurchase of common stock	(34,408)	(11,811)	(222)
Payment of employee withholding tax related to share-based compensation	(624)	(2,156)	(3,371)
Cash used for financing activities	(46,861)	(124,756)	(46,311)
(Decrease) increase in cash and cash equivalents	(5,146)	(49,999)	44,129
Cash and cash equivalents at beginning of year	15,174	65,173	21,044
Cash and cash equivalents at end of year	$ 10,028	$ 15,174	$ 65,173

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(Dollars in thousands, except per share)

1. Summary of Significant Accounting Policies

Organization

Sturm, Ruger & Company, Inc. (the "Company") is principally engaged in the design, manufacture, and sale of firearms to domestic customers. Approximately 99% of sales were from firearms. Export sales represented approximately 5% of firearms sales. The Company's design and manufacturing operations are located in the United States and almost all product content is domestic. The Company's firearms are sold through a select number of independent wholesale distributors principally to the commercial sporting market.

The Company manufactures investment castings made from steel alloys and metal injection molding ("MIM") parts for internal use in its firearms and utilizes available capacity to manufacture and sell investment castings and MIM parts to unaffiliated, third-party customers. Castings were less than 1% of the Company's total sales for the year ended December 31, 2024.

Preparation of Financial Statements

The Company follows United States generally accepted accounting principles ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

The significant accounting policies described below, together with the notes that follow, are an integral part of the consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Revenue Recognition

The Company recognizes revenue in accordance with the provisions of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers ("ASC 606"), which became effective January 1, 2018. Substantially all product sales are sold FOB (free on board) shipping point. Customary payment terms are 2% 30 days, net 40 days. Generally, all performance obligations are satisfied when product is shipped and the customer takes ownership and assumes the risk of loss. In some instances, sales include multiple performance obligations. The most common of these instances relates to sales promotion programs under which downstream customers are entitled to receive no charge products based on their purchases of certain of the Company's products from the independent distributors. The fulfillment of these no charge products is the Company's responsibility. In such instances, the Company allocates the revenue of the promotional sales based on the estimated level of participation in the sales promotional program and the timing of the shipment of all of the firearms included in the promotional program, including the no charge firearms. Revenue is recognized proportionally as each performance obligation is satisfied, based on the relative customary price of each product. Customary prices are generally determined based on the prices charged to the independent distributors. The net change in contract liabilities for a given period is reported as an increase or decrease to sales. The Company accounts for cash sales discounts as a reduction in sales. Amounts billed to customers for shipping and handling fees are included in net sales and costs incurred by the Company for the delivery of goods are classified as selling expenses. Federal excise taxes are excluded from net sales.

Cash and Cash Equivalents

The Company considers interest-bearing deposits with financial institutions with remaining maturities of three months or less at the time of acquisition to be cash equivalents.

Fair Value Measurements of Short-term Investments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at the measurement date. Fair value is established according to a hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

> Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
>
> Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
>
> Level 3: Unobservable inputs are used when little or no market data is available. Level 3 inputs are given the lowest priority in the fair value hierarchy.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of December 31, 2024, the Company's short-term investments consist of U.S. Treasury instruments (Level 1), maturing within one year, and investments in a bank-managed money market fund that invests exclusively in United States Treasury obligations and is valued at the net asset value ("NAV") daily closing price, as reported by the fund, based on the amortized cost of the fund's securities (Level 2). For the bank-managed money market fund, the NAV is used as a practical expedient to estimate fair value. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Such securities are classified as held to maturity, since the Company has the intent and ability to do so, and are carried at cost plus accrued interest, which approximates fair value.

The fair value of inventory acquired as part of business combination is based on a third-party valuation utilizing the comparable sales method which is based on Level 2 and Level 3 inputs. The fair value of property, plant and equipment acquired as part of business combination is based on a third-party valuation utilizing the indirect method of cost approach, which is based on Level 2 and Level 3 inputs. The fair value of patents acquired as part of business combination is based on a third-party valuation utilizing the replacement cost method, which is based on Level 2 and Level 3 inputs. The fair value of the remaining intangible assets as part of business combination are based on a third-party valuation utilizing discounted cash flow methods that involves inputs, which are not observable in the market (Level 3).

Accounts Receivable

The Company establishes an allowance for doubtful accounts based on the creditworthiness of its customers and historical experience. While the Company uses the best information available to make its evaluation, future adjustments to the allowance for doubtful accounts may be necessary if there are significant changes in economic and industry conditions or any other factors considered in the Company's evaluation. Bad debt expense has been immaterial during each of the last three years. The Company mitigates its credit risk by maintaining credit insurance on most of its significant customers.

Inventories

Substantially all of the Company's inventories are valued at the lower of cost, principally determined by the last-in, first-out (LIFO) method, or net realizable value. Elements of cost in inventories include raw materials, direct labor and manufacturing overhead.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. Depreciation is computed over useful lives using the straight-line and declining balance methods predominately over 15 years for buildings, 7 years for machinery and equipment and 3 years for tools and dies. When assets are retired, sold or otherwise disposed of, their gross carrying values and related accumulated depreciation are removed from the accounts and a gain or loss on such disposals is recognized when appropriate.

Maintenance and repairs are charged to operations; replacements and improvements are capitalized.

Long-lived Assets

The Company evaluates the carrying value of long-lived assets to be held and used when events or changes in circumstances indicate the carrying value may not be recoverable. In performing this review, the carrying value of the assets is compared to the projected undiscounted cash flows to be generated from the assets. If the sum of the undiscounted expected future cash flows is less than the carrying value of the assets, the assets are considered to be impaired. Impairment losses are measured as the amount by which the carrying value of the assets exceeds their fair value. The Company bases fair value of the assets on quoted market prices if available or, if not available, quoted market prices of similar assets. Where quoted market prices are not available, the Company estimates fair value using the estimated future cash flows generated by the assets discounted at a rate commensurate with the risks associated with the recovery of the assets. As of December 31, 2024, the Company does not believe there are any indications of impairment related to long-lived assets.

Goodwill

The Company's goodwill represents the excess of the purchase price of business combinations over the fair value of the net assets acquired. We assess goodwill for impairment on an annual basis during the fourth quarter of each year, and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment exists by the amount the fair value of a reporting unit to which goodwill has been allocated is less than their respective carrying values. The impairment for goodwill is limited to the total amount of goodwill allocated to the reporting unit. Goodwill impairment testing requires significant judgment and management estimates, including, but not limited to, the determination of (i) the number of reporting units, (ii) the goodwill and other assets and liabilities to be allocated to the reporting units and (iii) the fair values of the reporting units. The estimates and assumptions described above, along with other factors such as discount rates, will significantly affect the outcome of the impairment tests and the amounts of any resulting impairment losses. As of December 31, 2024, the Company does not believe there are any indications of impairment related to goodwill.

Income Taxes

Income taxes are accounted for using the asset and liability method. Under this method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory rates applicable to future years to temporary differences between the financial statement carrying amounts and the tax basis of the Company's assets and liabilities.

Product Liability

The Company provides for product liability claims including estimated legal costs to be incurred defending such claims. The provision for product liability claims is charged to cost of products sold.

Advertising Costs

The Company includes advertising costs in selling expenses and these costs are expensed as incurred. Advertising costs for 2024, 2023, and 2022, were $3.4 million, $3.1 million, and $2.4 million, respectively.

Shipping Costs

Costs incurred related to the shipment of products are included in selling expense. Such costs totaled $4.3 million, $4.4 million, and $4.7 million in 2024, 2023, and 2022, respectively.

Research and Development

In 2024, 2023, and 2022, the Company spent approximately $8.2 million, $9.8 million, and $9.6 million, respectively, on research and development activities relating to new products and the improvement of existing products. These costs are included in costs of products sold and are expensed as incurred. These costs are capitalized for tax purposes under the provisions of the Tax Cuts and Jobs Act of 2017 that relate to IRS Code Section 174, as discussed in Note 13.

Earnings per Share

Basic earnings per share is based upon the weighted-average number of shares of common stock outstanding during the year. Diluted earnings per share reflect the impact of restricted stock units and deferred stock outstanding using the treasury stock method.

Recent Accounting Pronouncements

In November of 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." The updated accounting guidance requires enhanced reportable segment disclosures, primarily related to significant segment expenses which are regularly provided to the chief operating decision maker. The guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company adopted ASU 2023-07, beginning with the current filing. The adoption of the new guidance required additional disclosures, but did not have a material impact to the Company. Refer to Note 17, Operating Segment Information, for the updated presentation.

In December of 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The updated accounting guidance requires expanded income tax disclosures, including the disaggregation of existing disclosures related to the effective tax rate reconciliation and income taxes paid. The guidance is effective for fiscal years beginning after December 15, 2024. Prospective application is required, with retrospective application permitted. The Company is currently evaluating the effect the updated guidance will have on its financial statement disclosures.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures," which requires additional disclosure of certain costs and expenses within the notes to the financial statements. The updated standard is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods within annual reporting periods beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application. Early adoption is permitted. The Company is currently evaluating the effect the updated guidance will have on its financial statement disclosures.

2. Revenue Recognition and Contracts with Customers

The impact of ASC 606 on revenue recognized during the years ended December 31, 2024, December 31, 2023, and December 31, 2022 is as follows:

	2024	2023	2022
Contract liabilities with customers at January 1,	$ 149	$ 1,031	$ -
Revenue recognized	(149)	(4,084)	-
Revenue deferred	-	3,202	1,031
Contract liabilities with customers at December 31,	$ -	$ 149	$ 1,031

During the year ended December 31, 2024, the Company did not defer any revenue and recognized $0.1 million of revenue previously deferred as the performance obligations relating to the shipment of free products were satisfied. This resulted in a net increase in firearms sales for the year ended December 31, 2024 of $0.1 million and there being no deferred contract revenue liability at December 31, 2024.

During the year ended December 31, 2023, the Company deferred $3.2 million of revenue, offset by the recognition of $4.1 million of revenue previously deferred as the performance obligations relating to the shipment of free products were satisfied. This resulted in a net increase in firearms sales for the year ended December 31, 2023 of $0.9 million and a deferred contract revenue liability at December 31, 2023 of $0.1 million.

During the year ended December 31, 2022, the Company deferred $1.0 million of revenue. There was no offset for the recognition from previously deferred revenue as the Company did not satisfy any performance obligations relating to the shipment of free products during the year. This resulted in a net decrease in firearms sales for the year ended December 31, 2022 of $1.0 million and a deferred contract revenue liability at December 31, 2022 of $1.0 million.

Practical Expedients and Exemptions

The Company has elected to account for shipping and handling activities that occur after control of the related product transfers to the customer as fulfillment activities that are recognized upon shipment of the goods.

3. Trade Receivables, Net

Trade receivables consist of the following:

December 31,	**2024**	2023
Trade receivables	$68,855	$61,428
Allowance for doubtful accounts	(400)	(400)
Allowance for discounts	(1,310)	(1,164)
	$67,145	$59,864

In 2024, the largest individual trade receivable balances accounted for 26%, 20%, 14%, and 11% of total trade receivables, respectively.

In 2023, the largest individual trade receivable balances accounted for 22%, 20%, and 17% of total trade receivables, respectively.

4. Inventories

Inventories consist of the following:

December 31,	**2024**	2023
Inventory at FIFO		
Finished goods	$ 26,022	$ 30,989
Materials and products in process	123,395	119,203
Gross inventories	149,417	150,192
Less: LIFO reserve	(66,398)	(64,262)
Less: excess and obsolescence reserve	(6,533)	(6,120)
Net inventories	$ 76,486	$ 79,810

5. Property, Plant and Equipment

Property, plant and equipment consist of the following:

December 31,	**2024**	2023
Land and improvements	$ 2,826	$ 2,826
Buildings and improvements	76,153	74,650
Machinery and equipment	333,365	322,730
Dies and tools	65,278	62,191
Property, plant and equipment	477,622	462,397
Less allowances for depreciation	(406,373)	(390,863)
Net property, plant and equipment	$ 71,249	$ 71,534

Depreciation expense totaled $21.1 million, $21.1 million, and $24.4 million in 2024, 2023, and 2022, respectively.

6. Other Assets

Other assets consist of the following:

December 31,	**2024**	2023
Patents, at cost	$10,339	$10,280
Deposits on capital items	18,443	23,045
Marlin trade name, at cost	7,800	7,800
Accumulated amortization	(8,008)	(7,171)
Other	9,173	9,958
	$37,747	$43,912

The capitalized cost of patents is amortized using the straight-line method over their useful lives. Expenses related to patent amortization was $0.5 million in 2024, $0.4 million in 2023, and $0.4 million in 2022. The estimated annual patent amortization expense for each of the next five years is $0.4 million. Costs incurred to maintain existing patents are charged to expense in the year incurred. The Marlin trade name will be amortized using the straight-line method over its useful life. The estimated annual trade name amortization cost for each of the next five years is $0.4 million. The intangible asset related to Marlin customer relationships are included in Other above and will be amortized using the straight-line method over its useful life. The estimated annual customer relationship name amortization expense for each of the next five years is $0.1 million.

7. Leased Assets

The Company leases certain of its real estate and equipment. The Company has evaluated all its leases and determined that all are operating leases under the definitions of the guidance of ASU 2016-02. The Company's lease agreements generally do not require material variable lease payments, residual value guarantees or restrictive covenants.

The Company uses the effective interest method to record right-of-use assets equal to the present value of the contractual liability for future lease payments. The table below presents the right-of-use assets and related lease liabilities recognized on the condensed consolidated balance sheet as of December 31, 2024:

	Balance Sheet Line Item	December 31, 2024	December 31, 2023
Right-of-use assets	Other assets	$2,345	$2,781
Operating lease liabilities			
Current portion	Trade accounts payable and accrued expenses	$598	$ 611
Noncurrent portion	Lease liabilities	1,747	2,170
Total operating lease liabilities		$2,345	$2,781

The depreciable lives of right-of-use assets are limited by the lease term and are amortized on a straight line basis over the life of the lease.

The Company's leases generally do not provide an implicit interest rate, and therefore the Company calculates an incremental borrowing rate to determine the present value of its operating lease liabilities.

The table below includes cash paid for our operating lease liabilities, other non-cash information, our weighted average remaining lease term and weighted average discount rate:

	Year Ended	
	December 31, 2024	December 31, 2023
Cash paid for amounts included in the measurement of lease liabilities	$796	$796
Cash amounts paid for short-term leases	$449	$565
Right-of-use assets obtained in exchange for lease liabilities	$ -	$ -
Weighted average remaining lease term (years)	7.7	7.9
Weighted average discount rate	8.0%	5.0%

The following table reconciles the undiscounted future minimum lease payments to the total operating lease liabilities recognized on the condensed consolidated balance sheet as of December 31, 2024:

2025	$ 765
2026	771
2027	295
2028	160
2029	160
Thereafter	800
Total undiscounted future minimum lease payments	2,951
Less: Difference between undiscounted lease payments & the present value of future lease payments	(606)
Total operating lease liabilities	$2,345

Certain of the Company's lease agreements contain renewal options at the Company's discretion. The Company does not recognize right-of-use assets or lease liabilities for leases of one year or less or for renewal periods unless it is reasonably certain that the Company will exercise the renewal option at the inception of the lease or when a triggering event occurs. The Company's weighted average remaining lease term for operating leases as of December 31, 2024 is 7.7 years.

8. Trade Accounts Payable and Accrued Expenses

Trade accounts payable and accrued expenses consist of the following:

December 31,	**2024**	2023
Trade accounts payable	$13,170	$11,100
Federal excise taxes payable	13,192	11,954
Accrued other	9,388	8,654
	$35,750	$31,708

9. Accrued Dividends

On November 30, 2022, the Company's Board of Directors declared a $5.00 per share special dividend payable on January 5, 2023 to stockholders of record as of December 15, 2022. The dividend, which totaled $88.3 million, was paid on January 5, 2023.

10. Line of Credit

On January 7, 2022, the Company entered into a three-year, $40 million unsecured revolving line of credit agreement with a bank. On June 6, 2024, the Company amended its existing line of credit agreement, which now expires January 7, 2028. Borrowings under this new facility bear interest at the applicable Secured Overnight Financing Rate (SOFR), plus 150 basis points, plus an additional adjustment of eight basis points. The Company is also charged one-quarter of a percent

(0.25%) per year on the unused portion. At December 31, 2024, the Company was in compliance with the terms and covenants of the credit facility.

11. Employee Benefit Plans

The Company sponsors a qualified defined-contribution 401(k) plan that covers substantially all of its employees. Under the terms of the 401(k) plan, the Company matches a certain portion of employee contributions to their individual 401(k) accounts using the "safe harbor" guidelines provided in the Internal Revenue Code. Expenses related to matching employee contributions to the 401(k) plan were $4.1 million, $4.7 million, and $4.1 million in 2024, 2023, and 2022, respectively.

Additionally, in 2024, 2023, and 2022 the Company provided discretionary supplemental contributions to the individual 401(k) accounts of substantially all employees. Each employee received a supplemental contribution to their account based on a uniform percentage of qualifying compensation established annually. The cost of these supplemental contributions totaled $7.0 million, $6.9 million, and $7.4 million in 2024, 2023, and 2022, respectively.

12. Other Operating Income, Net

Other operating income, net consists of the following:

Year ended December 31,	**2024**	2023	2022
Gain on sale of operating assets	$-	$5	$36

13. Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2017.

The federal and state income tax provision consisted of the following:

Year ended December 31,	**2024**		2023		2022	
	Current	Deferred	Current	Deferred	Current	Deferred
Federal	$10,310	$(4,190)	$14,763	$(5,285)	$21,741	$(4,694)
State	1,607	(515)	1,713	(582)	3,779	(879)
	$11,917	$(4,705)	$16,476	$(5,867)	$25,520	$(5,573)

The effective income tax rate varied from the statutory federal income tax rate as follows:

Year ended December 31,	**2024**	2023	2022
Statutory federal income tax rate	21.0%	21.0%	21.0%
State income taxes, net of federal tax benefit	1.5	2.2	2.7
Research and development tax credits	(5.9)	(2.7)	(4.2)
Other	2.5	(2.5)	(1.1)
Effective income tax rate	19.1%	18.0%	18.4%

The Company estimates that its effective tax rate in 2025 will approximate 20.3%.

Significant components of the Company's deferred tax assets and liabilities are as follows:

December 31,	**2024**	2023
Deferred tax assets		
Capitalized research and development costs	$12,566	$ 9,144
Employee compensation and benefits	2,483	2,452
Allowances for doubtful accounts and discounts	452	431
Inventories	1,831	1,635
Stock-based compensation	1,876	1,698
Other	1,537	1,608
Total deferred tax assets	20,745	16,968
Deferred tax liabilities:		
Depreciation	2,868	3,578
Other	1,196	1,414
Total deferred tax liabilities	4,064	4,992
Net deferred tax assets	$16,681	$11,976

In 2022, the Company adopted the provisions of the Tax Cuts and Jobs Act of 2017 that relate to IRS Code Section 174. Under these provisions, research and development costs must be capitalized and amortized over five years for income tax purposes. The Company continues to expense these costs in the period incurred for financial accounting purposes.

The Company made income tax payments of approximately $10.6 million, $26.0 million, and $28.7 million, during 2024, 2023, and 2022, respectively. The Company expects to realize its deferred tax assets through tax deductions against future taxable income.

The Company does not believe it has included any "uncertain tax positions" in its federal income tax return or any of the state income tax returns it is currently filing. The Company has made an evaluation of the potential impact of additional state taxes being assessed by jurisdictions in which the Company does not currently consider itself liable. The Company does not anticipate that such additional taxes, if any, would result in a material change to its financial position.

14. Earnings Per Share

Set forth below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share calculations for the periods indicated:

Year ended December 31,	**2024**	2023	2022
Numerator:			
Net income	$30,563	$48,215	$88,332
Denominator:			
Weighted average number of common shares outstanding – Basic	17,088,205	17,676,955	17,648,850
Dilutive effect of options and restricted stock units outstanding under the Company's employee compensation plans	181,896	134,263	144,498
Weighted average number of common shares outstanding – Diluted	17,270,101	17,811,218	17,793,348

15. Stock Repurchases

In 2024, 2023, and 2022 the Company repurchased shares of its common stock. Details of these purchases are as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program
Third Quarter 2022				
July 3 to July 30	-	-	-	
July 31 to August 27	-	-	-	
August 28 to October 1	2,136	$49.97	2,136	
Fourth Quarter 2022				
October 2 to October 29	-	-	-	
October 30 to November 26	2,304	$49.77	2,304	
November 27 to December 31	-	-	-	
Fourth Quarter 2023				
October 1 to October 28	-	-	-	
October 29 to November 25	179,341	$45.20	179,341	
November 26 to December 31	84,721	$43.67	84,721	

First Quarter 2024				
January 1 to January 27	7,317	$43.42	7,317	
January 28 to February 24	20,307	$42.93	20,307	
February 25 to March 30	47,400	$42.79	47,400	
Second Quarter 2024				
March 31 to April 27	-	-	-	
April 28 to May 25	28,924	$42.92	28,924	
May 26 to June 29	373,969	$42.27	373,969	
Third Quarter 2024				
June 30 to July 27	156,517	$41.27	156,517	
July 28 to August 24	-	-	-	
August 25 to September 28	64,325	$40.66	64,325	
Fourth Quarter 2024				
September 29 to October 26	11,340	$40.50	11,340	
October 27 to November 23	52,129	$39.50	52,129	
November 23 to December 31	72,832	$34.81	72,832	
Total	1,103,562	$42.07	1,103,562	$40,290,000

All of these purchases were made with cash held by the Company and no debt was incurred

At December 31, 2024, approximately $40.3 million remained authorized for share repurchases.

16. Compensation Plans

In May 2017, the Company's shareholders approved the 2017 Stock Incentive Plan (the "2017 SIP") under which employees, independent contractors, and non-employee directors may be granted stock options, restricted stock, deferred stock awards, and stock appreciation rights, any of which may or may not require the satisfaction of performance objectives. Vesting requirements are determined by the Compensation Committee of the Board of Directors. The Company has reserved 750,000 shares for issuance under the 2017 SIP.

In June 2023, the Company's shareholders approved the 2023 Stock Incentive Plan (the "2023 SIP") under which employees, independent contractors, and non-employee directors may be granted stock options, restricted stock, deferred stock awards, and stock appreciation rights, any of which may or may not require the satisfaction of performance objectives. Vesting requirements are determined by the Compensation Committee of the Board of Directors. The Company reserved 1,000,000 shares for issuance under the 2023 SIP, of which 845,000 shares remain available for future grants as of December 31, 2023. Approximately 150,000 shares remaining from the 2017 SIP will be available for future grants under the terms of the 2023 SIP. Since the shareholder approval of the 2023 SIP, no additional awards have been or will be granted under the 2017 SIP. Previously granted and outstanding awards under the 2017 SIP will remain subject to the terms of the 2017 SIP.

Compensation expense related to deferred stock, restricted stock, and restricted stock units is recognized based on the grant-date fair value of the Company's common stock, using either the actual share price or an estimated value using the Monte Carlo valuation model. The total stock-based compensation cost included in the Statements of Income was $5.8 million, $6.2 million, and $5.7 million in 2024, 2023, and 2022, respectively.

Deferred Stock

Deferred stock awards vest based on the passage of time or the Company's attainment of performance objectives. Upon vesting, these awards convert one-for-one to common stock.

In 2024, 9,291 deferred stock awards were issued to non-employee directors that will vest in June 2025 and 11,992 deferred stock awards were issued to non-employee directors that will vest in June 2027

In 2023, 7,566 deferred stock awards were issued to non-employee directors that vested in June 2024 and 9,760 deferred stock awards were issued to non-employee directors that will vest in June 2026.

In 2022, 5,953 deferred stock awards were issued to non-employee directors that vested in May 2023, 7,688 deferred stock awards were issued to non-employee directors that will vest in May 2025 and a 1,478 deferred stock award was issued to a non-employee director that will vest in June 2027.

Compensation expense related to these awards is amortized ratably over the vesting period. Compensation expense related to these awards was $0.9 million in 2024, $0.9 million in 2023, and $0.8 million in 2022.

At December 31, 2024, there was $1.0 million of unrecognized compensation cost related to deferred stock that is expected to be recognized over a period of three years.

Restricted Stock Units

The Company grants restricted stock units (RSU's) to senior employees. Some of these RSU's are retention awards and have only time-based vesting. Other RSU's have a vesting "double trigger." The vesting of these RSU's is dependent on the achievement of corporate objectives established by the Compensation Committee of the Board of Directors, including return on net operating assets, stock performance, and the passage of time.

During 2024, 153,000 restricted stock units were issued. Compensation costs related to these restricted stock units was $6.8 million, of which $1.9 million was recognized in 2024. The costs are being recognized ratably over the remaining periods required before the units vest, which range from 24 to 26 months.

During 2023, 114,000 restricted stock units were issued. Compensation costs related to these restricted stock units was $6.1 million, of which $1.3 million was recognized in 2023. The costs are being recognized ratably over the remaining periods required before the units vest, which range from 24 to 26 months.

During 2022, 82,000 restricted stock units were issued. Compensation costs related to these restricted stock units was $6.0 million, of which $1.7 million was recognized in 2022. The costs are being recognized ratably over the remaining periods required before the units vest, which range from 24 to 26 months.

At December 31, 2024, there was $7.8 million of unrecognized compensation cost related to restricted stock units that is expected to be recognized over a period of 3.3 years.

17. Operating Segment Information

The Company has two reportable operating segments: firearms and castings. The firearms segment manufactures and sells rifles, pistols, and revolvers principally to a number of federally-licensed, independent wholesale distributors primarily located in the United States. The castings segment manufactures and sells steel investment castings and metal injection molding parts.

Corporate segment income relates to interest income, the sale of non-operating assets, and other non-operating activities. Corporate segment assets consist of cash and other non-operating assets.

The Company evaluates performance and allocates resources, in part, based on income (loss) before taxes. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies (see Note 1). Intersegment sales are recorded at the Company's cost plus a fixed profit percentage.

This segment structure reflects the financial information and reports used by the Company's management, specifically its CODM, to make decisions regarding the Company's business, including resource allocations and performance assessments, as well as the current operating focus in compliance with ASC 280, Segment Reporting. The Company's reportable segments are not aggregated.

The Company's method for measuring performance of a reportable segment is primarily gross profit. The CODM does not review disaggregated assets by segment. The Company adopted ASU 2023-07 in January 2025. The most significant provision was the required disclosure of significant segment expenses that are regularly provided to the CODM. The Company's CODM periodically reviews cost of goods sold by segment and treats it as a significant segment expense.

Year ended December 31,	**2024**	2023	2022
Net Sales			
Firearms	$532,608	$540,746	$593,289
Castings			
Unaffiliated	3,035	3,021	2,553
Intersegment	31,528	33,086	21,306
	34,563	36,107	23,859
Eliminations	(31,528)	(33,086)	(21,306)
	$535,643	$543,767	$595,842

Costs of Goods Sold			
Firearms	$417,222	$407,068	$410,507
Castings			
Unaffiliated	4,006	3,080	5,250
Intersegment	31,528	33,086	21,306
	35,534	36,166	26,556
Eliminations	(31,528)	(33,086)	(21,306)
	$421,228	$410,148	$415,757
Gross Profit (Loss)			
Firearms	$115,386	$133,678	$182,782
Castings	(971)	(59)	(2,697)
	$114,415	$133,619	$180,085
Operating Income (Loss)			
Firearms	$33,273	$52,887	$106,803
Castings	(1,619)	(803)	(3,347)
	$31,654	$52,084	$103,456
Income (Loss) Before Income Taxes			
Firearms	$34,051	$53,723	$108,609
Castings	(1,616)	(799)	(3,338)
Corporate	5,340	5,900	3,008
	$37,775	$58,824	$108,279

Year ended December 31,	**2024**	2023	2022
Identifiable Assets			
Firearms	$230,024	$228,699	$223,301
Castings	9,303	11,144	11,910
Corporate	144,707	158,974	249,552
	$384,034	$398,817	$484,763
Goodwill			
Firearms	$3,055	$3,055	$3,055
Castings	209	209	209
	$3,264	$3,264	$3,264
Depreciation			
Firearms	$19,952	$19,301	$21,992
Castings	1,154	1,814	2,452
	$21,106	$21,115	$24,444
Capital Expenditures			
Firearms	$20,488	$15,395	$26,598
Castings	333	401	1,175
	$20,821	$15,796	$27,773

In 2024, the Company’s largest customers and the percent of firearms sales they represented were as follows: Lipsey’s - 28%; Sports South - 18%; and Davidson’s - 16%.

In 2023, the Company’s largest customers and the percent of firearms sales they represented were as follows: Lipsey’s - 24%; Davidson’s - 19%; and Sports South -15%.

In 2022, the Company's largest customers and the percent of firearms sales they represented were as follows: Lipsey's - 23%; Davidson's - 23%; and Sports South - 21%.

The Company's assets are located entirely in the United States and domestic sales represented at least 94% of total sales in 2024, 2023, and 2022.

18. Quarterly Results of Operations (Unaudited)

The following is a tabulation of the unaudited quarterly results of operations for the two years ended December 31, 2024:

	Three Months Ended			
	3/30/24	**6/29/24**	**9/28/24**	**12/31/24**
Net Sales	$136,820	$130,761	$122,287	$145,775
Gross profit	29,403	29,154	22,672	33,186
Net income	7,084	8,264	4,738	10,477
Basic earnings per share	0.41	0.48	0.28	0.63
Diluted earnings per share	$0.40	$0.47	$0.28	$0.62

	Three Months Ended			
	4/1/23	7/1/23	9/30/23	12/31/23
Net Sales	$149,453	$142,804	$120,893	$130,617
Gross profit	38,486	38,148	24,728	32,257
Net income	14,350	16,185	7,431	10,249
Basic earnings per share	0.81	0.91	0.42	0.58
Diluted earnings per share	$0.81	$0.91	$0.42	$0.58

19. Related Party Transactions

From time to time, the Company contracts with the National Rifle Association ("NRA") for some of its promotional and advertising activities. The Company paid the NRA $0.5 million, $0.5 million and $0.7 million in 2024, 2023, and 2022, respectively. One of the Company's Directors also serves as a Director on the Board of the NRA.

The Company is a member of the National Shooting Sports Foundation ("NSSF"), the firearm industry trade association. The Company paid the NSSF $0.4 million, $0.3 million and $0.3 million in 2024, 2023, and 2022, respectively. One of the Company's Directors also serves on the Board of the NSSF.

20. Contingent Liabilities

As of December 31, 2024, the Company was a defendant in eight (8) lawsuits and is aware of certain other such claims. The lawsuits generally fall into four (4) categories: municipal litigation, breach of contract, unfair trade practices, and trademark litigation. Each is discussed in turn below.

Municipal Litigation

Municipal litigation generally includes those cases brought by cities or other governmental entities against firearms manufacturers, distributors and retailers seeking to recover damages allegedly arising out of the criminal misuse of firearms by third parties. There are four (4) lawsuits of this type, as follows.

In *City of Gary v. Smith & Wesson Corp., et al*, filed in Indiana State Court in 1999, the City of Gary, Indiana seeks damages, among other things, for the costs of medical care, police and emergency services, public health services, and other services as well as punitive damages. In addition, nuisance abatement and/or injunctive relief is sought to change the design, manufacture, marketing and distribution practices of the various Defendants. The Complaint alleges, among other claims, negligence in the design of products, public nuisance, negligent distribution and marketing, negligence per se and deceptive advertising. The case does not allege a specific injury to a specific individual as a result of the misuse or use of any of the Company's products. After a long procedural history, during the quarter ended April 3, 2021, the City initiated discovery and the manufacturer Defendants reciprocated.

On March 15, 2024, Indiana Governor Eric Holcomb signed into law HB 1235, which reserves to the State of Indiana the right to bring an action on behalf of a political subdivision against a firearm or ammunition manufacturer, trade association, seller, or dealer, concerning certain matters. The new law also prohibits a political subdivision from bringing or maintaining such an action. Following passage of this new law, the Company and other Defendants filed a Motion for Judgment on the Pleadings on March 18, 2024. On August 12, 2024, the Court denied Defendants' motion. The Court granted Defendants' subsequent request to certify the Order for appeal. On October 2, 2024, Defendants filed a motion with the Indiana Court of Appeals to accept jurisdiction over the interlocutory appeal, which was granted over Plaintiff's objection on November 1, 2024. On October 16, 2024, the trial court entered an Order staying all proceedings pending the interlocutory appeal. Briefing of the appeal is underway.

Estados Unidos Mexicanos v. Smith & Wesson Brands, Inc., et al. was filed by the Country of Mexico and names seven Defendants, mostly U.S.-based firearms manufacturers, including the Company. The Complaint advances a variety of legal theories including negligence, public nuisance, unjust enrichment, restitution, and others. Plaintiff essentially alleges that Defendants design, manufacture, distribute, market and sell firearms in a way that they know results in the illegal trafficking of firearms into Mexico, where they are used by Mexican drug cartels for criminal activities. Plaintiff seeks injunctive relief and monetary damages.

On November 22, 2021, Defendants jointly filed a motion to dismiss the Complaint, which was granted on September 30, 2022. Several defendants, including the Company, also filed Rule 12(b)(2) motions to dismiss for lack of personal jurisdiction, which the Court declined to rule on in light of its dismissal. Plaintiffs appealed the dismissal to the First Circuit Court of Appeals and, on January 22, 2024, the Court of Appeals reversed the District Court's dismissal and remanded the case for further proceedings. The Defendants filed a Petition for Writ of

Certiorari seeking review by the United States Supreme Court while the case moved forward at the District Court.

On June 17, 2024, the District Court heard argument on the pending Rule 12(b)(2) motions to dismiss. On August 7, 2024, the Court granted the motions, dismissing the Company and some of the other Defendants from the case, but has not yet entered judgement in favor of these Defendants. Because judgment has not entered in favor of the Company, the 30-day period in which Plaintiff may appeal the Court's August 7, 2024 ruling has not yet begun to run. Subsequently, the Supreme Court granted the Defendants' Petition for Writ of Certiorari. Oral argument at the Supreme Court is scheduled for March 4, 2025.

On December 20, 2022, the City of Buffalo, New York filed a lawsuit captioned *The City of Buffalo v. Smith & Wesson Brands, Inc., et al.* in the New York State Supreme Court for Erie County, New York. The suit names a number of firearm manufacturers, distributors, and retailers as Defendants, including the Company, and purports to state causes of action for violations of Sections 898, 349 and 350 of the New York General Business Law, as well as common law public nuisance. Generally, Plaintiff alleges that the criminal misuse of firearms in the City of Buffalo is the result of the manufacturing, sales, marketing, and distribution practices of the Defendants. The Defendants timely removed the matter to the U.S. District Court for the Western District of New York.

On December 21, 2022, the City of Rochester, New York filed a lawsuit captioned *The City of Rochester v. Smith & Wesson Brands, Inc., et al.* in the New York State Supreme Court for Monroe County, New York. The suit names the same defendants and makes essentially the same allegations raised in *Buffalo*, discussed in the preceding paragraph. Defendants timely removed the matter to the U.S. District Court for the Western District of New York.

Defendants moved to consolidate the *Buffalo* and *Rochester* cases for pretrial purposes only and also moved to stay the cases pending a decision by the Second Circuit Court of Appeals in *National Shooting Sports Foundation, Inc. et al. v. James*, which challenges the constitutionality of the recently enacted N.Y. GEN. BUS. LAW §§ 898-a–e. On June 8, 2023, the Court granted Defendants' motions and the cases were consolidated for pretrial purposes and stayed.

Breach of Contract

The Company is a defendant in *Jones v. Sturm, Ruger & Co.,* a purported class action lawsuit arising out of a data breach at Freestyle Solutions, Inc., the vendor who was hosting the Company's ShopRuger.com website at the time of the breach. On January 20, 2023, five Plaintiffs filed an Amended Complaint naming the Company and Freestyle Solutions, Inc. as Defendants. The Complaint alleged causes of action for negligence, breach of implied warranties, and unjust enrichment.

The Company moved to dismiss the Amended Complaint, and on March 27, 2024, the Court dismissed Plaintiffs' negligence and unjust enrichment claims against the Company. The Court denied the motion with respect to Plaintiffs' breach of contract claim, concluding that development of additional information is required to assess the applicability of the limitation of liability clause contained in the Company's terms and conditions of use. The case is proceeding accordingly.

Unfair Trade Practices

Estate of Suzanne Fountain v. Sturm, Ruger & Co., Inc., was filed in Connecticut Superior Court and arises out of the criminal shooting at the King Soopers supermarket in Boulder, Colorado on March 22, 2021. On that date, Plaintiff's decedent, Suzanne Fountain, was murdered by 21-year-old Ahmad Al Aliwi Al-Issa. The Complaint alleged that the Company's advertising and marketing of the Ruger AR-556 pistol violate the Connecticut Unfair Trade Practices Act and were a substantial factor in bringing about the wrongful death of Suzanne Fountain.

Estate of Neven Stanisic et al. v. Sturm, Ruger & Co., Inc., was filed in Connecticut Superior Court on behalf of five Plaintiffs. Like *Estate of Suzanne Fountain*, the claims arise from the criminal shooting at the King Soopers supermarket in Boulder, Colorado on March 22, 2021. Plaintiffs' decedents were murdered by Ahmad Al Aliwi Al-Issa and Plaintiffs alleged that the Company's advertising and marketing of the Ruger AR-556 pistol violate the Connecticut Unfair Trade Practices Act and were a substantial factor in causing the wrongful death of Plaintiffs' decedents.

The *Fountain* and *Stanisic* cases were consolidated for discovery purposes only and transferred by the Court to the Complex Litigation Docket. Plaintiffs then sought leave to file an Amended Complaint, essentially abandoning their negligent marketing allegations and advancing a new theory predicated upon alleged violations of the Gun Control Act and National Firearms Act. Over the Company's objections, Plaintiffs were permitted to file the Amended Complaint.

The matter was timely removed to the U.S. District Court for the District of Connecticut based upon the new allegations and federal question jurisdiction. Plaintiffs moved to remand the case to state court and, following briefing and oral argument, the matter was remanded on April 25, 2024.

On June 12, 2024, Ruger filed Motions to Dismiss the Connecticut state court cases based upon the doctrine of *forum non conveniens*. Following oral argument on September 9, 2024, the Court allowed Plaintiffs limited, additional discovery and requested further briefing on the matter. The briefing has been completed and the parties are awaiting a decision from the Court.

Trademark Litigation

On March 12, 2024, the Company was named as a defendant in *FN Herstal, et al. v. Sturm, Ruger & Company, Inc.*, which is pending in the U.S. District Court for the Middle District of North Carolina. The Complaint alleges that the Company's use of the initialism "SFAR" in connection with the marketing of its Small Frame Autoloading Rifle infringes the Plaintiffs' SCAR trademark. The Complaint alleges violations of the Lanham Act and the North Carolina Unfair and Deceptive Trade Practices Act, as well as trademark infringement under North Carolina common law. The Company believes that the allegations are meritless and is defending the action accordingly.

Summary of Claimed Damages and Explanation of Product Liability Accruals

Punitive damages, as well as compensatory damages, are demanded in certain of the lawsuits and claims. In many instances, the plaintiff does not seek a specified amount of money, though aggregate amounts ultimately sought may exceed product liability accruals and applicable insurance coverage.

For product liability claims made between July 10, 2000 and August 31, 2024, insurance coverage was provided on an annual basis for losses exceeding $5 million per claim, with an aggregate maximum loss of $10 million annually, except for certain claims brought by governments or municipalities, which are excluded from coverage. Insurance coverage was not renewed with incumbent carriers effective September 1, 2024. Rather, the Company established a wholly-owned captive insurance company for claims made on or after September 1, 2024.

Company management monitors the status of known claims and the product liability accrual, which includes amounts for asserted and unasserted claims. While it is not possible to forecast the outcome of litigation or the timing of costs, in the opinion of management, after consultation with special and corporate counsel, it is not probable and is unlikely that litigation, including punitive damage claims, will have a material adverse effect on the financial position of the Company, but may have a material impact on the Company's financial results for a particular period.

Product liability claim payments are made when appropriate if, as, and when claimants and the Company reach agreement upon an amount to finally resolve all claims. Legal costs are paid as the lawsuits and claims develop, the timing of which may vary greatly from case to case. A time schedule cannot be determined in advance with any reliability concerning when payments will be made in any given case.

Provision is made for product liability claims based upon many factors related to the severity of the alleged injury and potential liability exposure, based upon prior claim experience. Because the Company's experience in defending these lawsuits and claims is that unfavorable outcomes are typically not probable or estimable, only in rare cases is an accrual established for such costs.

In most cases, an accrual is established only for estimated legal defense costs. Product liability accruals are periodically reviewed to reflect then-current estimates of possible liabilities and expenses incurred to date and reasonably anticipated in the future. Threatened product liability claims are reflected in the Company's product liability accrual on the same basis as actual claims; *i.e.*, an accrual is made for reasonably anticipated possible liability and claims handling expenses on an ongoing basis.

Often, a Complaint does not specify the amount of damages being sought and range of reasonably possible losses relating to unfavorable outcomes cannot be made. The dollar amount of damages claimed at December 31, 2024, December 31, 2023, and December 31, 2022 was *de minimis*. The amount claimed at December 31, 2021 was $1.1 million and is set forth as an indication of possible maximum liability the Company might be required to incur in these cases (regardless of the likelihood or reasonable probability of any or all of this amount being awarded to claimants) as a result of adverse judgments that are sustained on appeal.

During 2024, one (1) trademark lawsuit was filed against the Company, one (1) negligence lawsuit was resolved, and one (1) traditional product liability lawsuit was resolved. One (1) municipal lawsuit was dismissed, however the time period in which to file an appeal has been stayed by the Court and the Company considers this matter still open. As of December 31, 2024, the Company was a defendant in eight (8) lawsuits involving its products, including four (4) municipal lawsuits, two (2) lawsuits based upon unfair trade practices, one (1) breach of contract, and one (1) trademark litigation.

During 2023, one (1) traditional product liability lawsuit was filed against the Company and one (1) was resolved. As of December 31, 2023, the Company was a defendant in seven (7) lawsuits involving its products, including one (1) traditional product liability lawsuit, four (4) municipal lawsuits and two (2) lawsuits based upon alleged unfair trade practices. The Company was also a defendant in two (2) negligence lawsuits.

During 2022, no traditional product liability lawsuits were filed against the Company and one (1) was resolved. As of December 31, 2022, the Company was a defendant five lawsuits involving its products, including one (1) traditional product liability lawsuit and four (4) municipal lawsuits. The Company also was a defendant in three (3) negligence lawsuits though, as discussed above, that number has since been reduced to two (2) lawsuits with the consolidation of the *Jones* and *Copeland* matters.

The Company's product liability expense was $0.7 million in 2024, $1.5 million in 2023, $1.3 million in 2022. This expense includes the cost of outside legal fees, and other expenses incurred in the management and defense of product liability matters.

A roll-forward of the product liability reserve and detail of product liability expense for the three years ended December 31, 2024 follows:

Balance Sheet Roll-forward for Product Liability Reserve

			Cash Payments		
	Balance Beginning of Year (a)	Accrued Legal Expense (Income) (b)	Legal Fees (c)	Settlements (d)	Balance End of Year (a)
2022	$ 892	(417)	(167)	-	$ 308
2023	$ 308	500	(129)	-	$ 679
2024	$ 679	67	(254)	-	$ 492

Income Statement Detail for Product Liability Expense

	Accrued Legal Expense (b)	Insurance Premium Expense (e)	Total Product Liability Expense
2022	$(417)	1,524	$1,107
2023	$ 500	1,226	$1,726
2024	$ 67	908	$ 975

Notes

(a) The beginning and ending liability balances represent accrued legal fees only. Settlements and administrative costs are expensed as incurred. Only in rare instances is an accrual established for settlements.

(b) The expense accrued in the liability is for legal fees only. In 2022, the costs incurred related to cases that were settled or dismissed were less than the amounts accrued for these cases in prior years.

(c) Legal fees represent payments to outside counsel related to product liability matters.

(d) Settlements represent payments made to plaintiffs or allegedly injured parties in exchange for a full and complete release of liability.

(e) Insurance expense represents the cost of insurance premiums.

There were no insurance recoveries during any of the above years.

21. Financial Instruments

The Company does not hold or issue financial instruments for trading or hedging purposes, nor does it hold interest rate, leveraged, or other types of derivative financial instruments. Fair values of accounts receivable, accounts payable, accrued expenses and income taxes payable reflected in the December 31, 2024 and 2023 balance sheets approximate carrying values at those dates.

22. Subsequent Events

On February 14, 2025, the Company's Board of Directors authorized a dividend of 24¢ per share to shareholders of record on March 14, 2025.

On January 17, 2025, the Company announced the appointment of Mr. Todd W. Seyfert as its next President & Chief Executive Officer, effective March 1, 2025. Mr. Christopher J. Killoy will step down as President & Chief Executive Officer on that date and then serve as a Special Advisor through his planned retirement from the Company in May 2025.

Mr. Kevin B. Reid, Sr. will step down as Vice President, General Counsel, and Corporate Secretary on June 30, 2025 and then serve as Senior Counsel to the Company until his planned retirement from the Company on June 30, 2026.

The Company’s management has evaluated transactions occurring subsequent to December 31, 2024 and determined that there were no other events or transactions during that period that would have a material impact on the Company’s results of operations or financial position.

ITEM 9—CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A—CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company conducted an evaluation, with the participation of its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's 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 December 31, 2024. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2024, the Company's disclosure controls and procedures over financial reporting were effective.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company conducted an evaluation, with the participation of its Chief Executive Officer and Chief Financial Officer, of the effectiveness of its internal control over financial reporting as of December 31, 2024. This evaluation was performed based on the criteria established in "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013.

Management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2024, based on criteria established in "Internal Control — Integrated Framework" issued by the COSO in 2013.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2024 has been audited by RSM US LLP, an independent registered public accounting firm, as stated in their report which is included in this Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

New York Stock Exchange Certification

Pursuant to Section 303A.12(a) of the New York Stock Exchange Listed Company Manual, the Company submitted an unqualified certification of our Chief Executive Officer to the New York Stock Exchange in 2024. The Company has also filed, as exhibits to this Annual Report on Form 10-K, the Chief Executive Officer and Chief Financial Officer Certifications required under the Sarbanes-Oxley Act of 2002.

ITEM 9B—OTHER INFORMATION

Rule 10b5-1 Trading Plans

The adoption or termination of contracts, instructions or written plans for the purchase and sale of the Company's securities by the Company's Section 16 officers or directors for the three months ended December 31, 2024, each of which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act ("Rule 10b5-1 Plan"), were as follows:

Name	Title	Action	Date Adopted	Expiration Date	Aggregate # of Securities to be Purchased/Sold
John A. Cosentino, Jr. (1)	Director	Adoption of Rule 10b5-1 Plan	November 14, 2024	November 14, 2025	5,000

(1) John A. Cosentino, Jr., a director of the Company, entered into a Rule 10b5-1 Plan on November 14, 2024. Mr. Cosentino's Rule 10b5-1 Plan provides for the potential sale of up to 5,000 shares of the Company's common stock. The Rule 10b5-1 Plan expires on November 14, 2025, or upon the earlier completion of all authorized transactions under such Rule 10b5-1 Plan.

None of the Company's directors or Section 16 officers adopted or terminated a "non-Rule 10b5-1 trading arrangement" as defined in Item 408 of Regulation S-K during the three months ended December 31, 2024.

ITEM 9C—DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10—DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning the Company’s directors, including the Company’s separately designated standing audit committee, and on the Company’s code of business conduct and ethics required by this Item is incorporated by reference from the Company’s Proxy Statement relating to the 2025 Annual Meeting of Stockholders scheduled to be held May 29, 2025, which will be filed with the SEC in April 2025.

Information concerning the Company’s executive officers required by this Item is set forth in Item 1 of this Annual Report on Form 10-K under the caption “Executive Officers of the Company.”

Information concerning beneficial ownership reporting compliance required by this Item is incorporated by reference from the Company’s Proxy Statement relating to the 2025 Annual Meeting of Stockholders scheduled to be held May 29, 2025, which will be filed with the SEC in April 2025.

ITEM 11—EXECUTIVE COMPENSATION

Information concerning director and executive compensation required by this Item is incorporated by reference from the Company’s Proxy Statement relating to the 2025 Annual Meeting of Stockholders scheduled to be held May 29, 2025, which will be filed with the SEC in April 2025.

ITEM 12—SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information concerning the security ownership of certain beneficial owners and management and related stockholder matters required by this Item is incorporated by reference from the Company’s Proxy Statement relating to the 2025 Annual Meeting of Stockholders scheduled to be held May 29, 2025, which will be filed with the SEC in April 2025.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information regarding compensation plans under which equity securities of the Company are authorized for issuance as of December 31, 2024:

Equity Compensation Plan Information			
Plan category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted-average exercise price of outstanding options, warrants and rights (b) ***	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plans approved by security holders			
			-
2017 Stock Incentive Plan	**90,940**	-	**0**
2023 Stock Incentive Plan	**298,421**	-	**845,399 ****
Equity compensation plans not approved by security holders			
None.			
Total	**398,361**	-	**845,399**

* Restricted stock units are settled in shares of common stock or the cash equivalent. Accordingly, the weighted-average exercise price is not applicable.

** Includes 151,386 unused shares previously authorized for issuance under the 2017 SIP that are now incorporated into and issuable under the 2023 SIP.

ITEM 13—CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information concerning certain relationships and related transactions required by this Item is incorporated by reference from the Company's Proxy Statement relating to the 2025 Annual Meeting of Stockholders scheduled to be held May 29, 2025.

ITEM 14—PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning the Company's principal accountant fees and services and the pre-approval policies and procedures of the audit committee of the board of directors required by this Item is incorporated by reference from the Company's Proxy Statement relating to the 2025 Annual Meeting of Stockholders scheduled to be held May 29, 2025, which will be filed with the SEC in April 2025.

PART IV

ITEM 15—EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(a) Exhibits and Financial Statement Schedule

(1) Financial Statements can be found under Item 8 of Part II of this Form 10-K

(2) Schedule can be found on Page 87 of this Form 10-K

(3) Listing of Exhibits:

Exhibit 3.1	Certificate of Incorporation of the Company, as amended (Incorporated by reference to Exhibit 4.1 to the Form S-8 Registration Statement previously filed by the Company File No. 333-272443 on June 6, 2023).
Exhibit 3.2	Bylaws of the Company, as amended through November 12, 2019.
Exhibit 4.1	Description of the Company's Securities.
Exhibit 10.1	Severance Agreement, dated as of November 25, 2024, by and between the Company and Thomas A. Dineen (Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on November 27, 2024). **
Exhibit 10.2	Severance Agreement, dated as of November 25, 2024 by and between the Company and Kevin B. Reid, Sr. (Incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed with the SEC on November 27, 2024).**
Exhibit 10.3	Transition Services and Consulting Agreement, dated August 1, 2016, by and between the Company and Michael O. Fifer (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 2, 2016).**
Exhibit 10.4	Amended and Restated Agreement, dated November 10, 2020, by and between the Company and Christopher J. Killoy (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed with the SEC on November 12, 2020).**
Exhibit 10.5	Executive Severance Agreement, dated November 25, 2024, by and between the Company and Shawn C. Leska (Incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed with the SEC on November 27, 2024).**

Exhibit 10.6	Loan Agreement, dated January 7, 2022 between Sturm, Ruger & Company, Inc. and Regions Bank. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 11, 2022) , as amended by that certain Amendment to Credit Agreement, dated November 3, 2022, between Sturm, Ruger & Company, Inc. and Regions Bank (Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on November 4, 2022) and that certain Second Amendment to Loan Agreement, dated June 6, 2024, between Sturm, Ruger & Company, Inc. and Regions Bank (Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on June 10, 2024).
Exhibit 10.7	The Sturm, Ruger & Company, Inc. 2017 Stock Incentive Plan (incorporated by reference to Annex A of the Company's Definitive Proxy Statement of Schedule 14A, filed with the SEC on March 27, 2017).**
Exhibit 10.8	The Sturm, Ruger & Company, Inc. 2023 Stock Incentive Plan (incorporated by reference to Annex A of the Company's Definitive Proxy Statement of Schedule 14A, filed with the SEC on April 20, 2023)**
Exhibit 10.9	Separation Agreement, dated as of December 21, 2023 by and between Sturm, Ruger, & Co., Inc. and Thomas P. Sullivan (Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on December 21, 2023).**
Exhibit 10.10	Employment Agreement, dated as of January 15, 2025, by and between the Company and Todd W. Seyfert (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 17, 2025). **
Exhibit 19.1	Sturm Ruger & Company, Inc. Insider Trading Policy
Exhibit 23.1	Consent of RSM US LLP
Exhibit 31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Exchange Act.
Exhibit 31.2	Certification of Treasurer and Chief Financial Officer Pursuant to Rule 13a-14(a) of the Exchange Act.
Exhibit 32.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2	Certification of the Treasurer and Chief Financial Officer Pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the

	Sarbanes-Oxley Act of 2002.
Exhibit 97	Executive Compensation Clawback Policy
Exhibit 101.INS*	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
Exhibit 101.SCH*	Inline XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 104*	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

*Filed herewith
**Indicates management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

STURM, RUGER & COMPANY, INC.
(Registrant)

S/THOMAS A. DINEEN
Thomas A. Dineen
Principal Financial Officer
Principal Accounting Officer, Senior Vice President,
Treasurer, and Chief Financial Officer

February 19, 2025
Date

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

S/CHRISTOPHER J. KILLOY 2/19/25
Christopher J. Killoy
Chief Executive Officer, Director
(Principal Executive Officer)

S/RONALD C. WHITAKER 2/19/25
Ronald C. Whitaker
Director

S/JOHN A. COSENTINO, JR. 2/19/25
John A. Cosentino, Jr.
Director

S/PHILLIP C. WIDMAN 2/19/25
Phillip C. Widman
Director

S/AMIR P. ROSENTHAL 2/19/25
Amir P. Rosenthal
Director

S/SANDRA S. FROMAN 2/19/25
Sandra S. Froman
Director

S/TERRENCE G. O’CONNOR 2/19/25
Terrence G. O’Connor
Director

S/REBECCA S. HALSTEAD 2/19/25
Rebecca S. Halstead
Director

S/MICHAEL O. FIFER 2/19/25
Michael O. Fifer
Director

S/THOMAS A. DINEEN 2/19/25
Thomas A. Dineen
Principal Financial Officer
Principal Accounting Officer, Senior Vice
President, Treasurer, and Chief Financial Officer

EXHIBIT INDEX

		Page No.
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*Filed herewith
**Indicates management contract or compensatory plan or arrangement

YEAR ENDED DECEMBER 31, 2024

STURM, RUGER & COMPANY, INC.

ITEMS 15(a)
FINANCIAL STATEMENT SCHEDULE

Sturm, Ruger & Company, Inc.

Item 15(a)--Financial Statement Schedule

Schedule II—Valuation and Qualifying Accounts

(In Thousands)

COL. A	COL. B	COL. C		COL. D	COL. E
		ADDITIONS			
Description	Balance at Beginning of Period	(1) Charged (Credited) to Costs and Expenses	(2) Charged to Other Accounts –Describe	Deductions	Balance at End of Period
Deductions from asset accounts:					
Allowance for doubtful accounts:					
Year ended December 31, 2024	$ 400	$ -		$ -	$ 400
Year ended December 31, 2023	$ 400	$ -		$ -	$ 400
Year ended December 31, 2022	$ 400	$ -		$ -	$ 400
Allowance for discounts:					
Year ended December 31, 2024	$1,164	$12,241		$12,095 (a)	$1,310
Year ended December 31, 2023	$1,334	$12,540		$12,710 (a)	$1,164
Year ended December 31, 2022	$1,169	$13,849		$13,684 (a)	$1,334

(a) Discounts taken

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (No. 333-272443) on Form S-8 of Sturm, Ruger & Company, Inc. of our reports dated February 19, 2025, relating to the consolidated financial statements, the financial statement schedule and the effectiveness of internal control over financial reporting of Sturm, Ruger & Company, Inc, appearing in this Annual Report on Form 10-K of Sturm, Ruger & Company, Inc. for the year ended December 31, 2024.

/s/ RSM US LLP
Stamford, Connecticut
February 19, 2025

EXHIBIT 31.1

CERTIFICATION

I, Christopher J. Killoy, certify that:

1. I have reviewed this Annual Report on Form 10-K (the “Report”) of Sturm, Ruger & Company, Inc. (the “Registrant”);

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 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 (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting.

5. The Registrant's other certifying officer 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 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.

Date: February 19, 2025

S/CHRISTOPHER J. KILLOY
Christopher J. Killoy
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Thomas A. Dineen, certify that:

1. I have reviewed this Annual Report on Form 10-K (the “Report”) of Sturm, Ruger & Company, Inc. (the “Registrant”);

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 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 (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting.

5. The Registrant's other certifying officer 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 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.

Date: February 19, 2025

S/THOMAS A. DINEEN
Thomas A. Dineen
Senior Vice President, Treasurer and
Chief Financial Officer

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

In connection with the Annual Report on Form 10-K of Sturm, Ruger & Company, Inc. (the "Company") for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher J. Killoy, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respect, the financial condition and results of operations of the Company.

Date: February 19, 2025

S/CHRISTOPHER J. KILLOY
Christopher J. Killoy
Chief Executive Officer

A signed original of this statement has been provided to the Company and will be retained by the Company 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

In connection with the Annual Report on Form 10-K of Sturm, Ruger & Company, Inc. (the "Company") for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas A. Dineen, Senior Vice President, Treasurer and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respect, the financial condition and results of operations of the Company.

Date: February 19, 2025

S/THOMAS A. DINEEN
Thomas A. Dineen
Senior Vice President, Treasurer and
Chief Financial Officer

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.