

May 8, 2023



MGP Ingredients to Acquire Penelope Bourbon

Premium plus American Whiskey brand consistent with MGP's premiumization strategy focused on gross margin accretive growth brands

ATCHISON, Kan., May 08, 2023 (GLOBE NEWSWIRE) -- **MGP Ingredients, Inc. (Nasdaq: MGPI)**, a leading provider of distilled spirits, branded spirits, and food ingredient solutions, today announced that its Luxco, Inc. subsidiary has reached a definitive agreement to acquire 100% of the equity of Penelope Bourbon LLC ("Penelope Bourbon" or "Penelope") and its related assets. Founded in 2018, Penelope Bourbon is a family and founder-owned and operated American Whiskey company with a diverse portfolio of high-quality whiskeys in the premium-plus price tiers. The acquisition includes all intellectual property and inventory of bottled product, as well as Penelope's aging whiskey inventory on a debt-and-cash-free basis. The upfront consideration is \$105.0 million in cash to be paid at closing, with further potential earn-out contingent consideration of up to a maximum cash payout of \$110.8 million measured through December 31, 2025 if certain performance conditions are met, reflecting the brand's current growth potential. The acquisition is expected to be financed using MGP's existing revolving credit facility and cash on hand.

Transaction Highlights

- Enhances presence in growing American Whiskey category
- Expands portfolio of premium-plus price point brands
- Leverages Branded Spirits national distribution platform to extend Penelope's reach
- Current MGP Distilling Solutions customer
- Expected to be immediately accretive to Branded Spirits segment gross margin and consolidated adjusted basic earnings per share after close
- Anticipated total cost synergies of approximately \$5 million by December 31, 2025
- Transaction is anticipated to close in June 2023

"We are excited to welcome Penelope as part of our expanding premium-plus brand portfolio," said David Colo, president and CEO of MGP Ingredients. "This acquisition aligns well with our premiumization strategy and our focus on growing high potential, high margin brands. Penelope is an excellent addition to our Branded Spirits portfolio as we look to expand its availability throughout our national distribution platform. We are enthusiastic about this acquisition and its ability to further our participation in the growing American Whiskey category while delivering meaningful long-term growth."

“MGP has been an incredible partner of ours since we started our business in 2018. We are excited to take our partnership to the next level with the goal of accelerating Penelope’s growth for years to come,” said Michael Paladini, CEO & Founder of Penelope. “Since our initial product launch in 2019, it has been amazing to watch consumers embrace our brand. We look forward to expanding our partnership with MGP and building on our legacy,” said Daniel Polise, COO & Founder of Penelope.

Advisors

Reed Smith LLP acted as legal transaction advisor to MGP. TD Cowen served as exclusive financial advisor and BakerHostetler acted as legal transaction advisor to Penelope Bourbon.

About Penelope Bourbon

Founded in 2018, Penelope Bourbon has been one of the country’s fastest-growing whiskey brands. Named after the founder’s daughter, Penelope boasts a series of straight bourbon whiskey expressions that are all uniquely blended from three different mash bills. Remarkably smooth and flavorful, Penelope is perfect whether sipping neat or mixing in a cocktail.

Penelope’s core expressions, Four Grain, Barrel Strength, Architect and Toasted Series, have received over 30 combined awards and industry accolades. Most recently, the brand won Double Gold and ‘Best of Class’ at the 2022 San Francisco World Spirits Competition, and was awarded three Double Platinum Medals – along with the title ‘Blender of the Year’- by the ASCOT Awards (2022).

In addition to its cornerstone expressions, Penelope continues to introduce new and innovative limited releases within its Cooper Series, Private Select and Founders Reserve lines.

Today, Penelope Bourbon is sold in over 30 states and 4 countries. Proving that with enough love and care, and hard work, anything is possible. To learn more about Penelope, please visit penelopebourbon.com

About MGP Ingredients, Inc.

MGP Ingredients, Inc. (Nasdaq: MGPI) is a leading producer of premium distilled spirits, branded spirits, and food ingredient solutions. Since 1941, we have combined our expertise and energy aimed at formulating excellence, bringing product ideas to life collaboratively with our customers.

As one of the largest distillers in the U.S., MGP’s offerings include bourbon and rye whiskeys, gins, and vodkas, which are created at the intersection of science and imagination, for customers of all sizes, from crafts to multinational brands. With distilleries in Kentucky, Indiana and Kansas, and bottling operations in Missouri, Ohio, and Northern Ireland, MGP has the infrastructure and expertise to create on any scale.

MGP’s branded spirits portfolio covers a wide spectrum of brands in every segment, including iconic brands from Luxco, which was founded in 1958 by the Lux Family. Luxco is a leading producer, supplier, importer and bottler of beverage alcohol products. Our branded spirits mission is to meet the needs and exceed the expectations of consumers, associates

and business partners. Luxco's award-winning spirits portfolio includes well-known brands from four distilleries: Bardstown, Kentucky-based Lux Row Distillers, home of Ezra Brooks, Rebel, Blood Oath, David Nicholson and Daviess County; Lebanon, Kentucky-based Limestone Branch Distillery, maker of Yellowstone Kentucky Straight Bourbon Whiskey, Minor Case Straight Rye Whiskey and Bowling & Burch Gin; Jalisco, Mexico-based Destiladora González Lux, producer of 100% agave tequilas, El Mayor, Exotico and Dos Primos; and the historic Ross & Squibb Distillery in Lawrenceburg, Indiana, where the Remus Straight Bourbon Whiskey and Rossville Union Straight Rye Whiskey are produced. The innovative and high-quality brand portfolio also includes Everclear Grain Alcohol, Pearl Vodka, Green Hat Gin, Saint Brendan's Irish Cream, The Quiet Man Irish Whiskey and other well-recognized brands.

In addition, our Ingredient Solutions segment offers specialty proteins and starches that help customers harness the power of plants and provide a host of functional, nutritional, and sensory benefits for a wide range of food products.

The transformation of American grain into something more is in the soul of our people, products, and history. We're devoted to unlocking the creative potential of this extraordinary resource. For more information, visit mgpingredients.com.

Cautionary Note Regarding Forward-Looking Statements

The forward-looking statements contained herein include, but are not limited to, statements about the expected effects on MGP Ingredients, Inc. (the "Company," or "MGP") of continuing consumer trends and our announced expansionary projects and the Company's outlook for 2023. 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/or the negatives or variations of these terms or similar terminology.

These forward-looking statements reflect management's current beliefs and estimates of future economic circumstances, industry conditions, Company performance, and Company financial results and financial condition and are not guarantees of future performance. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include:

- the satisfaction of the conditions to closing the transaction to acquire Penelope in the anticipated timeframe or at all
- the ability to realize the anticipated benefits of the acquisition of Penelope
- the ability to successfully integrate the Penelope businesses
- disruption from the acquisition of Penelope making it more difficult to maintain business and operational relationships
- significant transaction costs and unknown liabilities
- litigation or regulatory actions related to the proposed acquisition of Penelope
- Our reliance on distributors to adequately distribute our branded spirits within their territories
- Risks related to acquisitions, the competitive market in which we sell our products, and related market conditions
- Potential adverse effects related to the potential loss of key management personnel

For further information on these and other risks and uncertainties that may affect our business, including risks specific to our Distilling Solutions, Branded Spirits and Ingredient Solutions segments, see Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2022.

For More Information

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