

REFINITIV

## DELTA REPORT

### 10-Q

MGPI - MGP INGREDIENTS INC

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

**TOTAL DELTAS** 548

█ CHANGES 197

█ DELETIONS 171

█ ADDITIONS 180

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2024** **September 30, 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: 0-17196



MGP INGREDIENTS, INC.

(Exact name of registrant as specified in its charter)

Kansas

45-4082531

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

100 Commercial Street

66002

Atchison, Kansas

(Address of principal executive offices)

(Zip Code)

(913) 367-1480

(Registrant's telephone number, including area code)

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

Title of each class

Trading Symbol

Name of each exchange on which registered

Common Stock, no par value

MGPI

NASDAQ Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§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 the definitions of "large accelerated filer," "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.  Yes  No

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

**21,988,494** **21,953,283** shares of Common Stock, no par value, as of **July 26, 2024** **October 25, 2024**

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## **METHOD OF PRESENTATION**

Throughout this Quarterly Report on Form 10-Q (this "Report"), when we refer to the "Company," "MGP," "we," "us," "our," and words of similar import, we are referring to the combined business of MGP Ingredients, Inc. and its consolidated subsidiaries, except to the extent that the context otherwise indicates. In this Report, for any references to Note 1 through Note 11, refer to the Notes to Unaudited Condensed Consolidated Financial Statements in Item 1.

All amounts in this Report, except for share, par values, bushels, gallons, pounds, mmbtu, proof gallons, 9-liter cases, per share, per bushel, per gallon, per proof gallon, per 9-liter case, and percentage amounts, are shown in thousands unless otherwise noted.

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## **PART I. FINANCIAL INFORMATION**

### **ITEM 1. FINANCIAL STATEMENTS**

**MGP INGREDIENTS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Uaudited)  
(Dollars in thousands, except share and per share amounts)

	Quarter Ended June 30,		Year to Date Ended June 30,		Quarter Ended September 30,		Year to Date Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Sales								
Sales								
Sales	2024	2023	2024	2023	2024	2023	2024	2023
Sales								
Cost of sales								
<b>Gross profit</b>								
Advertising and promotion expenses								
Selling, general, and administrative expenses								
Impairment of long-lived assets and other								
Change in fair value of contingent consideration								
<b>Operating income</b>								
Interest expense, net								
Other income (expense), net								
<b>Income before income taxes</b>								
Income tax expense								
<b>Net income</b>								
Net loss attributable to noncontrolling interest								
<b>Net income attributable to MGP Ingredients, Inc.</b>								
Income attributable to participating securities								
Net income used in earnings per common share calculation								
Net income used in earnings per common share calculation								
Net income used in earnings per common share calculation								
<b>Weighted average common shares</b>								
<b>Weighted average common shares</b>								
<b>Weighted average common shares</b>								
Basic								
Basic								
Basic								
Diluted								
<b>Earnings per common share</b>								
<b>Earnings per common share</b>								
<b>Earnings per common share</b>								
Basic								
Basic								
Basic								
Diluted								

See accompanying notes to unaudited condensed consolidated financial statements

**MGP INGREDIENTS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Uaudited)  
(Dollars in thousands)

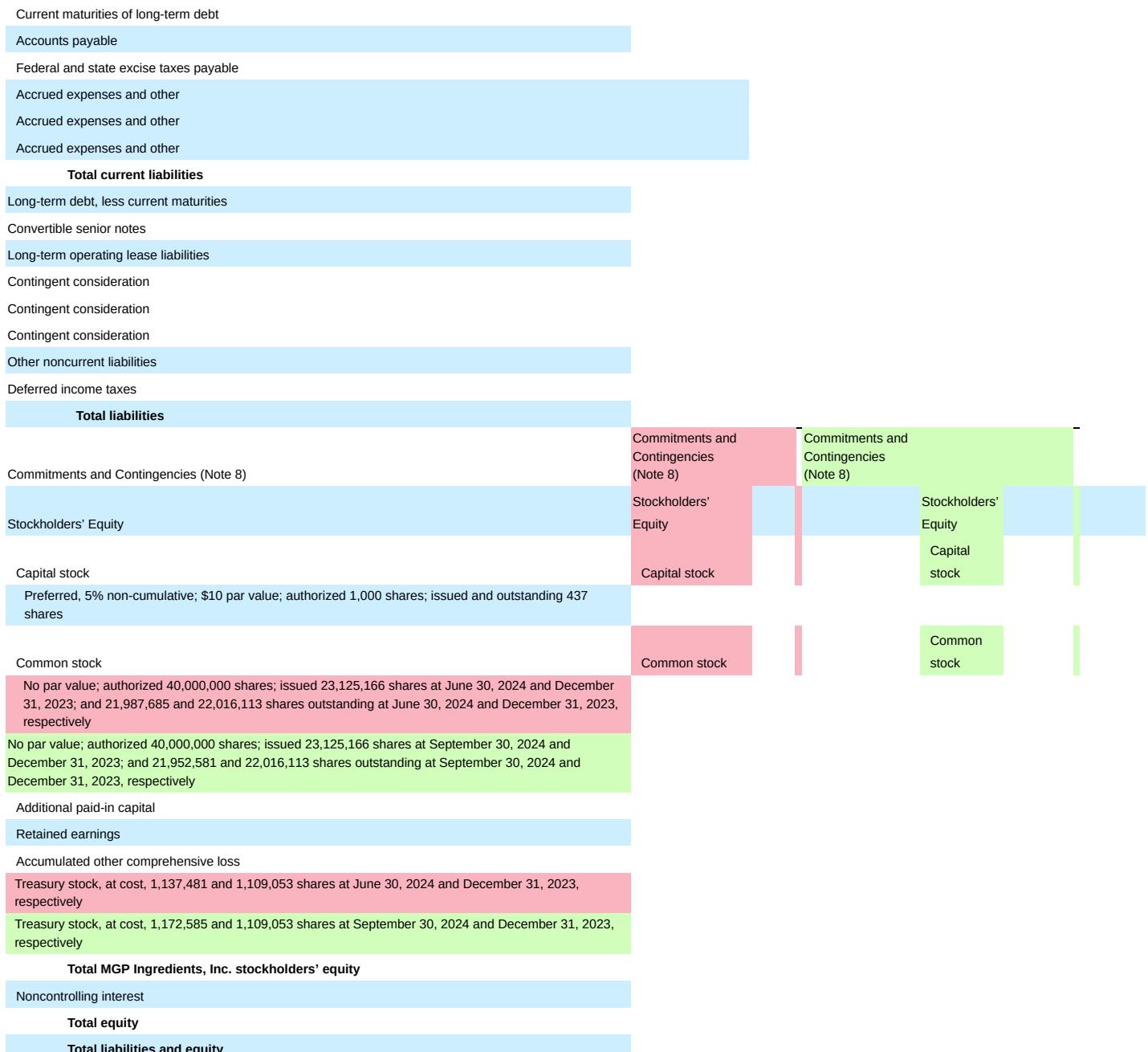
	Quarter Ended June 30,		Year to Date Ended June 30,				
	Quarter Ended September 30,		Year to Date Ended September 30,				
	2024	2023	2024	2023	2023	2024	2023
Net income attributable to MGP Ingredients, Inc.							
Other comprehensive income (loss), net of tax:							
Unrealized gain (loss) on foreign currency translation adjustment							
Unrealized gain (loss) on foreign currency translation adjustment							
Unrealized gain (loss) on foreign currency translation adjustment							
Change in Company-sponsored post-employment benefit plan							
<b>Other comprehensive income (loss)</b>							
<b>Comprehensive income attributable to MGP Ingredients, Inc.</b>							
<b>Comprehensive income attributable to MGP Ingredients, Inc.</b>							
<b>Comprehensive income attributable to MGP Ingredients, Inc.</b>							
Comprehensive loss attributable to noncontrolling interest							
Comprehensive loss attributable to noncontrolling interest							
Comprehensive loss attributable to noncontrolling interest							
<b>Comprehensive income</b>							

See accompanying notes to unaudited condensed consolidated financial statements

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**MGP INGREDIENTS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Uaudited) (Dollars in thousands)

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
	Current Assets	Current Assets	Current Assets	Current Assets
Current Assets				
Cash and cash equivalents				
Receivables (less allowance for credit loss, \$1,475 at both June 30, 2024, and December 31, 2023)				
Receivables (less allowance for credit loss, \$1,475 at both September 30, 2024, and December 31, 2023)				
Inventory				
Prepaid expenses				
Refundable income taxes				
<b>Total current assets</b>				
Property, plant, and equipment				
Less accumulated depreciation and amortization				
<b>Property, plant, and equipment, net</b>				
Operating lease right-of-use assets, net				
Investment in joint ventures				
Intangible assets, net				
Goodwill				
Other assets				
<b>Total assets</b>				
Current Liabilities				
Current Liabilities				



See accompanying notes to unaudited condensed consolidated financial statements

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**MGP INGREDIENTS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(Dollars in thousands)**

	Year to Date Ended June 30,		Year to Date Ended September 30,	
	2024	2023	2024	2023



Net cash provided by financing activities
Net cash provided by (used in) financing activities
Net cash provided by financing activities
Net cash provided by (used in) financing activities

Effect of exchange rate changes on cash and cash equivalents

Effect of exchange rate changes on cash and cash equivalents

Effect of exchange rate changes on cash and cash equivalents

Increase (decrease) in cash and cash equivalents

Cash and cash equivalents, beginning of period

Cash and cash equivalents, end of period

See accompanying notes to unaudited condensed consolidated financial statements

**MGP INGREDIENTS, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

For Year to Date Ended **June 30, 2024** **September 30, 2024**

(Unaudited)

(Dollars in thousands)

	Capital Stock Preferred	Issued Common	Additional Paid-In Capital	Retained Earnings	Other Comprehensive Income (loss)	Treasury Stock	Non-controlling Interest	Total
<b>Balance, December 31, 2023</b>	\$ 4	\$ 6,715	\$ 325,453	\$ 539,883	\$ (397)	\$ (21,166)	\$ (1,425)	\$ 849,067
Comprehensive income:								
Net income (loss)	—	—	—	20,635	—	—	(51)	20,584
Other comprehensive loss	—	—	—	—	(40)	—	—	(40)
Dividends and dividend equivalents of \$0.12 per common share and per restricted stock unit, net of estimated forfeitures	—	—	—	(2,670)	—	—	—	(2,670)
Share-based compensation	—	—	5,563	—	—	—	—	5,563
Stock shares awarded, forfeited or vested	—	—	(1,556)	—	—	1,556	—	—
Stock shares repurchased	—	—	—	—	—	(6,961)	—	(6,961)
<b>Balance, March 31, 2024</b>	<b>4</b>	<b>6,715</b>	<b>329,460</b>	<b>557,848</b>	<b>(437)</b>	<b>(26,571)</b>	<b>(1,476)</b>	<b>865,543</b>
Comprehensive income:								
Net income (loss)	—	—	—	32,085	—	—	(68)	32,017
Other comprehensive income	—	—	—	—	(116)	—	—	(116)
Dividends and dividend equivalents of \$0.12 per common share and per restricted stock unit, net of estimated forfeitures	—	—	—	(2,668)	—	—	—	(2,668)
Share-based compensation	—	—	911	—	—	—	—	911
Stock shares awarded, forfeited or vested	—	—	(658)	—	—	658	—	—
Stock shares repurchased	—	—	—	—	—	(2,774)	—	(2,774)
<b>Balance, June 30, 2024</b>	<b>\$ 4</b>	<b>\$ 6,715</b>	<b>\$ 329,713</b>	<b>\$ 587,265</b>	<b>\$ (553)</b>	<b>\$ (28,687)</b>	<b>\$ (1,544)</b>	<b>\$ 892,913</b>

	Capital Stock Preferred	Issued Common	Additional Paid-In Capital	Retained Earnings	Other Comprehensive Income (loss)	Treasury Stock	Non-controlling Interest	Total
<b>Balance, December 31, 2023</b>	<b>\$ 4</b>	<b>\$ 6,715</b>	<b>\$ 325,453</b>	<b>\$ 539,883</b>	<b>\$ (397)</b>	<b>\$ (21,166)</b>	<b>\$ (1,425)</b>	<b>\$ 849,067</b>
Comprehensive income:								
Net income (loss)	—	—	—	20,635	—	—	(51)	20,584
Other comprehensive loss	—	—	—	—	(40)	—	—	(40)
Dividends and dividend equivalents of \$0.12 per common share and per restricted stock unit, net of estimated forfeitures	—	—	—	(2,670)	—	—	—	(2,670)

Share-based compensation	—	—	5,563	—	—	—	—	—	5,563
Stock shares awarded, forfeited or vested	—	—	(1,556)	—	—	—	1,556	—	—
Stock shares repurchased	—	—	—	—	—	—	(6,961)	—	(6,961)
<b>Balance, March 31, 2024</b>	<b>4</b>	<b>6,715</b>	<b>329,460</b>	<b>557,848</b>	<b>(437)</b>	<b>(26,571)</b>	<b>(1,476)</b>	<b>865,543</b>	
Comprehensive income:									
Net income (loss)	—	—	—	32,085	—	—	(68)	32,017	
Other comprehensive loss	—	—	—	—	(116)	—	—	(116)	
Dividends and dividend equivalents of \$0.12 per common share and per restricted stock unit, net of estimated forfeitures	—	—	—	(2,668)	—	—	—	(2,668)	
Share-based compensation	—	—	911	—	—	—	—	911	
Stock shares awarded, forfeited or vested	—	—	(658)	—	—	658	—	—	
Stock shares repurchased	—	—	—	—	—	(2,774)	—	(2,774)	
<b>Balance, June 30, 2024</b>	<b>4</b>	<b>6,715</b>	<b>329,713</b>	<b>587,265</b>	<b>(553)</b>	<b>(28,687)</b>	<b>(1,544)</b>	<b>892,913</b>	
Comprehensive income:									
Net income (loss)	—	—	—	23,905	—	—	(43)	23,862	
Other comprehensive income	—	—	—	—	534	—	—	534	
Dividends and dividend equivalents of \$0.12 per common share and per restricted stock unit, net of estimated forfeitures	—	—	—	(2,666)	—	—	—	(2,666)	
Share-based compensation	—	—	742	—	—	—	—	742	
Stock shares awarded, forfeited, or vested	—	—	(59)	—	—	59	—	—	
Stock shares repurchased	—	—	—	—	—	(2,500)	—	(2,500)	
<b>Balance, September 30, 2024</b>	<b>\$ 4</b>	<b>\$ 6,715</b>	<b>\$ 330,396</b>	<b>\$ 608,504</b>	<b>\$ (19)</b>	<b>\$ (31,128)</b>	<b>\$ (1,587)</b>	<b>\$ 912,885</b>	

See accompanying notes to unaudited condensed consolidated financial statements

**MGP INGREDIENTS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
For Year to Date Ended **June 30, 2023** **September 30, 2023**

(Unaudited)

(Dollars in thousands)

Capital Stock Preferred	Capital Stock Preferred	Issued Common	Additional Paid-In Capital	Retained Earnings	Accumulated Comprehensive Income (loss)	Treasury Stock	Non- controlling Interest	Total	Capital Stock Preferred	Issued Common	Additional Paid-In Capital	Retained Earnings	Accumulated Comprehensive Income (loss)	Treasury Stock	Non- controlling Interest	Total
<b>Balance, December 31, 2022</b>																
Comprehensive income:																
Net income (loss)																
Net income (loss)																
Net income (loss)																
Other comprehensive income																

Dividends and dividend equivalents of \$0.12 per common share and per restricted stock unit, net of estimated forfeitures

Share-based compensation

Stock shares awarded, forfeited or vested

Stock shares repurchased

**Balance, March 31, 2023**

Comprehensive income:

Net income (loss)

Net income (loss)

Net income (loss)

Other comprehensive income

Dividends and dividend equivalents of \$0.12 per common share and per restricted stock unit, net of estimated forfeitures

Share-based compensation

Stock shares awarded, forfeited, or vested

Stock shares repurchased

**Balance, June 30, 2023**

**Balance, June 30, 2023**

**Balance, June 30, 2023**

Comprehensive income:

Net income (loss)

Net income (loss)

Net income (loss)

Net income (loss)

Other comprehensive loss
Dividends and dividend equivalents of \$0.12 per common share and per restricted stock unit, net of estimated forfeitures
Share-based compensation
Stock shares awarded, forfeited, or vested
<b>Balance, September 30, 2023</b>
<b>Balance, September 30, 2023</b>
<b>Balance, September 30, 2023</b>

See accompanying notes to unaudited condensed consolidated financial statements

**MGP INGREDIENTS, INC.**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Dollars in thousands, unless otherwise noted)

**Note 1. Accounting Policies and Basis of Presentation**

**The Company.** MGP Ingredients, Inc. (the "Company" or "MGP") is a Kansas corporation headquartered in Atchison, Kansas and is a leading producer of branded and distilled spirits, as well as food ingredient solutions. Distilled spirits include premium bourbon, rye, and other whiskeys ("brown goods") and grain neutral spirits ("GNS"), including vodka and gin ("white goods and other co-products"). The Company's distilled spirits are either sold directly or indirectly to manufacturers of other branded spirits. The Company has a portfolio of its own high quality branded spirits which are produced through its distilleries and bottling facilities and sold to distributors. The Company's branded spirits products account for a range of price points from value products through premium plus brands. The Company's protein and starch food ingredients provide a host of functional, nutritional, and sensory benefits for a wide range of food products to serve the consumer packaged goods industry. The ingredients products are sold directly, or through distributors, to manufacturers and processors of finished packaged goods or to bakeries.

The Company reports three operating segments: Distilling Solutions, Branded Spirits, and Ingredient Solutions. Certain amounts in the Company's 2023 condensed consolidated financial statements have been reclassified to conform to the 2024 presentation.

**Basis of Presentation and Principles of Consolidation.** The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned and majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. These unaudited condensed consolidated financial statements as of and for the quarter and year to date ended **June 30, 2024** **September 30, 2024**, should be read in conjunction with the consolidated financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission (the "SEC"). The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal and recurring adjustments) necessary to fairly present the results for interim periods in accordance with U.S. generally accepted accounting principles ("GAAP"). Pursuant to the rules and regulations of the SEC, certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted.

The Company holds a 60 percent interest in Dos Primos Tequila, LLC ("Dos Primos"). The Company consolidated Dos Primos' activity on the financial statements and presented the 40 percent non-controlling interest portion on a separate line.

**Use of Estimates.** The financial reporting policies of the Company conform to GAAP. The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The application of certain of these policies places demands on

management's judgment, with financial reporting results relying on estimation about the effects of matters that are inherently uncertain. For all of these policies, management cautions that future events may not develop as forecast, and estimates routinely require adjustment and may require material adjustment.

**Inventory.** Inventory includes finished goods, raw materials in the form of agricultural commodities used in the production process as well as bottles, caps, and labels used in the bottling process, and certain maintenance and repair items. Bourbons, ryes, and other whiskeys, included in inventory, are normally aged in barrels for several years, following industry practice; all barreled bourbon, rye, and other whiskeys are classified as a current asset. The Company includes warehousing, insurance, and other carrying charges applicable to barreled whiskey in inventory costs.

Inventories are stated at the lower of cost or net realizable value on the first-in, first-out, or FIFO, method. Inventory valuations are impacted by constantly changing prices paid for key materials. Inventory consists of the following:

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
Finished goods		
Barreled distillate (bourbons and other whiskeys)		
Raw materials		
Work in process		
Maintenance materials		
Other		
Total		

**Revenue Recognition.** Revenue is recognized when control of the promised goods or services, through performance obligations by the Company, is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for the performance obligations. The term between invoicing and when payment is due is not significant and the period between when the entity transfers the promised good or service to the customer and when the customer pays for that good or service is generally one year or less.

Revenue is recognized for the sale of products at the point in time finished products are delivered to the customer in accordance with shipping terms. This is a faithful depiction of the satisfaction of the performance obligation because, at the point control passes to the customer, the customer has legal title and the risk and rewards of ownership have transferred, and the customer has a present obligation to pay.

The Distilling Solutions segment routinely enters into bill and hold arrangements, whereby the Company produces and sells aged and unaged distillate to customers, and the product is barreled at the customer's request and warehoused at a Company location for an extended period of time in accordance with directions received from the Company's customers. Even though the aged and unaged distillate remains in the Company's possession, a sale is recognized at the point in time when the customer obtains control of the product. Control is transferred to the customer in bill and hold transactions when the customer acceptance specifications have been met, legal title has transferred, the customer has a present obligation to pay for the product, and the risk and rewards of ownership have transferred to the customer. Additionally, all of the following bill and hold criteria have to be met in order for control to be transferred to the customer: the reason for the bill and hold arrangement is substantive, the customer has requested the product be warehoused, the product has been identified as separately belonging to the customer, the product is currently ready for physical transfer to the customer, and the Company does not have the ability to use the product or direct it to another customer.

Warehouse services revenue is recognized over the time that warehouse services are rendered and as they are rendered. This is a faithful depiction of the satisfaction of the performance obligation because control of the aging products has already passed to the customer and there are no additional performance activities required by the Company, except as requested by the customer. The performance of the service activities, as requested, is invoiced as satisfied and revenue is concurrently recognized. Contract bottling is recognized over the time contract bottling services are rendered and as they are rendered.

Sales in the Branded Spirits segment reflect reductions attributable to consideration given to customers in incentive programs, including discounts and allowances for certain volume targets. These allowances and discounts are not for distinct goods and are paid only when the depletion volume targets are achieved by the customer. The amounts reimbursed to customers are determined based on agreed-upon amounts and are recorded as a reduction of revenue.

**Excise Taxes.** The Company is responsible for compliance with the Alcohol and Tobacco Tax and Trade Bureau of the U.S. Treasury Department (the "TTB") regulations, which include making timely and accurate excise tax payments. The Company is subject to periodic compliance audits by the TTB. Individual U.S. states also impose excise taxes on alcohol beverages in varying amounts. The Company calculates its U.S. federal and state excise tax expense based upon units shipped and on its understanding of the applicable excise tax laws. Excise taxes that are both imposed on and concurrent with a specific revenue-producing transaction, and that are collected by the Company from a customer, are excluded from revenue and expense.

**Income Taxes.** The Company accounts for income taxes using an asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. A valuation allowance is recognized if it is more likely than not that at least some portion of the deferred tax asset will not be realized.

**Earnings Per Common Share ("EPS").** Basic and diluted EPS is computed using the two-class method, which is an earnings allocation formula that determines net income per share for each class of Common Stock and participating security according to dividends declared and participation rights in undistributed earnings. Basic EPS amounts are computed by dividing net income attributable to common shareholders by the weighted average shares outstanding during each period. Diluted EPS is computed using the if-

converted method by dividing the net income attributable to common shareholders by the weighted average shares outstanding, inclusive of the impact of the Convertible Senior Notes, except for where the result would be anti-dilutive as of the balance sheet date.

**Translation of Foreign Currencies.** Assets and liabilities of Niche Drinks Co., Ltd. ("Niche"), a wholly owned subsidiary of the Company whose functional currency is the British pound sterling, are translated to U.S. dollars using the exchange rate in effect at the condensed consolidated balance sheet date. Results of operations are translated using average rates during the period. Adjustments resulting from the translation process are included as a component of accumulated other comprehensive income.

**Business Combinations.** Assets acquired and liabilities assumed during a business combination are generally recorded at fair market value as of the acquisition date. Goodwill is recognized to the extent that the purchase consideration, including contingent consideration, exceeds the value of the assets acquired and liabilities assumed. The Company uses its internal estimates and third-party valuation specialists to assist in determining the fair value of the assets acquired and liabilities assumed. During the measurement periods, which can be up to one year after the acquisition date, the Company can make adjustments to the fair value of the assets acquired and liabilities assumed, with the offset being an adjustment to goodwill.

**Goodwill and Other Intangible Assets.** The Company records goodwill and other indefinite-lived intangible assets in connection with various acquisitions of businesses and allocates the goodwill and other indefinite-lived intangible assets to its respective reporting units. The Company evaluates goodwill for impairment at least annually, in the fourth quarter, or on an interim basis if events and circumstances occur that would indicate it is more likely than not that the fair value of a reporting unit is less than the carrying value. To the extent that the carrying value exceeds fair value, an impairment of goodwill is recognized. Judgment is required in the determination of reporting units, the assignment of assets and liabilities to reporting units, including goodwill, and the determination of fair value of the reporting units. The Company separately evaluates indefinite-lived intangible assets for impairment. As of **June 30, 2024** **September 30, 2024**, the Company determined that goodwill and indefinite-lived intangible assets were not impaired.

**Fair Value of Financial Instruments.** The Company determines the fair values of its financial instruments based on a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy is broken down into three levels based upon the observability of inputs. Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value in its entirety requires judgment and considers factors specific to the asset or liability.

The Company's short-term financial instruments include cash and cash equivalents, accounts receivable, and accounts payable. The carrying value of the short-term financial instruments approximates the fair value due to their short-term nature. These financial instruments have no stated maturities or the financial instruments have short-term maturities that approximate market.

The fair value of the Company's debt is estimated based on current market interest rates for debt with similar maturities and credit quality. Excluding the impact of the conversion feature of the Convertible Senior Notes, the fair value of the Company's debt was **\$218,350** **\$207,827** and **\$194,440** at **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively. The financial statement carrying value of total debt (net of unamortized loan fees) was **\$309,396** **\$289,968** and **\$287,249** at **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively. These fair values are considered Level 2 under the fair value hierarchy.

The fair value calculation of contingent consideration associated with the acquisition of Penelope Bourbon LLC ("Penelope") uses unobservable inputs, such as estimated net sales over the term of the earn-out period, discount rates, and volatility rates. The contingent consideration is measured using the Monte Carlo simulation approach. The inputs used in the calculation of the contingent consideration liability are considered Level 3 under the fair value hierarchy due to the lack of relevant market activity. See Note 3, Business Combination, for more information.

Fair value disclosure for deferred compensation plan investments is included in Note 9, Employee and Non-Employee Benefit Plans.

**Equity Method Investments.** The Company holds 50 percent interests in DGL Destiladores, S.de R.L. de C.V. ("DGL") and Agricola LG, S.de R.L. de C.V. ("Agricola" and together with DGL, "LMX"), which are accounted for as equity method investments and are considered affiliates of the Company. The investment in LMX, which is recorded in investment in joint ventures on the Condensed Consolidated Balance Sheets, was **\$5,811** **\$6,643** and **\$5,197** at **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively. During the quarter and year to date ended **June 30, 2024** **September 30, 2024**, the Company recorded a gain of **\$910** **\$832** and **\$614**, **\$1,446**, respectively, from its equity method investments, which is recorded in other income (expense), net on the Condensed Consolidated Statements of Income. During the quarter and year to date ended **June 30, 2023** **September 30, 2023**, the Company recorded a gain of **\$388** and a loss of **\$319** and **\$579**, **\$191**, respectively, which is recorded in other income (expense), net on the Condensed Consolidated Statements of Income.

During the quarters ended **June 30, 2024** **September 30, 2024** and 2023, the Company purchased **\$6,906** **\$7,606** and **\$11,538**, **\$10,223**, respectively, of finished goods from LMX and bulk beverage alcohol from the other 50 percent owner of DGL. During the year to date ended **June 30, 2024** **September 30, 2024** and 2023, the Company purchased **\$14,998** **\$22,604** and **\$19,955**, **\$30,178**, respectively, of finished goods from LMX and bulk beverage alcohol from the other 50 percent owner of DGL.

**Related Party Transaction.** The Company leased bottling and warehousing facilities in St. Louis, Missouri from Kemper-Themis, L.L.C. ("Kemper"), which was owned by Donn Lux, a member of the Company's Board of Directors. On October 31, 2023, the Company's Audit Committee and Board of Directors approved the purchase of the Kemper bottling and warehousing facilities from Kemper for \$9,000. The purchase and sales agreement was entered into by both parties subsequent to Board approval and the transaction closed in February 2024. The transaction was entered into at fair value based on two independent appraisers' valuations; therefore, the transaction is deemed to have been conducted at an arm's length.

**Recently Adopted Accounting Standard Updates.** The Company did not adopt any new Accounting Standard Updates ("ASUs") during the quarter ended **June 30, 2024** September 30, 2024.

**Recently Issued Accounting Pronouncements.** ASU 2023-07, *Improvements to Reportable Segment Disclosures*, which requires improved disclosures related to significant segment expenses. This ASU requires companies to disclose significant segment expenses provided to the chief operating decision maker ("CODM"), a description of other segment items and all existing annual disclosures must be provided on an interim basis. This ASU is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and must be applied retrospectively to all prior periods presented in the financial statements. The Company does not expect to early adopt this guidance and is currently evaluating the impact to the Company's financial statements.

ASU 2023-09, *Improvements to Income Tax Disclosures*, requires improved disclosures related to the rate reconciliation and income taxes paid. This ASU requires companies to reconcile the income tax expense attributable to continuing operations to the statutory federal income tax rate applied to pre-tax income from continuing operations. Additionally, this ASU requires companies to disclose the total amount of income taxes paid during the period. This ASU is effective for annual periods beginning after December 15, 2024 with early adoption permitted. The guidance is required to be applied on a prospective basis with the option to apply retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact to the Company's financial statements.

## Note 2. Revenue

The Company generates revenue from the Distilling Solutions segment by the sale of products and by providing warehouse services related to the storage and aging of customer products. The Company generates revenue from the Branded Spirits segment by the sale of products and by providing contract bottling services. The Company generates revenue from the Ingredient Solutions segment by the sale of products. Revenue related to sales of products is recognized at a point in time whereas revenue generated from warehouse services and contract bottling services is recognized over time. Contracts with customers include a single performance obligation (either the sale of products or the provision of warehouse services and contract bottling services).

**Disaggregation of Sales.** The following table presents the Company's sales disaggregated by segment and major products and services:

	Quarter Ended June 30,		Year to Date Ended June 30,					
	Quarter Ended September 30,		Year to Date Ended September 30,		2023		2024	
	2024	2024	2023	2024	2023	2024	2023	2024
<b>Distilling Solutions</b>								
Brown goods								
Brown goods								
Brown goods								
Warehouse services								
White goods and other co-products								
<b>Total Distilling Solutions</b>								
<b>Branded Spirits</b>								
Branded Spirits								
Branded Spirits								
Branded Spirits								
Premium plus								
Premium plus								
Premium plus								
Mid								
Value								
Other								
<b>Total Branded Spirits</b>								
<b>Ingredient Solutions</b>								
Ingredient Solutions								
Ingredient Solutions								
Ingredient Solutions								
Specialty wheat starches								
Specialty wheat starches								
Specialty wheat starches								
Specialty wheat proteins								
Commodity wheat starches								
Commodity wheat proteins								
<b>Total Ingredient Solutions</b>								
<b>Total sales</b>								
<b>Total sales</b>								

## Total sales

### Note 3. Business Combination

**Description of the Transaction.** On May 8, 2023, the Company entered into a definitive agreement to acquire 100 percent of the equity of Penelope, and subsequently completed the acquisition on June 1, 2023 (the "Acquisition"). Penelope, prior to the Acquisition, was a family and founder-owned and operated American whiskey company with a diverse portfolio of high-quality whiskeys in the premium plus price tier. As a result of the Acquisition, the Company enhanced its presence in the growing American whiskey category and expanded its portfolio of premium plus price tier brands.

Following the Acquisition, Penelope became a wholly owned subsidiary of the Company and its financial results are included within the Branded Spirits segment. The aggregate consideration paid by the Company in connection with the Acquisition was \$105,000 in cash paid at closing, with further additional potential earn-out consideration of up to a maximum cash payout of \$110,800 if certain performance conditions, measured through December 31, 2025, are met. The consideration is subject to customary purchase price adjustments related to, among other things, net working capital and acquired cash. The consideration paid at closing included a preliminary estimated purchase price adjustment. During the year ended December 31, 2023, the Company finalized the net working capital adjustments, which decreased the cash consideration from \$105,000 at closing to \$104,638 at December 31, 2023. The cash portion of the consideration and transaction-related expenses were paid using both cash on hand and borrowings under the Company's existing credit agreement. See Note 5, Corporate Borrowings, for further details.

For tax purposes, the Acquisition was structured as an asset purchase which created additional tax basis in the assets acquired as a result of valuing the assets at fair market value and the purchase price will be accounted for in accordance with U.S. federal tax law. Indefinite-lived intangible assets and goodwill is deductible for U.S. income tax purposes.

**Purchase Price Allocation.** The Acquisition was accounted for as a business combination in accordance with Accounting Standard Codification 805, Business Combinations ("ASC 805"), and as such, assets acquired, liabilities assumed, and consideration transferred were recorded at their estimated fair values on the acquisition date.

The following table summarizes the allocation of the consideration paid for Penelope to the estimated fair value of the assets acquired and liabilities assumed at the acquisition date, with the excess recorded to goodwill.

#### Consideration:

Cash	\$	104,638
Contingent consideration		62,100
Fair value of total consideration transferred	\$	166,738

#### Recognized amounts of identifiable assets acquired and liabilities assumed:

Cash	\$	926
Receivables		2,323
Inventory		12,454
Prepaid expenses and other assets		77
Property, plant and equipment, net		253
Intangible assets (a)		57,700
Operating lease right-of-use assets, net		426
Other assets		44
Total assets		74,203
Accounts payable		2,242
Accrued expenses and other		205
Long-term operating lease liabilities		268
Total liabilities		2,715
Goodwill		95,250
Total	\$	166,738

(a) Intangible assets acquired included trade names with an estimated fair value of \$34,000 and distributor relationships with an estimated fair value of \$23,700.

In accordance with ASC 805, assets acquired, liabilities assumed, and consideration transferred were recorded at their estimated fair values on the Acquisition date. The fair value measurements of tangible and intangible assets and liabilities were based on significant inputs not observable in the market and represent Level 3 measurements within the fair value hierarchy. Level 3 inputs include discount rates that would be used by a market participant in valuing these assets and liabilities, projections of revenues and cash flows, distributor attrition rates, royalty rates, and market comparables, among others. The fair value of work-in-process and finished goods inventory was determined using the comparative sales method and raw materials was determined using the replacement cost method.

Goodwill of \$95,250, all of which is deductible for tax purposes, represents the excess of the consideration transferred over the estimated fair value of assets acquired net of liabilities assumed. Additionally, the goodwill is representative of the strength of the Penelope brand within the American whiskey category, and the synergies expected to be achieved by the combined company. The intangible assets acquired included indefinite-lived intangible assets, trade names, with an estimated fair value of \$34,000, and definite-lived intangible assets, distributor relationships, with an estimated fair value of \$23,700 and a useful life of 20 years. The trade names and distributor relationships acquired by the

Company have been recorded at estimated fair values using the relief from royalty method and multi-period excess earnings method, respectively. Management engaged a third party valuation specialist to assist in the valuation analysis of certain acquired assets including trade names and distributor relationships.

The operating results of Penelope have been included in the Company's condensed consolidated financial statements since the

June 1, 2023 acquisition date. The operating results and pro forma results are not disclosed due to the immaterial impact to the Company's Condensed Consolidated Statements of Income.

During the quarter and year to date ended **June 30, 2024** **September 30, 2024**, the Company incurred \$15 and **\$86, \$101**, respectively, of costs related to the Acquisition, which are included in selling, general, and administrative expenses on the Condensed Consolidated Statements of Income.

**Contingent Consideration.** The estimated fair value of the contingent consideration obligation at the Acquisition date was \$62,100, which was determined using a Monte Carlo simulation approach. This approach requires significant assumptions, including projected net sales, discount rates, and volatility rates. The inputs used in the calculation of the contingent consideration liability are considered Level 3 under the fair value hierarchy due to the lack of relevant market activity. The contingent consideration liability is measured on a quarterly basis and recorded at fair value. The changes in fair value of the obligation resulted from changes in the key assumptions between measurement dates, such as projected net sales, discount rates, and volatility rates. During the quarter and year to date ended **June 30, 2024** **September 30, 2024**, there were **\$5,400** **\$6,400** and **\$9,500**, **\$15,900**, respectively, in adjustments to the fair value measurement of the contingent consideration obligation, which were included in the change of fair value of contingent consideration on the Condensed Consolidated Statements of Income. The amount payable is based upon achievement of certain net sales targets between the Acquisition date and December 31, 2025. The possible payments range from zero to a maximum payout of \$110,800.

#### Note 4. Goodwill and Intangible Assets

**Definite-Lived Intangible Assets.** The Company acquired definite-lived intangible assets in connection with various acquisitions of businesses. The distributor relationships have a carrying value of **\$57,089**, **\$56,275**, net of accumulated amortization of **\$8,011**, **\$8,825**. The distributor relationships have a useful life of 20 years. The amortization expense for the quarter and year to date ended **June 30, 2024** **September 30, 2024** was \$814 and **\$1,627**, **\$2,441**, respectively. The amortization expense for the quarter and year to date ended **June 30, 2023** **September 30, 2023** was **\$610**, **\$820** and **\$1,128**, **\$1,948**, respectively.

As of **June 30, 2024** **September 30, 2024**, the expected future amortization expense related to definite-lived intangible assets is as follows:

Remainder of 2024
2025
2026
2027
2028
Thereafter
Total

**Goodwill and Indefinite-Lived Intangible Assets.** The Company records goodwill and indefinite-lived intangible assets in connection with various acquisitions of businesses and allocates the goodwill and indefinite-lived intangible assets to its respective reporting units. The carrying amount of goodwill, which relates to the Branded Spirits segment, was \$321,544 at both **June 30, 2024** **September 30, 2024** and December 31, 2023. The carrying amount of trade name indefinite-lived intangible assets, which relates to the Branded Spirits segment, was \$212,990 at both **June 30, 2024** **September 30, 2024** and December 31, 2023.

#### Note 5. Corporate Borrowings

The following table presents the Company's outstanding indebtedness:

Description <sup>(a)</sup>	Description <sup>(a)</sup>	June 30, 2024	December 31, 2023	Description <sup>(a)</sup>	September 30, 2024	December 31, 2023
Credit Agreement - Revolver, 6.44% (variable rate) due 2026						
Credit Agreement - Revolver, 6.00% (variable rate) due 2026						
Convertible Senior Notes, 1.88% (fixed rate) due 2041						
Note Purchase Agreement						
Note Purchase Agreement						
Note Purchase Agreement						
Series A Senior Secured Notes, 3.53% (fixed rate) due 2027						
Series A Senior Secured Notes, 3.53% (fixed rate) due 2027						
Series A Senior Secured Notes, 3.53% (fixed rate) due 2027						
Senior Secured Notes, 3.80% (fixed rate) due 2029						
Total indebtedness outstanding						
Total indebtedness outstanding						
Total indebtedness outstanding						
Less unamortized loan fees <sup>(b)</sup>						

Total indebtedness outstanding, net

Less current maturities of long-term debt

Long-term debt

(a) Interest rates are as of **June 30, 2024** **September 30, 2024**.

(b) Loan fees are being amortized over the life of the debt agreements.

**Credit Agreement.** On February 14, 2020, the Company entered into a credit agreement (the "Credit Agreement") with multiple participants led by Wells Fargo Bank, National Association that matures on May 14, 2026. The Credit Agreement provided for a \$300,000 revolving credit facility. On May 14, 2021, the Company amended the Credit Agreement to extend the terms and to increase the principal amount available to \$400,000 and to permit the Company, subject to obtaining lender approval, to increase the amount of the revolving credit facility by up to an additional \$100,000 provided certain conditions are satisfied and at the discretion of the lender. On August 31, 2022, the Credit Agreement was amended to change the interest rate benchmark from LIBOR to SOFR. The Credit Agreement includes certain requirements and covenants with which the Company was in compliance at **June 30, 2024** **September 30, 2024**. Part of the cash portion of the consideration paid to acquire Penelope and transaction-related expenses were financed with \$105,000 borrowings under the Credit Agreement during 2023. As of **June 30, 2024** **September 30, 2024**, the Company had **\$88,000** **\$70,000** outstanding borrowings under the Credit Agreement, leaving **\$312,000** **\$330,000** available.

**Convertible Senior Notes.** On November 16, 2021, the Company issued \$201,250 in aggregate principal amount of 1.88% convertible senior notes due in 2041 (the "2041 Notes"). The 2041 Notes were issued pursuant to an indenture, dated as of November 16, 2021 (the "Indenture"), by and among the Company, as issuer, Luxco, Inc., MGPI Processing, Inc., and MGPI of Indiana, LLC, as subsidiary guarantors, and U.S. Bank National Association, as trustee. The 2041 Notes are senior, unsecured obligations of the Company and interest is payable semi-annually in arrears at a fixed interest rate of 1.88% on May 15 and November 15 of each year. The 2041 Notes mature on November 15, 2041 unless earlier repurchased, redeemed, or converted, per the terms of the Indenture. Upon conversion, the Company will pay cash up to the aggregate principal amount of the 2041 Notes to be converted and pay or deliver, as the case may be, cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock, at its election, in respect to the remainder, if any, of the Company's conversion obligation in excess of the aggregate principal amount of the 2041 Notes being converted.

**Note Purchase Agreements.** The Company's Note Purchase and Private Shelf Agreement (the "Note Purchase Agreement") with PGIM, Inc. ("Prudential"), an affiliate of Prudential Financial, Inc., and certain affiliates of Prudential, provides for the issuance of \$20,000 of Series A Senior Secured Notes and the issuance of up to \$105,000 of additional Senior Secured Notes (or any higher amount solely to the extent Prudential has provided written notice to the Company of its authorization of such a higher amount). Effective August 23, 2023, the Note Purchase Agreement was amended to increase the total amount of Senior Secured Notes that may be issued under the facility of the Note Purchase Agreement to \$250,000. Additionally, the period for issuing senior secured promissory notes under the Note Purchase Agreement was extended from August 23, 2023 to August 31, 2026.

During 2017, the Company issued \$20,000 of Series A Senior Secured Notes with a maturity date of August 23, 2027. During 2019, the Company issued \$20,000 of additional Senior Secured Notes with a maturity date of April 30, 2029. The Note Purchase Agreement includes certain requirements and covenants with which the Company was in compliance at **June 30, 2024** **September 30, 2024**. As of **June 30, 2024** **September 30, 2024**, the Company had **\$10,400** **\$9,600** of Series A Senior Secured Notes and **\$16,000** **\$15,200** of additional Senior Secured Notes outstanding under the Note Purchase Agreement, leaving **\$223,600** **\$225,200** available under the Note Purchase Agreement.

#### Note 6. Income Taxes

The Company's tax provision for interim periods is determined using an estimated annual effective tax rate, adjusted for discrete items arising in that quarter. In each quarter, the estimated annual effective tax rate is updated and a year to date adjustment is made to the provision. The Company's quarterly effective tax rate can be subject to significant change due to the effect of discrete items arising in a given quarter.

Income tax expense for the quarter and year to date ended **June 30, 2024** **September 30, 2024** was **\$10,108** **\$7,554** and **\$16,370** **\$23,924**, respectively, for an effective tax rate of 24.0 percent and **23.7** **23.8** percent, respectively. The effective tax rate for the quarter and year to date ended **June 30, 2024** **September 30, 2024** differed from the 21 percent U.S. federal statutory rate on pretax income primarily due to state income taxes and income taxes on foreign subsidiaries, partially offset by U.S. state and federal tax credits and the deduction applicable to export activity.

Income tax expense for the quarter and year to date ended **June 30, 2023** **September 30, 2023** was **\$10,804** **\$4,373** and **\$20,459** **\$24,832**, respectively, for an effective tax rate of **25.3** **25.0** percent and **24.5** **24.6** percent, respectively. The effective tax rate for the quarter and year to date ended **June 30, 2023** **September 30, 2023** differed from the 21 percent U.S. federal statutory rate on pretax income primarily due to state income taxes and income taxes on foreign subsidiaries, partially offset by U.S. state and federal tax credits and the deduction applicable to export activity.

#### Note 7. Equity and EPS

The following table presents computations of basic and diluted EPS:

	Quarter Ended June 30,		Year to Date Ended June 30,	
	Quarter Ended September		Year to Date Ended September	
	30,	2024	30,	2024
<b>Operations:</b>				
Net income <sup>(a)</sup>				
Net income <sup>(a)</sup>				
Net income <sup>(a)</sup>				
Net loss attributable to noncontrolling interest				

Income attributable to participating securities (unvested shares and units)<sup>(b)</sup>

Net income used in EPS calculation

**Share information:**

**Share information:**

**Share information:**

Basic weighted average common shares<sup>(c)</sup>

Basic weighted average common shares<sup>(c)</sup>

Basic weighted average common shares<sup>(c)</sup>

Diluted weighted average common shares<sup>(d)</sup>

Diluted weighted average common shares<sup>(d)</sup>

Diluted weighted average common shares<sup>(d)</sup>

**Basic EPS**

**Basic EPS**

**Basic EPS**

**Diluted EPS**

(a) Net income attributable to all stockholders.

(b) Participating securities included 243,243 and **226,684** 226,410 unvested restricted stock units ("RSUs") at **June 30, 2024** September 30, 2024 and 2023, respectively.

(c) Under the two-class method, basic weighted average common shares exclude unvested participating securities.

(d) The impacts of the Convertible Senior Notes were included in the diluted weighted average common shares if the inclusion was dilutive. The Convertible Senior Notes would only have a dilutive impact if the average market price per share during the quarter and year to date period exceeds the conversion price of \$96.24 per share.

**Share Repurchase.** On February 29, 2024, the Company announced that its Board of Directors approved a \$100,000 share repurchase program. Under the share repurchase program, the Company can repurchase stock from time to time for cash in open market purchases, privately negotiated transactions, or by other means, in accordance with applicable securities laws and other legal requirements. The repurchase program has no expiration date and may be modified, suspended, or discontinued at any time by the Company without prior notice. During the quarter and year to date ended **June 30, 2024** September 30, 2024, the Company repurchased **33,363** 35,913 and **92,447** 128,360 shares, respectively, of Common Stock for approximately \$2,500 and **\$7,500** \$10,000, respectively. As of **June 30, 2024** September 30, 2024, there was approximately **\$92,500** \$90,000 remaining under the share repurchase program.

**Common Stock Share Activity.** The following table presents the Company's share activity:

	Shares Outstanding				
	Capital Stock Preferred	Capital Stock Preferred	Common Stock	Capital Stock Preferred	Common Stock
<b>Balance, December 31, 2023</b>					
Issuance of Common Stock					
Repurchase of Common Stock <sup>(a)</sup>					
<b>Balance, March 31, 2024</b>					
Issuance of Common Stock					
Repurchase of Common Stock <sup>(a)</sup>					
<b>Balance, June 30, 2024</b>					
Issuance of Common Stock					
Repurchase of Common Stock <sup>(a)</sup>					
<b>Balance, September 30, 2024</b>					

	Shares Outstanding				
	Capital Stock Preferred	Capital Stock Preferred	Common Stock	Capital Stock Preferred	Common Stock
<b>Balance, December 31, 2022</b>					
Issuance of Common Stock					
Repurchase of Common Stock <sup>(b)</sup>					
<b>Balance, March 31, 2023</b>					
Issuance of Common Stock					
<b>Balance, June 30, 2023</b>					
<b>Balance, June 30, 2023</b>					
<b>Balance, June 30, 2023</b>					
Issuance of Common Stock					

Balance, September 30, 2023

Balance, September 30, 2023

Balance, September 30, 2023

(a) 59,084, 33,363 and **33,363** 35,913 shares that were repurchased during the **quarter quarters** ended March 31, 2024, June 30, 2024, and **June 30, 2024** September 30, 2024, respectively, pursuant to the Company's share repurchase program. The remaining shares repurchased were related to the tax withholding on equity-based compensation.

(b) The Common Stock repurchases were for tax withholding on equity-based compensation.

#### Note 8. Commitments and Contingencies

The Company and its subsidiaries are, from time to time, a party to legal and regulatory proceedings arising in the ordinary course of its business. The Company accrues estimated costs for a contingency when management believes that a loss is probable and can be reasonably estimated.

#### Note 9. Employee and Non-Employee Benefit Plans

**Share-Based Compensation Plans.** The Company had two equity-based compensation plans, the 2014 Equity Incentive Plan and the 2014 Non-Employee Director Equity Incentive Plan, both of which expired in April 2024. At the Company's annual meeting in May 2024, the stockholders of the Company approved a new equity-based compensation plan, the 2024 Equity Incentive Plan (the "2024 Plan"), which initially authorized 1,319,320 shares for issuance, subject to the adjustment and add-back provision of the 2024 Plan. Similar to the prior plans, the 2024 Plan provides for the awarding of stock options, stock appreciation rights, shares of restricted stock, RSUs, and other stock-based awards for executive officers and other employees, as well as non-employee directors and certain consultants and advisors. As of **June 30, 2024** September 30, 2024, **1,330,041** 1,329,232 shares remain available for issuance under the 2024 Plan.

**Deferred Compensation Plan.** The Company established an unfunded Executive Deferred Compensation Plan (the "EDC Plan") effective June 30, 2018, with a purpose to attract and retain highly-compensated key employees by providing participants with an opportunity to defer receipt of a portion of their salary, bonus, and other specified compensation. The Company's obligations under the EDC Plan change in conjunction with the performance of the participants' investments, along with contributions to and withdrawals from the EDC Plan. Realized and unrealized gains (losses) on deferred compensation plan investments were included as a component of other income (expense), net on the Company's Condensed Consolidated Statements of Income. For the quarter and year to date ended **June 30, 2024** September 30, 2024, the Company had a gain on deferred compensation plan investments of **\$34** \$196 and **\$286**, **\$482**, respectively, and for the quarter and year to date ended **June 30, 2023** September 30, 2023, the Company had a loss on deferred compensation plan investments of **\$118** and a gain on deferred compensation plan investments of **\$211** and **\$390**, **\$272**, respectively.

EDC Plan investments are classified as Level 1 in the fair value hierarchy since the investments trade with sufficient frequency and volume to enable the Company to obtain pricing information on an ongoing basis. Participants were able to direct the deferral of a portion of their base salary and a portion of their estimated accrued short-term incentive plan ("STI Plan") amounts that were paid during the first quarter of the following year. Base salary amounts elected for deferral are deposited into the EDC Plan by the Company on a weekly basis and allocated by participants among Company-determined investment options. STI Plan deferral amounts are deposited, at the time of payment, into the EDC Plan by the Company and allocated by participants among Company-determined investment options.

At **June 30, 2024** September 30, 2024 and December 31, 2023, the EDC Plan investments were **\$3,458** \$3,659 and \$2,916, respectively, which were recorded in other assets on the Company's Condensed Consolidated Balance Sheets. The EDC Plan current liabilities were \$1,796 and \$74 at **June 30, 2024** September 30, 2024 and December 31, 2023, respectively, which were included in accrued expenses and other on the Company's Condensed Consolidated Balance Sheets. The EDC Plan non-current liabilities were **\$1,803** \$2,003 and \$3,314 at **June 30, 2024** September 30, 2024 and December 31, 2023, respectively, and were included in other noncurrent liabilities on the Company's Condensed Consolidated Balance Sheets.

#### Note 10. Operating Segments

At **June 30, 2024** September 30, 2024, the Company had three segments: Distilling Solutions, Branded Spirits, and Ingredient Solutions. The Company's reportable segments are based on the financial information the chief operating decision maker, the Company's Chief Executive Officer, uses to allocate resources and evaluate performance of the business. The Distilling Solutions segment consists of food grade alcohol (primarily brown goods) and distillery co-products, such as distillers feed (commonly called dried distillers grain in the industry). The Distilling Solutions segment also includes warehouse services, such as barrel put away, barrel storage, and barrel retrieval services. The Branded Spirits segment consists of a portfolio of high quality branded spirits which are produced through the distilleries and bottling facilities. The Ingredient Solutions segment consists of specialty starches and proteins as well as commodity starches and proteins. Intersegment sales and transfers are recorded at cost and are treated as a transfer of inventory. All intercompany revenues are eliminated in consolidation and are not reviewed when evaluating segment performance.

Operating profit for each segment is based on sales less identifiable operating expenses. Non-direct selling, general, and administrative expenses, interest expense, and other general miscellaneous expenses are excluded from segment operations and are classified as Corporate. Receivables, inventories, property, plant and equipment, leases, goodwill, and intangible assets have been identified with the segments to which they relate. All other assets are considered as Corporate.

The following table presents summarized financial information for each segment:

	Quarter Ended June 30,		Year to Date Ended June 30,					
	Quarter Ended September 30,		Year to Date Ended September 30,					
	2024	2024	2023	2024	2023	2024	2023	2024
<b>Sales to Customers</b>								
Distilling Solutions								

Distilling Solutions
Distilling Solutions
Branded Spirits
Ingredient Solutions
Total
<b>Gross Profit</b>
<b>Gross Profit</b>
<b>Gross Profit</b>
Distilling Solutions
Distilling Solutions
Distilling Solutions
Branded Spirits
Ingredient Solutions
Total
<b>Depreciation and Amortization</b>
<b>Depreciation and Amortization</b>
<b>Depreciation and Amortization</b>
Distilling Solutions
Distilling Solutions
Distilling Solutions
Branded Spirits
Ingredient Solutions
Corporate
Total
<b>Income (loss) before Income Taxes</b>
<b>Income (loss) before Income Taxes</b>
<b>Income (loss) before Income Taxes</b>
Distilling Solutions
Distilling Solutions
Distilling Solutions
Branded Spirits
Ingredient Solutions
Corporate
Total

The following table allocates assets to each segment as of:

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
Identifiable Assets		
Distilling Solutions		
Distilling Solutions		
Distilling Solutions		
Branded Spirits		
Ingredient Solutions		
Corporate		
Total		

#### Note 11. Subsequent Events

**Dividend.** On **August 1, 2024** **October 31, 2024**, the Company announced a quarterly dividend payable to stockholders of record of the Company's common stock, resulting in dividend equivalents payable to RSU holders, of \$0.12 per share and per RSU. The dividend and dividend equivalents are payable on **August 30, 2024** **November 29, 2024** to stockholders of record and RSU holders on **August 16, 2024** **November 15, 2024**.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

(Dollar amounts in thousands, unless otherwise noted)

#### CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS

This Report may contain forward looking statements as well as historical information. All statements, other than statements of historical facts, regarding the prospects of our industry and our prospects, plans, financial position, and strategic plan may constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation statements about our sources of cash being adequate; our capital expenditures; our ability to support our liquidity and operating needs through cash generated from operations; and our ability to obtain credit funding. Forward looking statements are usually identified by or are associated with such words as "intend," "plan," "believe," "estimate," "expect," "anticipate," "project," "forecast," "hopeful," "should," "may," "will," "could," "encouraged," "opportunities," "potential," and similar terminology. These forward-looking statements reflect management's current beliefs and estimates of future economic circumstances, industry conditions, our performance, our financial results, and our financial condition and are not guarantees of future performance.

All forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially. For information on these risks and uncertainties and other factors that could affect the Company's business, see the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of our Annual Report on Form 10-K for the year ended December 31, 2023, our Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2024, this Report, and our other filings with the Securities and Exchange Commission (the "SEC"). Forward looking statements in this Report are made as of the date of this Report, and we undertake no obligation to update any forward-looking statements or information made in this Report, except as required by law.

## OVERVIEW

MGP is a leading producer of branded and distilled spirits as well as food ingredient solutions. Distilled spirits include premium bourbon, rye, and other whiskeys ("brown goods") and grain neutral spirits ("GNS"), including vodka and gin ("white goods and other co-products"). Our distilled spirits are either sold directly or indirectly to manufacturers of other branded spirits. We have a portfolio of our own high quality branded spirits, which we produce through our distilleries and bottling facilities and sell to distributors. Our branded spirits products account for a range of price points from value products through premium plus brands. Our protein and starch food ingredients serve a host of functional, nutritional, and sensory benefits for a wide range of food products to serve the consumer packaged goods industry. Our ingredients products are sold directly, or through distributors, to manufacturers and processors of finished packaged goods or to bakeries.

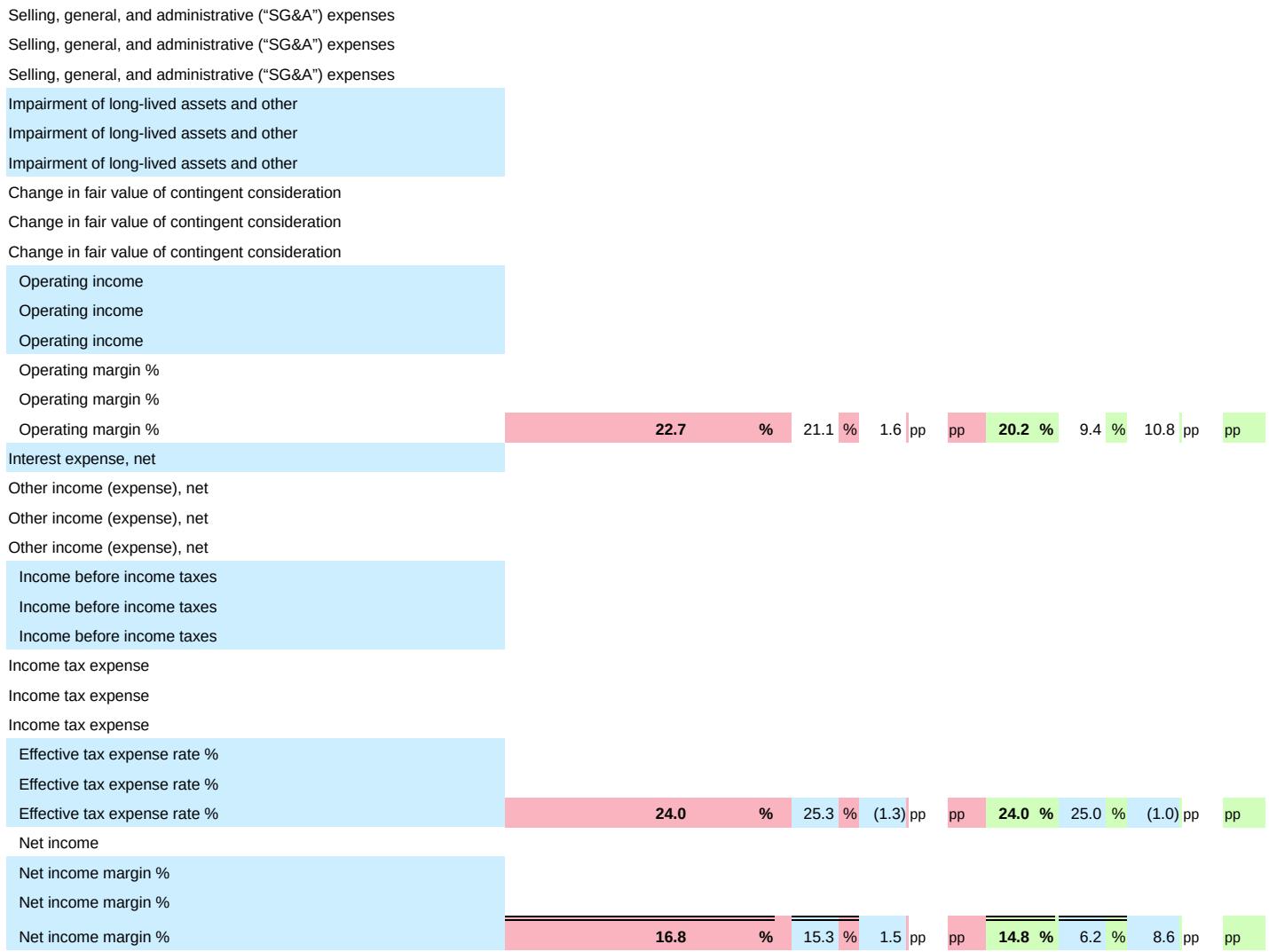
The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and accompanying notes included in this Report, as well as our audited consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations - General," set forth in our Annual Report on Form 10-K for the year ended December 31, 2023.

## RESULTS OF OPERATIONS

## Consolidated Results

The table below details the consolidated results for the quarters ended June 30, 2024 September 30, 2024 and 2023.

	Quarter Ended June 30,	Quarter Ended June 30,	Quarter Ended June 30,	
	Quarter Ended September 30,	Quarter Ended September 30,	Quarter Ended September 30,	
	2024			
Sales				
Sales				
Sales				
Cost of sales				
Cost of sales				
Cost of sales				
Gross profit				
Gross profit				
Gross profit				
Gross margin %				
Gross margin %				
Gross margin %				
Advertising and promotion expenses	43.6	%	36.5	%
	7.1	pp(a)	pp(a)	40.8 %
	34.7	%	6.1	pp(a)



(a) Percentage points ("pp").

**Sales** - Sales for the quarter ended **June 30, 2024** **September 30, 2024** were **\$190,805** **\$161,461**, a decrease of **9.24** percent compared to the year-ago quarter, which was the result of decreased sales in the Distilling Solutions and Ingredient Solutions segments, partially offset by increased sales in the Branded Spirits each segment. Within the Distilling Solutions segment, sales were down **20.36** percent due to decreased sales of white goods and other co-products in connection with the December 2023 closure of our distillery located in Atchison, Kansas (the "Atchison Distillery"), as well as decreased brown goods sales. Within the Ingredient Solutions segment, sales were down **3.18** percent, due to decreased sales of specialty wheat proteins, commodity wheat starches, and specialty wheat starches. Within the Branded Spirits segment, sales were down **6** percent, primarily due to decreased sales of commodity wheat starches and specialty wheat proteins. Within the Branded Spirits segment, sales were up **11** percent, primarily due to increased sales of brands in the premium plus mid and value price tier tiers (see "Segment Results").

**Gross profit** - Gross profit for the quarter ended **June 30, 2024** **September 30, 2024** was **\$83,232**, an increase **\$65,815**, a decrease of **9.10** percent compared to the year-ago quarter. The increase decrease was driven by a decrease in gross profit in the Ingredient Solutions and Distilling Solutions segments, partially offset by an increase in gross profit in the Branded Spirits and Distilling Solutions segments, partially offset by a decrease in gross profit in the Ingredient Solutions segment. Within the Branded Spirits segment, gross profit increased **\$7,630**, or **29** percent. Within the Distilling Solutions segment, gross profit increased by **\$3,795**, or **10** percent. Within the Ingredient Solutions segment, gross profit decreased by **\$4,488**, **\$6,403**, or **39.58** percent. Within the Distilling Solutions segment, gross profit declined by **\$4,636**, or **14** percent. Within the Branded Spirits segment, gross profit increased **\$3,406**, or **12** percent (see "Segment Results").

**Advertising and promotion expenses** - Advertising and promotion expenses for the quarter ended **June 30, 2024** **September 30, 2024** were **\$11,665**, an **\$9,647**, a slight increase of **35.1** percent compared to the year-ago quarter, primarily driven by increased advertising and promotion investment in the Branded Spirits segment, specifically in the premium plus price tier quarter.

**SG&A expenses** - SG&A expenses for the quarter ended **June 30, 2024** **September 30, 2024** were **\$22,759**, **\$17,204**, a slight decrease of **3.20** percent compared to the year-ago quarter. The decrease in SG&A expenses was primarily due to reduced incentive compensation expenses.

**Operating income** - Operating income for the quarter ended June 30, 2024 decreased September 30, 2024 increased to \$43,387 \$32,564 from \$44,143 \$19,839 for the quarter ended June 30, 2023 September 30, 2023, primarily as a result of the 2023 impairment of long-lived assets and other expenses of \$18,334 related to the closure of the Atchison Distillery that did not recur during the quarter ended September 30, 2024. Additionally, the increase in operating income was due to the change in fair value of the contingent consideration of \$5,400 related to the acquisition of Penelope, the decrease in gross profit in the Ingredient Solutions segment, lower SG&A expenses and the increase in advertising and promotion expense. These decreases were partially offset by an increase in gross profit in the Branded Spirits segment. These increases were partially offset by decreases in gross profit in the Ingredient Solutions and Distilling Solutions segments, and lower SG&A expenses segments.

#### Operating income, quarter versus quarter

Operating income for the quarter ended June 30, 2023							
Operating income for the quarter ended June 30, 2023							
Operating income for the quarter ended June 30, 2023							
Operating income for the quarter ended September 30, 2023							
Operating income for the quarter ended September 30, 2023							
Operating income for the quarter ended September 30, 2023							
Increase in gross profit - Branded Spirits segment <sup>(a)</sup>							
Increase in gross profit - Branded Spirits segment <sup>(a)</sup>							
Increase in gross profit - Branded Spirits segment <sup>(a)</sup>							
Decrease in gross profit - Ingredient Solutions segment <sup>(a)</sup>							
Decrease in gross profit - Ingredient Solutions segment <sup>(a)</sup>							
Decrease in gross profit - Ingredient Solutions segment <sup>(a)</sup>	(6,403)	(32)	(32)	pp <sup>(b)</sup>	pp <sup>(b)</sup>		
Increase in gross profit - Branded Spirits segment <sup>(a)</sup>							
Increase in gross profit - Branded Spirits segment <sup>(a)</sup>							
Increase in gross profit - Branded Spirits segment <sup>(a)</sup>	7,630	17	17	pp <sup>(b)</sup>			
Increase in gross profit - Distilling Solutions segment <sup>(a)</sup>	3,795	9	9	pp			
Decrease in gross profit - Distilling Solutions segment <sup>(a)</sup>	(4,636)	(23)	(23)	pp			
Increase in advertising and promotion expenses							
Increase in advertising and promotion expenses							
Increase in advertising and promotion expenses							
Decrease in SG&A expenses							
Decrease in SG&A expenses	754	2	2	pp	pp	Decrease in SG&A expenses	4,366
Impairment of long-lived assets and other							
Impairment of long-lived assets and other	(21)	(1)	(1)	pp	pp	Impairment of long-lived assets and other	18,334
Change in fair value of contingent consideration							
Change in fair value of contingent consideration	(5,400)	(12)	(12)	pp	pp	Change in fair value of contingent consideration	(2,200)
<b>Operating income for the quarter ended June 30, 2024</b>							
<b>Operating income for the quarter ended September 30, 2024</b>							

(a) See "Segment Results."

(b) Percentage points ("pp").

**Income tax expense** - Income tax expense for the quarter ended June 30, 2024 September 30, 2024 was \$10,108 \$7,554, for an effective tax rate of 24.0 percent. Income tax expense for the quarter ended June 30, 2023 September 30, 2023 was \$10,804 \$4,373, for an effective tax rate of 25.3 25.0 percent. The decrease increase in income tax expense, quarter versus quarter, was due to lower higher income before income taxes. The decrease in effective tax rate, quarter versus quarter, was primarily due to larger tax credits than in the prior year quarter year.

**Earnings per common share ("EPS")** - Basic and Diluted EPS was \$1.43 \$1.07 for the quarter ended June 30, 2024 September 30, 2024, compared to \$1.44 \$0.59 and \$0.58, respectively for the quarter ended June 30, 2023 September 30, 2023. The change in basic and diluted EPS, quarter versus quarter, was primarily due to a decrease an increase in operating income increase in interest expense, net, partially offset by an increase and the change in other income (expense), net.

#### Change in EPS, quarter versus quarter

#### Change in EPS, quarter versus quarter

#### Change in EPS, quarter versus quarter

Basic and Diluted EPS for the quarter ended June 30, 2023							
Basic and Diluted EPS for the quarter ended June 30, 2023							
Basic and Diluted EPS for the quarter ended June 30, 2023							

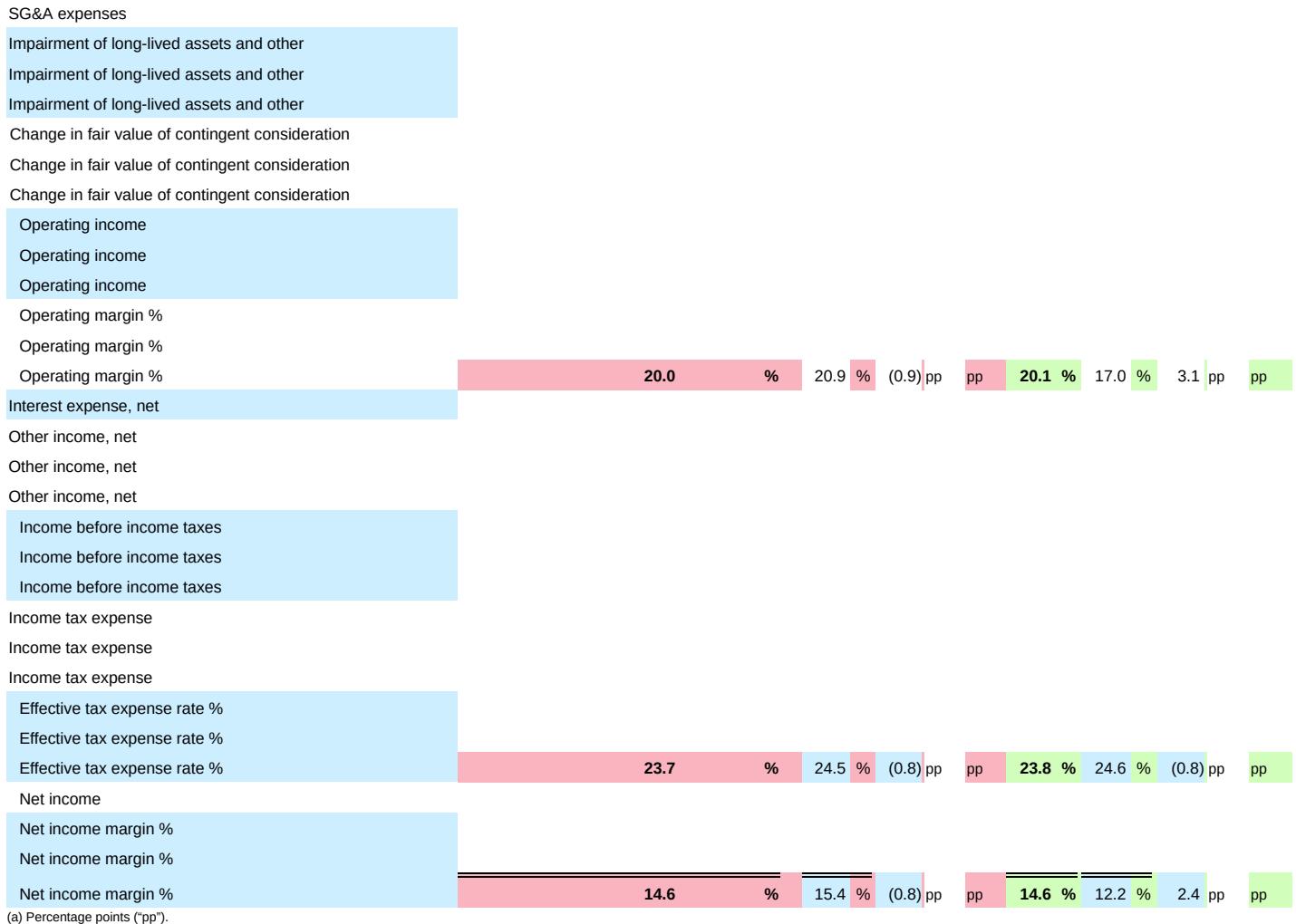
Basic EPS for the quarter ended September 30, 2023
Basic EPS for the quarter ended September 30, 2023
Basic EPS for the quarter ended September 30, 2023
Change in operating income <sup>(a)</sup>
Change in operating income <sup>(a)</sup>
Change in operating income <sup>(a)</sup>
Change in interest expense, net <sup>(a)</sup>
Change in interest expense, net <sup>(a)</sup>
Change in interest expense, net <sup>(a)</sup>
Change in other income (expense), net <sup>(a)</sup>
Change in other income (expense), net <sup>(a)</sup>
Change in other income (expense), net <sup>(a)</sup>
Change in effective tax rate
Change in effective tax rate
Change in effective tax rate
Change in weighted average shares outstanding
Change in weighted average shares outstanding
Change in weighted average shares outstanding
<b>Basic and Diluted EPS for the quarter ended June 30, 2024</b>
<b>Basic and Diluted EPS for the quarter ended June 30, 2024</b>
<b>Basic and Diluted EPS for the quarter ended June 30, 2024</b>
<b>Basic and Diluted EPS for the quarter ended September 30, 2024</b>
<b>Basic and Diluted EPS for the quarter ended September 30, 2024</b>
<b>Basic and Diluted EPS for the quarter ended September 30, 2024</b>

(a) Net of tax based on the effective tax rate for the base year (2023).

(b) Percentage points ("pp").

The table below details the consolidated results for the year to date ended **June 30, 2024** September 30, 2024 and 2023:

	Year to Date Ended June 30,	Year to Date Ended June 30,	Year to Date Ended June 30,	Year to Date Ended September 30,	Year to Date Ended September 30,	Year to Date Ended September 30,	2024	2024	2024
Sales									
Sales									
Sales									
Cost of sales									
Cost of sales									
Cost of sales									
Gross profit									
Gross profit									
Gross profit									
Gross margin %									
Gross margin %									
Gross margin %									
Advertising and promotion expenses									
SG&A expenses									
SG&A expenses									



**Sales** - Sales for the year to date ended **June 30, 2024** September 30, 2024 were \$361,368, \$522,829, a decrease of **12.16** percent compared to the year-ago period, which was the result of decreased sales in the **Distilling Solutions** segment, partially offset by increased sales in the **Ingredient Solutions** each segment. **Sales of Branded Spirits** were consistent with sales from the year ago period. Within the Distilling Solutions segment, sales were down **23.27** percent primarily due to decreased sales of white goods and other co-products in connection with the December 2023 closure of the Atchison Distillery. **Sales of Branded Spirits** were down 2 percent, primarily due to decreased sales of brands within the mid and value price tiers. Within the Ingredient Solutions segment, sales were **up 5 down 3** percent, primarily due to increased decreased sales of specialty wheat proteins and commodity wheat starches (see "Segment Results").

**Gross profit** - Gross profit for the year to date ended **June 30, 2024** September 30, 2024 was \$146,027, which was consistent with \$211,842, a decrease of 4 percent compared to the year-ago period. The decrease was driven by a decrease in gross profit in the **Ingredient Solutions** segment, partially offset by an increase in gross profit in the **Branded Spirits** segment. In the **Ingredient Solutions** segment, gross profit decreased by \$16,914, or 48 percent. In the **Branded Spirits** segment, gross profit increased by \$5,569, \$8,975, or 11 percent. In the **Distilling Solutions** segment, gross profit increased by \$4,850, or 7 percent. It was consistent with the **Ingredient Solutions** segment, gross profit decreased by \$10,511, or 44 percent year-ago period (see "Segment Results").

**Advertising and promotion expenses** - Advertising and promotion expenses for the year to date ended **June 30, 2024** September 30, 2024 were \$20,348, \$29,995, an increase of **24.16** percent compared to the year-ago period, primarily driven by increased advertising and promotion investment in the **Branded Spirits** segment, specifically in the premium plus price tier.

**SG&A expenses** - SG&A expenses for the year to date ended **June 30, 2024** September 30, 2024 were \$43,738, \$60,942, a slight decrease of **17** percent compared to the year-ago period. The decrease in SG&A expenses was primarily due to reduced incentive compensation expenses.

**Operating income** - Operating income for the year to date ended **June 30, 2024** September 30, 2024 decreased to \$72,304 \$104,868 from \$85,702 \$105,541 for the year to date period ended **June 30, 2023** September 30, 2023, primarily due to the decrease in gross profit in the **Ingredient Solutions** segment, the change in fair value of the contingent consideration of \$9,500 related to the **Penelope** acquisition, and the increase in advertising and promotion expense expenses. These decreases were partially offset by the

impairment of assets and other expenses in the year ago period related to the closure of the Atchison Distillery which was closed in December 2023, increased gross profit in the Branded Spirits segment, and Distilling Solutions segments. a decrease in SG&A expenses.

**Operating income, year to date versus year to date**

Operating income for the year to date ended June 30, 2023
Operating income for the year to date ended June 30, 2023
Operating income for the year to date ended June 30, 2023
Operating income for the year to date ended September 30, 2023
Operating income for the year to date ended September 30, 2023
Operating income for the year to date ended September 30, 2023

Decrease in gross profit - Ingredient Solutions segment<sup>(a)</sup>

Decrease in gross profit - Ingredient Solutions segment<sup>(a)</sup>

Decrease in gross profit - Ingredient Solutions segment<sup>(a)</sup>

Increase in gross profit - Branded Spirits segment<sup>(a)</sup>

Increase in gross profit - Branded Spirits segment<sup>(a)</sup>

Increase in gross profit - Branded Spirits segment<sup>(a)</sup>

Increase in gross profit - Distilling Solutions segment<sup>(a)</sup>

Increase in advertising and promotion expenses

Decrease in SG&A expenses

Impairment of long-lived assets and other

Change in fair value of contingent consideration

**Operating income for the year to date ended June 30, 2024**

**Operating income for the year to date ended September 30, 2024**

(a) See "Segment Results."

(b) Percentage points ("pp").

**Income tax expense** - Income tax expense for the year to date ended June 30, 2024 September 30, 2024 was \$16,370, \$23,924, for an effective tax rate of 23.7 23.8 percent.

Income tax expense for the year to date ended June 30, 2023 September 30, 2023, was \$20,459, \$24,832, for an effective tax rate of 24.5 24.6 percent. The decrease in income tax expense, year to date versus year to date, was due to lower income before income taxes. The the decrease in effective tax rate year versus year, was primarily due to larger tax credits than in the prior year period, and lower income before income taxes.

**Earnings per common share** - Basic and diluted EPS EPS was \$2.36 \$3.43 for the year to date ended June 30, 2024 September 30, 2024, compared to \$2.84 \$3.43 and \$3.41, respectively for the year to date ended June 30, 2023 September 30, 2023. The change in basic and diluted EPS, year to date versus year to date, was primarily due to a decrease in operating income. Diluted EPS was \$2.36 for the year to date ended June 30, 2024, compared to \$2.83 for the year to date ended June 30, 2023. The change in diluted EPS, year to date versus year to date, was primarily due to the same change as basic EPS as well as the impact of dilutive shares outstanding other income (expense), net related to the conversion feature of the Convertible Senior Notes, equity method investment income. The increase was partially offset by a change in interest expense, net.

**Change in EPS, year to date versus year to date**

Basic EPS for the year to date ended June 30, 2023
Basic EPS for the year to date ended June 30, 2023
Basic EPS for the year to date ended June 30, 2023
Basic EPS for the year to date ended September 30, 2023
Basic EPS for the year to date ended September 30, 2023
Basic EPS for the year to date ended September 30, 2023

Change in operating income<sup>(a)</sup>

Change in operating income<sup>(a)</sup>

Change in operating income<sup>(a)</sup>

Change in interest expense, net<sup>(a)</sup>

Change in interest expense, net<sup>(a)</sup>

Change in interest expense, net<sup>(a)</sup>

5,569 7 7 pp(b) pp(b) 8,975 9 9 pp(b) pp(b)

4,850 6 6 pp pp 214 — — pp pp

(3,976) (5) (5) pp pp (4,118) (4) (4) pp pp

307 — — pp pp 4,673 4 4 pp pp

(137) — — pp pp 18,197 17 17 pp pp

(9,500) (11) (11) pp pp (11,700) (11) (11) pp pp

Change in other income (expense), net <sup>(a)</sup>	Change in other income (expense), net <sup>(a)</sup>	0.03	1	1	pp	pp	Change in other income (expense), net <sup>(a)</sup>	0.07	3	3	pp	pp
Change in effective tax rate	Change in effective tax rate	0.03	1	1	pp	pp	Change in effective tax rate	0.03	1	1	pp	pp
Change in weighted average shares outstanding	Change in weighted average shares outstanding	(0.01)	—	—	pp	pp	Change in weighted average shares outstanding	(0.02)	(1)	(1)	pp	pp

**Basic and Diluted EPS for the year to date ended June 30, 2024**

**Basic and Diluted EPS for the year to date ended September 30, 2024**

(a) Net of tax based on the effective tax rate for the base year (2023).

(b) Percentage points ("pp")

**SEGMENT RESULTS**

**Distilling Solutions**

The following tables show selected financial information for the Distilling Solutions segment for the quarters ended **June 30, 2024** **September 30, 2024** and 2023.

**DISTILLING SOLUTIONS SALES**

	Quarter Ended June 30,			
	Quarter Ended June 30,			
	Quarter Ended June 30,			
	Quarter Ended September 30,			
	Quarter Ended September 30,			
	Quarter Ended September 30,			
		2024		
		2024		
		2024		

Brown goods

Brown goods

Brown goods

Warehouse services

Warehouse services

Warehouse services

White goods and other co-products

White goods and other co-products

White goods and other co-products

**Total Distilling Solutions**

**Total Distilling Solutions**

**Total Distilling Solutions**

**Change in Quarter versus Quarter Sales Attributed to:**

**Change in Quarter versus Quarter Sales Attributed to:**

**Change in Quarter versus Quarter Sales Attributed to:**

**Total** <sup>(a)</sup>

**Total** <sup>(a)</sup>

**Total** <sup>(a)</sup>

Brown goods

Brown goods

Brown goods

**Other Financial Information**

**Other Financial Information**

**Other Financial Information**

**Quarter Ended June 30,**

**Quarter Ended June 30,**

**Quarter Ended June 30,**

	Quarter Ended September 30,	
	Quarter Ended September 30,	
	Quarter Ended September 30,	
	2024	
	2024	
	2024	
Gross profit		
Gross profit		
Gross profit		
Gross margin %		
Gross margin %		
Gross margin %		
	45.5	%
	33.1	%
	12.4	pp(d)
	pp(d)	
	39.8	%
	29.8	%
	10.0	pp(d)
	pp(d)	

(a) Total sales change is calculated by taking the difference between current period sales dollars and prior period sales dollars, divided by prior period sales dollars.  
 (b) Volume change is calculated by taking the difference between current period sales volume and prior period sales volume, multiplied by prior period sales per unit. The product is then divided by prior period sales dollars.  
 (c) Net price/mix change is calculated by taking the difference between current period sales-per-unit and prior period sales-per-unit, multiplied by current period sales volume. The product is then divided by prior period sales dollars.  
 (d) Percentage points ("pp").

Total sales of the Distilling Solutions segment for the quarter ended **June 30, 2024** September 30, 2024 decreased by **\$23,477**, **\$39,934**, or **20.36** percent, compared to the prior year quarter. The decrease in sales of the Distilling Solutions segment is primarily related to the decrease in sales volume of white goods and other co-products, which was **primarily** due to the closure of the Atchison Distillery during December 2023. Sales of brown goods **increased** decreased primarily due to **an increase in sales volume, partially offset by a decrease in net price/mix and decreased sales volume** (as defined in the table above). The brown goods decline was primarily the result of softening American whiskey category trends and elevated industry-wide barrel inventories, leading to instances of customer contract non-performance that put pressure on our brown goods business with a **larger impact** on our smaller, craft customer base. We expect these trends to continue, which may impact our future results of operations.

Gross profit **increased** decreased quarter versus quarter by **\$3,795**, **\$4,636**, or **10.14** percent. Gross margin for the quarter ended **June 30, 2024** September 30, 2024 increased to **45.5** **39.8** percent from **33.1** **29.8** percent for the prior year quarter. The **increase** **decrease** in gross profit was primarily due to a decrease in brown goods sales due to decreases in net price/mix and sales volumes of brown goods, partially offset by lower average unit costs. This was partially offset by the positive impact the closure of the Atchison Distillery had on white goods and other co-products' gross profit. The increase was also due to an increase in warehouse service sales and brown goods sales.

The following tables show selected financial information for the Distilling Solutions segment for the year to date ended **June 30, 2024** September 30, 2024 and 2023.

DISTILLING SOLUTIONS SALES		
	Year to Date Ended June 30,	
	Year to Date Ended June 30,	
	Year to Date Ended June 30,	
	Year to Date Ended September 30,	
	Year to Date Ended September 30,	
	Year to Date Ended September 30,	
	2024	
	2024	
	2024	
Brown goods		
Brown goods		
Brown goods		
Warehouse services		
Warehouse services		
Warehouse services		
White goods and other co-products		
White goods and other co-products		
White goods and other co-products		
<b>Total Distilling Solutions</b>		
<b>Total Distilling Solutions</b>		
<b>Total Distilling Solutions</b>		

**Change in Year to Date versus Year to Date Sales Attributed to:**

**Change in Year to Date versus Year to Date Sales Attributed to:**

Change in Year to Date versus Year to Date Sales Attributed to:						
Total <sup>(a)</sup>						
Total <sup>(a)</sup>						
Total <sup>(a)</sup>						
Brown goods						
Brown goods						
Brown goods						
Other Financial Information						
Other Financial Information						
Other Financial Information						
Year to Date Ended June 30,						
Year to Date Ended June 30,						
Year to Date Ended June 30,						
Year to Date Ended September 30,						
Year to Date Ended September 30,						
Year to Date Ended September 30,						
2024						
2024						
2024						
Gross profit						
Gross profit						
Gross profit						
Gross margin %						
Gross margin %						
Gross margin %	43.0	%	31.2	%	11.8	pp <sup>(d)</sup>
	42.1	%	30.7	%	11.4	pp <sup>(d)</sup>
						pp <sup>(d)</sup>

(a) Total sales change is calculated by taking the difference between current period sales dollars and prior period sales dollars, divided by prior period sales dollars.

(b) Volume change is calculated by taking the difference between current period sales volume and prior period sales volume, multiplied by prior period sales per unit. The product is then divided by prior period sales dollars.

(c) Net price/mix change is calculated by taking the difference between current period sales-per-unit and prior period sales-per-unit, multiplied by current period sales volume. The product is then divided by prior period sales dollars.

(d) Percentage points ("pp").

Total sales of the Distilling Solutions segment for the year to date ended June 30, 2024 September 30, 2024 decreased by \$51,848, \$91,782, or 23.27 percent compared to the year-ago period. The decrease in sales of the Distilling Solutions segment is primarily related to the decrease in sales volume of white goods and other co-products, which was primarily due to the closure of the Atchison Distillery during December 2023. This The decrease in brown goods was primarily related to a decrease in net price/mix (as defined above), partially offset by increased sales volume. These decreases were partially offset by increased sales of warehouse services. Brown goods sales were consistent with prior year, with increased sales volume largely offset by a decrease in net price/mix (as defined in table above).

Gross profit for the year to date ended June 30, 2024 September 30, 2024 increased by \$4,850, or 7 percent \$214 compared to the year-ago period. Gross margin for the year to date ended June 30, 2024 September 30, 2024 increased to 43.0 42.1 percent from 31.2 30.7 percent for the prior year period. The increase in gross profit was primarily due to the positive impact the closure of the Atchison Distillery had on white goods and other co-products' gross profit. Additionally, the increase was also due to an increase in warehouse service sales and services sales. These increases were partially offset by decreased net price/mix of brown goods sales.

#### Branded Spirits

The following tables show selected financial information for the Branded Spirits segment for the quarters ended June 30, 2024 September 30, 2024 and 2023.

BRANDED SPIRITS SALES						
Quarter Ended June 30,						
Quarter Ended June 30,						
Quarter Ended June 30,						
Quarter Ended September 30,						
Quarter Ended September 30,						
Quarter Ended September 30,						
2024						
2024						
2024						

Premium plus  
Premium plus  
Premium plus

Mid

Mid

Mid

Value

Value

Value

Other

Other

Other

**Total Branded Spirits**

**Total Branded Spirits**

**Total Branded Spirits**

Change in Quarter versus Quarter Sales Attributed to:

Change in Quarter versus Quarter Sales Attributed to:

Change in Quarter versus Quarter Sales Attributed to:

**Total (a)**

**Total (a)**

**Total (a)**

Total Branded Spirits

Total Branded Spirits

Total Branded Spirits

**Other Financial Information**

**Other Financial Information**

**Other Financial Information**

Quarter Ended June 30,

Quarter Ended June 30,

Quarter Ended June 30,

Quarter Ended September 30,

Quarter Ended September 30,

Quarter Ended September 30,

2024

2024

2024

Gross profit

Gross profit

Gross profit

Gross margin %

Gross margin %

Gross margin %

**52.5**

**%**

**45.1**

**%**

**7.4**

**pp(d)**

**51.8**

**%**

**43.5**

**%**

**8.3**

**pp(d)**

**pp(d)**

(a) Total sales change is calculated by taking the difference between current period sales dollars and prior period sales dollars, divided by prior period sales dollars.

(b) Volume change is calculated by taking the difference between current period sales volume and prior period sales volume, multiplied by prior period sales per unit. The product is then divided by prior period sales dollars.

(c) Net price/mix change is calculated by taking the difference between current period sales-per-unit and prior period sales-per-unit, multiplied by current period sales volume. The product is then divided by prior period sales dollars.

(d) Percentage points ("pp").

Total sales of the Branded Spirits segment for the quarter ended June 30, 2024 increased September 30, 2024 decreased by \$6,425, \$4,195, or 11.6 percent, compared to the prior year quarter. The increase decrease was driven by a decrease in the sales of brands within the premium plus mid, value, and other price tier tiers, partially offset by an increase in sales of the other premium plus price tier. Mid and value sales were consistent with the prior year quarter. The increase decrease in sales of brands within the premium plus mid and value price tier tiers was primarily due to the acquisition of Penelope driven by lower sales volumes, as well as we increased sales volume of pricing on certain tequila lower margin mid and value brands.

Gross profit increased quarter versus quarter by \$7,630, \$3,406, or 29.12 percent. Gross margin for the quarter ended June 30, 2024 September 30, 2024 increased to 52.5 51.8 percent from 45.1 43.5 percent for the prior year quarter. The increase in gross profit was primarily driven by increased net price/mix of certain American whiskey brands within the premium plus price tier and increased gross profit due to in the acquisition of Penelope as well as increased sales of certain tequila brands.

mid and value price tiers, which was driven by lower average unit costs and higher average net price/mix.

The following tables show selected financial information for the Branded Spirits segment for the year to date ended June 30, 2024 September 30, 2024 and 2023.

BRANDED SPIRITS SALES		
	Year to Date Ended June 30,	
	Year to Date Ended June 30,	
	Year to Date Ended June 30,	
	Year to Date Ended September 30,	
	Year to Date Ended September 30,	
	Year to Date Ended September 30,	
Premium plus		2024
Premium plus		2024
Premium plus		2024
Mid		
Mid		
Mid		
Value		
Value		
Value		
Other		
Other		
Other		
<b>Total Branded Spirits</b>		
<b>Total Branded Spirits</b>		
<b>Total Branded Spirits</b>		
Change in Year to Date versus Year to Date Sales Attributed to:		
Change in Year to Date versus Year to Date Sales Attributed to:		
Change in Year to Date versus Year to Date Sales Attributed to:		
	<b>Total</b> (a)	
	<b>Total</b> (a)	
	<b>Total</b> (a)	
Total Branded Spirits		
Total Branded Spirits		
Total Branded Spirits		
Other Financial Information		
Other Financial Information		
Other Financial Information		
	Year to Date Ended June 30,	
	Year to Date Ended June 30,	
	Year to Date Ended June 30,	
	Year to Date Ended September 30,	
	Year to Date Ended September 30,	
	Year to Date Ended September 30,	
		2024
		2024



Total(a)
Total Ingredient Solutions
Total Ingredient Solutions
Total Ingredient Solutions
Other Financial Information
Other Financial Information
Other Financial Information
Quarter Ended June 30,
Quarter Ended June 30,
Quarter Ended June 30,
Quarter Ended September 30,
Quarter Ended September 30,
Quarter Ended September 30,
2024
2024
2024
Gross profit
Gross profit
Gross profit
Gross margin %
Gross margin %
Gross margin %
21.4 %
33.6 % (12.2) pp(d) 17.6 % 33.8 % (16.2) pp(d) pp(d)

(a) Total sales change is calculated by taking the difference between current period sales dollars and prior period sales dollars, divided by prior period sales dollars.

(b) Volume change is calculated by taking the difference between current period sales volume and prior period sales volume, multiplied by prior period sales per unit. The product is then divided by prior period sales dollars.

(c) Net price/mix change is calculated by taking the difference between current period sales-per-unit and prior period sales-per-unit, multiplied by current period sales volume. The product is then divided by prior period sales dollars.

(d) Percentage points ("pp").

Total sales of the Ingredient Solutions segment for the quarter ended **June 30, 2024** **September 30, 2024** decreased by **\$1,144**, **\$6,034**, or **318** percent, compared to the prior year quarter. The decrease was primarily driven by decreased sales volume and net price/mix of specialty wheat proteins primarily due to continued export market headwinds. The decrease was also driven by decreased sales volume of commodity wheat starches and specialty wheat proteins. These decreases were partially offset by higher sales volume of specialty wheat starches due to increased domestic competition.

Gross profit decreased quarter versus quarter by **\$4,488**, **\$6,403**, or **3958** percent. Gross margin for the quarter ended **June 30, 2024** **September 30, 2024** decreased to **21.4** **17.6** percent from **33.6** **33.8** percent for the prior year quarter. The decrease in gross profit was primarily driven by higher increased input costs across all product categories. The increase in input costs is driven primarily by due to the removal of the intercompany credit for the waste starch slurry by-product since the closure of the Atchison Distillery, as well as other costs incurred to ready the waste starch for commercial sale. Additionally, we incurred incremental costs for the new extrusion manufacturing facility during the quarter. decrease in gross profit was attributable to decreased sales volume of specialty wheat proteins.

The following tables show selected financial information for the Ingredient Solutions segment for the year to date **June 30, 2024** **September 30, 2024** and 2023.

INGREDIENT SOLUTIONS SALES
Year to Date Ended June 30,
Year to Date Ended June 30,
Year to Date Ended June 30,
Year to Date Ended September 30,
Year to Date Ended September 30,
Year to Date Ended September 30,
2024
2024
2024
Specialty wheat starches
Specialty wheat starches
Specialty wheat starches

Specialty wheat proteins  
 Specialty wheat proteins  
 Specialty wheat proteins  
 Commodity wheat starches  
 Commodity wheat starches  
 Commodity wheat starches  
 Commodity wheat proteins  
 Commodity wheat proteins  
 Commodity wheat proteins  
 Total Ingredient Solutions  
 Total Ingredient Solutions  
 Total Ingredient Solutions

**Change in Year to Date versus Year to Date Sales Attributed to:**

**Change in Year to Date versus Year to Date Sales Attributed to:**

**Change in Year to Date versus Year to Date Sales Attributed to:**

**Total<sup>(a)</sup>**

**Total<sup>(a)</sup>**

**Total<sup>(a)</sup>**

Total Ingredient Solutions

Total Ingredient Solutions

Total Ingredient Solutions

**Other Financial Information**

**Other Financial Information**

**Other Financial Information**

**Year to Date Ended June 30,**

**Year to Date Ended June 30,**

**Year to Date Ended June 30,**

**Year to Date Ended September 30,**

**Year to Date Ended September 30,**

**Year to Date Ended September 30,**

**2024**

**2024**

**2024**

Gross profit

Gross profit

Gross profit

Gross margin %

Gross margin %

Gross margin %

**19.3**

**%**

**36.4**

**%**

**(17.1)**

**pp<sup>(d)</sup>**

**pp<sup>(d)</sup>**

**18.8**

**%**

**35.5**

**%**

**(16.7)**

**pp<sup>(d)</sup>**

**pp<sup>(d)</sup>**

(a) Total sale changes is calculated by taking the difference between current period sales dollars and prior period sales dollars, divided by prior period sales dollars.

(b) Volume change is calculated by taking the difference between current period sales volume and prior period sales volume, multiplied by prior period sales per unit. The product is then divided by prior period sales dollars.

(c) Net price/mix change is calculated by taking the difference between current period sales-per-unit and prior period sales-per-unit, multiplied by current period sales volume. The product is then divided by prior period sales dollars.

(d) Percentage points ("pp").

Total sales of the Ingredient Solutions segment for the year to date ended **June 30, 2024** increased **September 30, 2024** decreased by **\$3,517, \$2,517**, or **5.3** percent, compared to the prior year period. The **increase** **decrease** was primarily driven by **higher** **decreased** net price/mix across all product categories, as well as a decrease in sales volume of specialty wheat starches. This **increase** **was** protein primarily due to continued export market headwinds. These **decreases** were partially offset by a **decrease** **an increase** in sales volume and average selling price of specialty wheat proteins and commodity wheat starches.

Gross profit decreased by **\$10,511, \$16,914**, or **44.48** percent for the year to date ended **June 30, 2024** **September 30, 2024** compared to the prior year period. Gross margin for the year to date ended **June 30, 2024** **September 30, 2024** decreased to **19.3** **18.8** percent from **36.4** **35.5** percent for the prior year period. The decrease in gross profit was primarily driven by higher input costs across all product categories. The increase in input costs is driven primarily by associated with the removal of the intercompany credit for the waste starch slurry by-product since the closure of the Atchison Distillery, as well as other costs incurred to ready the waste starch for commercial sale. Additionally, we incurred

incremental costs for the new extrusion manufacturing facility during the year to date period. The decrease in gross profit was also attributable to decreased sales volume of specialty wheat proteins.

#### CASH FLOW, FINANCIAL CONDITION, AND LIQUIDITY

We believe our financial condition continues to be of high quality, as evidenced by our ability to generate adequate cash from operations while having ready access to capital at competitive rates.

Operating cash flow and borrowings through our Credit Agreement, Convertible Senior Notes, and Note Purchase Agreement (see Note 5, Corporate Borrowings) provide the primary sources of cash to fund operating needs and capital expenditures. These same sources of cash are used to fund stockholder dividends and other discretionary uses. Our overall liquidity reflects our strong business results and an effective cash management strategy that takes into account liquidity management, economic factors, and tax considerations. We expect our sources of cash to be adequate to provide for budgeted capital expenditures, potential mergers or acquisitions, and anticipated operating requirements for the next 12 months and beyond.

#### Cash Flow Summary

	Year to Date Ended June 30,		Changes, year versus year Increase / (Decrease)	Changes, year versus year Increase / (Decrease)
	Year to Date Ended September 30,	2024		
Net cash provided by operating activities				
Net cash provided by operating activities				
Net cash provided by operating activities				
Net cash used in investing activities				
Net cash used in investing activities				
Net cash used in investing activities				
Net cash provided by financing activities				
Net cash provided by (used in) financing activities				
Net cash provided by financing activities				
Net cash provided by (used in) financing activities				
Net cash provided by financing activities				
Net cash provided by (used in) financing activities				
Effect of exchange rate changes on cash				
Effect of exchange rate changes on cash				
Effect of exchange rate changes on cash				
<b>Increase (decrease) in cash and cash equivalents</b>				
<b>Increase (decrease) in cash and cash equivalents</b>				
<b>Increase (decrease) in cash and cash equivalents</b>				

Cash increased \$2,623 \$2,384 for the year to date ended June 30, 2024 September 30, 2024, compared to a decrease of \$25,930 \$19,859 for the year to date ended June 30, 2023 September 30, 2023, for a net increase in cash of \$28,553, \$22,243, period versus period.

**Operating Activities.** Cash provided by operating activities for the year to date ended June 30, 2024 September 30, 2024 was \$29,582 \$73,512. The cash provided by operating activities resulted primarily from net income of \$52,601, \$76,463, adjustments for non-cash or non-operating charges of \$21,745, \$32,845, including depreciation and amortization, the change in fair value of contingent consideration, and share-based compensation, partially offset by cash used in operating assets and liabilities of \$44,764, \$35,796. The primary drivers of the changes in operating assets and liabilities were \$14,766 \$24,979 use of cash related to increased an increase in inventories, primarily due to an increase in barreled distillate, \$10,627 use of cash related to a decrease in accounts payable due to timing of payments, \$9,935 related to accrued expenses and other, which related to a decrease in our incentive compensation accrual, partially offset by \$13,979 cash provided by decreased accounts receivables, net, due to the timing of sales and customer payments during the year to date period \$11,754 as well as the closure of the Atchison Distillery in December 2023.

Cash provided by operating activities for the year to date ended September 30, 2023 was \$48,605. The cash provided by operating activities resulted primarily from net income of \$76,084, adjustments for non-cash or non-operating charges of \$42,912, including impairment of long-lived assets and other, depreciation and amortization, share-based compensation and the change in fair value of contingent consideration, partially offset by cash used in operating assets and liabilities, net of the effects of acquisition, of \$70,391. The primary drivers of the changes in operating assets and liabilities were \$42,015 use of cash related to an increase in inventories, primarily due to an increase in barreled

distillate, \$10,738 use of cash related to accrued expenses and other, which related to the incentive compensation payout during the year to date period, and \$6,345 use of cash related to a decrease in accounts payable due to timing of payments.

Cash provided by operating activities for the year to date ended June 30, 2023 was \$20,156. The cash provided by operating activities resulted primarily from net income of \$62,996, adjustments for non-cash or non-operating charges of \$17,041, including depreciation and amortization and share-based compensation, partially offset by cash used in operating assets and liabilities, net of the effects of acquisition, of \$59,881. The primary drivers of the changes in operating assets and liabilities were \$41,020 use of cash related to an increase in inventories, primarily due to an increase in barrelled distillate and finished goods inventory, \$35,833 \$14,980 use of cash related to increased accounts receivable, net, due to timing of sales and customer payments during the quarter, and \$7,048 \$10,069 use of cash related to a decrease in accrued expenses and other, primarily due to incentive compensation expense. These uses of cash were partially offset, primarily by \$22,328 cash provided by an increase in accounts payable due to timing of payments.

**Investing Activities.** Cash used in investing activities for the year to date ended **June 30, 2024** **September 30, 2024** was \$33,657, \$53,126, which primarily resulted from additions to property, plant, and equipment of \$33,397 \$52,850 (see "Capital Spending"). Cash used in investing activities for the year to date ended **June 30, 2023** **September 30, 2023** was \$135,589, \$146,690, which primarily resulted from \$104,398 \$103,712 related to the acquisition of Penelope, net of cash acquired, and additions to property, plant, and equipment of \$30,055 \$42,062 (see "Capital Spending").

**Capital Spending.** We manage capital spending to support our business growth plans. We have incurred \$22,560 \$43,503 and \$23,863 \$36,879 of capital expenditures and have paid \$33,397 \$52,850 and \$30,055 \$42,062 for capital expenditures for the year to date ended **June 30, 2024** **September 30, 2024** and 2023, respectively. The difference between the amount of capital expenditures incurred and amount paid is due to the change in capital expenditures in accounts payable. We expect approximately \$85,800 \$78,000 in capital expenditures in 2024, which includes capital expenditures for facility improvement and expansion, facility sustaining projects, and environmental health and safety projects.

**Financing Activities.** Cash provided by used in financing activities for the year to date ended **June 30, 2024** **September 30, 2024** was \$6,721, \$18,048, due to net proceeds on debt of \$21,800 (see "Long-Term and Short-Term Debt"), partially offset by repurchases of Common Stock of \$9,735 \$12,235 (see "Treasury Purchases" and "Share Repurchase"), and payments of dividends and dividend equivalents of \$5,344 \$8,013 (see "Dividends and Dividend Equivalents"), partially offset by net proceeds on debt of \$2,200 (see "Long-Term and Short-Term Debt").

Cash provided by financing activities for the year to date ended **June 30, 2023** **September 30, 2023** was \$89,462, \$78,193, due to net proceeds on debt of \$95,600 \$87,000 (see "Long-Term and Short-Term Debt"), partially offset by payments of dividends and dividend equivalents of \$5,337 \$8,006 (see "Dividends and Dividend Equivalents"), and repurchase of Common Stock of \$801 (see "Treasury Purchases").

**Treasury Purchases.** 81,942 RSUs vested and converted to shares of Common Stock for employees during the year to date ended **June 30, 2024** **September 30, 2024**, of which we withheld and purchased for treasury 25,521 shares valued at \$2,185 to cover payment of associated withholding taxes.

22,592 RSUs vested and converted to shares of Common Stock for employees during the year to date ended **June 30, 2023** **September 30, 2023**, of which we withheld and purchased for treasury 8,437 shares valued at \$801 to cover payment of associated withholding taxes.

**Share Repurchase.** On February 29, 2024, we announced that our Board of Directors approved a \$100,000 share repurchase program. Under the share repurchase program, we can repurchase Common Stock from time to time for cash in open market purchases, privately negotiated transactions, or by other means, in accordance with applicable securities laws and other legal requirements. The repurchase program has no expiration date and may be modified, suspended, or discontinued at any time by the Company without prior notice. During the year to date ended **June 30, 2024** **September 30, 2024**, we repurchased 92,447 128,360 shares of Common Stock for approximately \$7,500, \$10,000, resulting in approximately \$92,500 \$90,000 remaining under the share repurchase program.

#### Dividends and Dividend Equivalents

##### Dividend and Dividend Equivalent Information (per Share and Unit)

Declaration date	Declaration date	Record date	Payment date	Declared <sup>(c)</sup>	Paid <sup>(c)</sup>	Dividend payment	Dividend equivalent <sup>(a)</sup>	Total payment <sup>(b)</sup>	Declaration date	Record date	Payment date	Declared <sup>(c)</sup>	Paid <sup>(c)</sup>	Dividend payment	Dividend equivalent <sup>(a)</sup>	Total payment <sup>(b)</sup>	
<b>2024</b>																	
February 22, 2024																	
February 22, 2024																	
February 22, 2024																	
May 2, 2024																	
							\$										
							\$										
August 1, 2024																	
<b>2023</b>																	
2023																	
2023																	

February 23, 2023

February 23, 2023

February 23, 2023

May 4, 2023

August 3,

2023

\$  
\$  
\$

(a) Dividend equivalent payments on unvested participating securities.

(b) Includes estimated forfeitures.

(c) Per share amount.

On **August 1, 2024** **October 31, 2024**, we announced a dividend payable to stockholders of record of our Common Stock, resulting in dividend equivalents payable to RSU holders, of \$0.12 per share and per RSU. The dividend and dividend equivalent are payable on **August 30, 2024** **November 29, 2024** to stockholders of record and RSU holders on **August 16, 2024** **November 15, 2024**.

**Long-Term and Short-Term Debt.** We maintain debt levels we consider appropriate after evaluating a number of factors, including cash flow expectations, cash requirements for ongoing operations, investment and financing plans (including brand development, merger and acquisition, and share repurchase activities), and the overall cost of capital. Total debt was **\$309,396** **\$289,968** (net of unamortized loan fees of **\$6,254** **\$6,082**) at **June 30, 2024** **September 30, 2024**, and \$287,249 (net of unamortized loan fees of \$6,601) at December 31, 2023.

**Financial Condition and Liquidity.** Our principal uses of cash in the ordinary course of business are for input costs used in our production processes, salaries, capital expenditures, and investments supporting our strategic plan, such as the aging of barreled distillate and potential mergers and acquisitions. Generally, during periods when commodities prices are rising, our operations require increased use of cash to support inventory levels.

Our principal sources of cash are product sales and borrowing on our various debt agreements. Under our debt agreements, we must meet certain financial covenants and restrictions, and at **June 30, 2024** **September 30, 2024**, we met those covenants and restrictions.

At **June 30, 2024** **September 30, 2024**, our current assets exceeded our current liabilities by **\$461,609** **\$449,670**, largely due to our inventories, at cost, of **\$358,567** **\$372,153**. At **June 30, 2024** **September 30, 2024**, our cash balance was **\$21,011** **\$20,772** and we have used our various debt agreements for liquidity purposes, with **\$312,000** **\$330,000** available under our Credit Agreement for additional borrowings and **\$223,600** **\$225,200** available under the Note Purchase Agreement (see Note 5, Corporate Borrowings). We anticipate being able to support our short-term liquidity and operating needs largely through cash generated from operations. We regularly assess our cash needs and the available sources to fund these needs. We utilize short-term and long-term debt to fund discretionary items, such as capital investments, dividend payments, and potential mergers and acquisitions. Subject to market conditions, we could also fund future mergers and acquisitions through the issuance of additional shares of Common Stock. In addition, we have strong operating results such that we believe financial institutions should provide sufficient credit funding to meet short-term financing requirements, if needed.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to commodity price and interest rate market risks. We monitor and manage these exposures as part of our overall risk management program. Our risk management program focuses on the unpredictability of financial markets with the goal to reduce the potentially adverse effects that the volatility of these markets may have on our operating results and financial condition.

**Commodity Costs.** Certain commodities we use in our production process, or input costs, expose us to market price risk due to volatility in the prices for those commodities. Through our grain supply contracts for our Lawrenceburg facility, our wheat flour supply contract for our Atchison facility, and our natural gas contracts for both facilities, we purchase grain, wheat flour, and natural gas, respectively, for delivery from one to 24 months into the future at negotiated prices. We have determined that the firm commitments to purchase grain, wheat flour, and natural gas under the terms of our supply contracts meet the normal purchases and sales exception as defined under Accounting Standards Codification 815, *Derivatives and Hedging*, because the quantities involved are for amounts to be consumed within the normal expected production process.

**Interest Rate Exposures.** Our various debt agreements (see Note 5, Corporate Borrowings) expose us to market risks arising from adverse changes in interest rates. Established procedures and internal processes govern the management of this market risk.

Increases in market interest rates would cause interest expense under our variable interest rate debt to increase and earnings before income taxes to decrease. The change in interest expense and earnings before income taxes would be dependent upon the weighted average outstanding borrowings under variable interest rate debt during the reporting period following an increase in market interest rates. Based on weighted average outstanding variable-rate borrowings at **June 30, 2024** **September 30, 2024**, a 100 basis point increase over the current rates actually in effect at such date would increase our interest expense on an annual basis by **\$880** **\$700**. Based on weighted average outstanding fixed-rate borrowings at **June 30, 2024** **September 30, 2024**, a 100 basis point increase in market rates would result in a decrease in the fair value of our outstanding fixed-rate debt of **\$20,323** **\$22,927**, and a 100 basis point decrease in market rates would result in an increase in the fair value of our outstanding fixed-rate debt of **\$9,639** **\$9,172**.

### ITEM 4. CONTROLS AND PROCEDURES

**Evaluation of Disclosure Controls and Procedures.** As of **June 30, 2024** **September 30, 2024**, our Chief Executive Officer and Chief Financial Officer have each reviewed and evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (as amended, the "Exchange Act")). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have each concluded that our current disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

**Changes in Internal Control.** There were no changes in our internal control over financial reporting during the quarter ended **June 30, 2024** **September 30, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

Reference is made to Part I, Item 3, Legal Proceedings of our Annual Report on Form 10-K for the year ended December 31, 2023, and Note 8 in this Report for information on certain proceedings to which we are subject.

### ITEM 1A. RISK FACTORS

Risk factors are described in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

#### Issuer Purchases of Equity Securities

	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (in thousands) (2)
April 1, 2024 through April 30, 2024	—	\$ —	—	\$ 95,000
May 1, 2024 through May 31, 2024	33,363	74.93	33,363	92,500
June 1, 2024 through June 30, 2024	—	(1)	—	92,500
<b>Total</b>	<b>33,363</b>		<b>33,363</b>	

	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (in thousands) (2)
July 1, 2024 through July 31, 2024	35,913	\$ 69.61	35,913	\$ 90,000
August 1, 2024 through August 31, 2024	—	—	—	90,000
September 1, 2024 through September 30, 2024	—	(1)	—	90,000
<b>Total</b>	<b>35,913</b>		<b>35,913</b>	

(1) All shares were repurchased were under the share repurchase program announced on February 29, 2024.

(2) On February 29, 2024, we announced that our Board of Directors approved a \$100,000 share repurchase program. The repurchase program has no expiration date and may be modified, suspended, or discontinued at any time by the Company without prior notice.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

During the quarter ended **June 30, 2024** **September 30, 2024**, none of our directors or officers adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangements" (each as defined in Item 408(a) of Regulation S-K).

## ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
10.13.2	<a href="#">Transition Agreement between Curtis C. Landherr Amended and Restated Bylaws of MGP Ingredients, Inc., dated April 23, 2024 (Incorporated September 26, 2024 (Incorporated by reference to Exhibit 10.1 Exhibit 3.2 of the Company's Company's Current Report on Form 8-K 8-K/A filed April 26, 2024).</a>
10.2	<a href="#">MGP Ingredients, Inc. 2024 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 of the Company's Registration Statement on Form S-8 filed on May 23, 2024 September 30, 2024).</a>
*31.1	<a href="#">CEO Certification pursuant to Rule 13a-14(a)</a>
*31.2	<a href="#">CFO Certification pursuant to Rule 13a-14(a)</a>
**32.1	<a href="#">CEO Certification furnished pursuant to Rule 13a-14(b) and 18 U.S.C. 1350</a>
**32.2	<a href="#">CFO Certification furnished pursuant to Rule 13a-14(b) and 18 U.S.C. 1350</a>
*101	The following financial information from MGP Ingredients, Inc.'s Quarterly Report on Form 10-Q for the quarter and year to date ended <b>June 30, 2024</b> September 30, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language) includes: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows, (v) Condensed Consolidated Statements of Changes in Stockholders' Equity, and (vi) the Notes to Unaudited Condensed Consolidated Financial Statements.
*104	Cover Page Interactive Data Filed - formatted in iXBRL (Inline Extensible Business Reporting Language) and contained in Exhibit 101
* Filed herewith	
**Furnished herewith	

## SIGNATURES

Pursuant to the requirements on 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.

### MGP INGREDIENTS, INC.

Date: **August 1, October 31, 2024** By /s/ David S. Bratcher  
David S. Bratcher, Chief Executive Officer and President

Date: **August 1, October 31, 2024** By /s/ Brandon M. Gall  
Brandon M. Gall, Vice President, Finance and Chief Financial Officer

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Exhibit 31.1

## CERTIFICATION

I, David S. Bratcher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MGP Ingredients, Inc.;
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 officers 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; and

5. The registrant's other certifying officers 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: **August 1, October 31, 2024**

/s/ David S. Bratcher

David S. Bratcher, Chief Executive Officer and President

**Exhibit 31.2**

**CERTIFICATION**

I, Brandon M. Gall, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MGP Ingredients, Inc.;
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 officers 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; and
5. The registrant's other certifying officers 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.

Dated: **August 1, October 31, 2024**

*/s/* Brandon M. Gall

Brandon M. Gall, Vice President, Finance and Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION**

**OF**

**PERIODIC REPORT**

I, David S. Bratcher, Chief Executive Officer and President of MGP Ingredients, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended **June 30, 2024** **September 30, 2024** (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

Dated: **August 1, October 31, 2024**

*/s/* David S. Bratcher

David S. Bratcher

Chief Executive Officer and President

[A signed original of this written statement required by Section 906 has been provided to MGP Ingredients, Inc. and will be retained by MGP Ingredients, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

*/div>*

**Exhibit 32.2**

**CERTIFICATION**

**OF**

**PERIODIC REPORT**

I, Brandon M. Gall, Vice President and Chief Financial Officer of MGP Ingredients, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended **June 30, 2024** **September 30, 2024** (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

Dated: **August 1, October 31, 2024**

*/s/* Brandon M. Gall

Brandon M. Gall

Vice President, Finance and Chief Financial Officer

[A signed original of this written statement required by Section 906 has been provided to MGP Ingredients, Inc. and will be retained by MGP Ingredients, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

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