

INVESTOR PRESENTATION

First Quarter 2024



Create Exceptional™



FORWARD LOOKING STATEMENTS AND NON-GAAP DISCLAIMER

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation statements regarding the prospects of the industries of MGP Ingredients, Inc. (the “Company” or “MGP”); the Company’s prospects, plans, mission, strategies, capital allocation priorities, financial position, financial stability, growth opportunities, and strategic plan; U.S. Spirits and American Whiskey growth; cash flow; new distillate sales benefits, including ability to provide stability, sustainability, and cash flows; costs associated with the Atchison distillery closure; value of whiskey inventory; and the Company’s 2024 guidance, including its expectations for sales, adjusted EBITDA, adjusted basic earnings per common share, and shares outstanding. Forward looking statements are usually identified by or are associated with words such 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, Company performance, Company financial results, and Company financial condition and are not guarantees of future performance.

All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. Factors that could cause actual results to differ materially from our expectations include without limitation any effects of changes in consumer preferences and purchases and our ability to anticipate or react to those changes; our ability to compete effectively; damage to our reputation or that of any of our key customers or their brands; failure to introduce successful new brands and products or have effective marketing or advertising; changes in public opinion about alcohol or our products; our reliance on our distributors to distribute our branded spirits; our reliance on fewer, more profitable customer relationships; interruptions in our operations or a catastrophic event at our facilities; decisions concerning the quantity of maturing stock of our aged distillate; warehouse expansion issues; our reliance on a limited number of suppliers; our reliance on a limited number of suppliers; work disruptions or stoppages; climate change and measures to address climate change; our closure of our Atchison, Kansas distillery; regulation and taxation and compliance with existing or future laws and regulations; tariffs, trade relations, and trade policies; excise taxes, incentives and customs duties; our ability to protect our intellectual property rights and defend against alleged intellectual property rights infringement claims; failure to secure and maintain listings in control states; labeling or warning requirements or limitations on the availability of our products; product recalls or other product liability claims; anti-corruption laws, trade sanctions and restrictions; class action or other litigation; higher costs or the unavailability and cost of raw materials, product ingredients, energy resources, or labor; failure of our information technology systems, networks, processes, associated sites, or service providers; acquisitions and potential future acquisitions; interest rate increases; reliance on key personnel; commercial, political, and financial risks; covenants and other provisions in our credit arrangements; pandemics or other health crises; ability to pay any dividends; limited rights of common stockholders and antitakeover provisions in our governing documents; the impact of issuing shares of our common stock; and the effectiveness or execution of our strategic plan. For further 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 the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, as well as the Company’s other SEC filings. The Company undertakes no obligation to update any forward-looking statements or information in this presentation, except as required by law.

Non-GAAP Financial Measures

In addition to providing financial information in accordance with U.S. GAAP, the Company provides certain non-GAAP financial measures that are not in accordance with, or alternatives for, GAAP. In addition to the comparable GAAP measures, the Company has disclosed adjusted gross profit, adjusted operating income, adjusted net income, adjusted EBITDA, adjusted EBITDA less capital expenditures, and adjusted basic and diluted EPS, as well as guidance for adjusted EBITDA and adjusted basic EPS. The presentation of these non-GAAP financial measures should be reviewed in conjunction with gross profit, operating income, net income, capital expenditures, and basic and diluted EPS computed in accordance with U.S. GAAP and should not be considered a substitute for the GAAP measure. We believe that the non-GAAP measures provide useful information to investors regarding the Company’s performance and overall results of operations. In addition, management uses these non-GAAP measures in conjunction with GAAP measures when evaluating the Company’s operating results compared to prior periods on a consistent basis, assessing financial trends and for forecasting purposes. Non-GAAP financial measures may not provide information that is directly comparable to other companies, even if similar terms are used to identify such measures. The appendix provide a full reconciliation of historical non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure. Full year 2024 guidance measures of adjusted EBITDA and adjusted basic EPS are provided on a non-GAAP basis without a reconciliation to the most directly comparable GAAP measures because the Company is unable to predict with a reasonable degree of certainty certain items contained in the GAAP measures without unreasonable efforts. Such items include without limitation, acquisition related expenses, restructuring and related expenses, and other items not reflective of the Company’s ongoing operations.

MISSION STATEMENT

Secure our future by consistently delivering superior financial results by more fully participating in all levels of the alcohol, spirits and food ingredients segments for the betterment of our shareholders, employees, partners, consumers and communities.



MGP OVERVIEW



Total sales were \$837MM for the year ended December 31, 2023

DISTILLING SOLUTIONS

Sales: \$451MM
(54% of Total)
GP Margin: 32.2%



- Leading supplier of distilled spirits, facilitating the creation of bourbons, rye whiskeys, American single malt whiskey, distilled gins, and grain neutral spirits ("GNS")
- Shifting business mix towards higher margin opportunities as a supplier to our increasingly diverse range of customers
- Capacity and capability provide key competitive advantage

BRANDED SPIRITS

Sales: \$254MM
(30% of Total)
GP Margin: 44.4%



- Attractive and growing portfolio of spirit brands in fastest growing categories
- Branded Spirits segment provides a platform for both organic and acquisitive growth opportunities
- Award winning premium plus brands offer a significant long-term upside
- Diversified mid and value portfolio positioned at affordable price points and provides stable cash flows

INGREDIENT SOLUTIONS

Sales: \$132MM
(16% of Total)
GP Margin: 35.7%



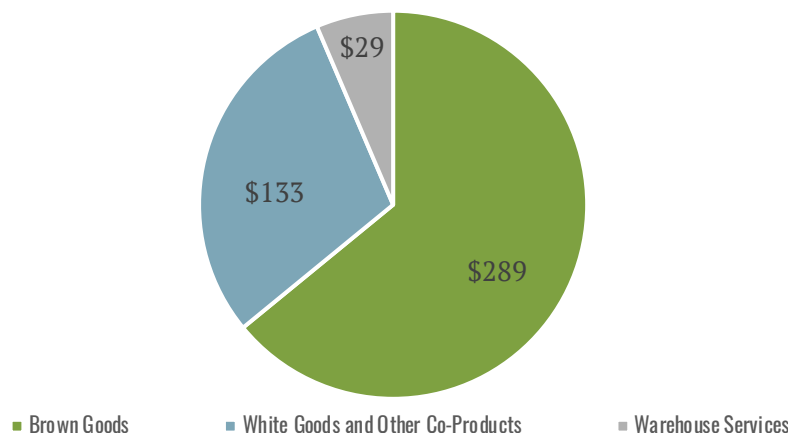
- Leading U.S. producer of specialty wheat proteins and starches
- Rapidly growing category with significant long-term upside
- Aligned with several important consumer trends (e.g. plant based high protein foods, and lower net carbohydrate foods)
- MGP's history affords unique know-how in the specialty ingredient category, and we are widely regarded as experts in the industry

DISTILLING SOLUTIONS

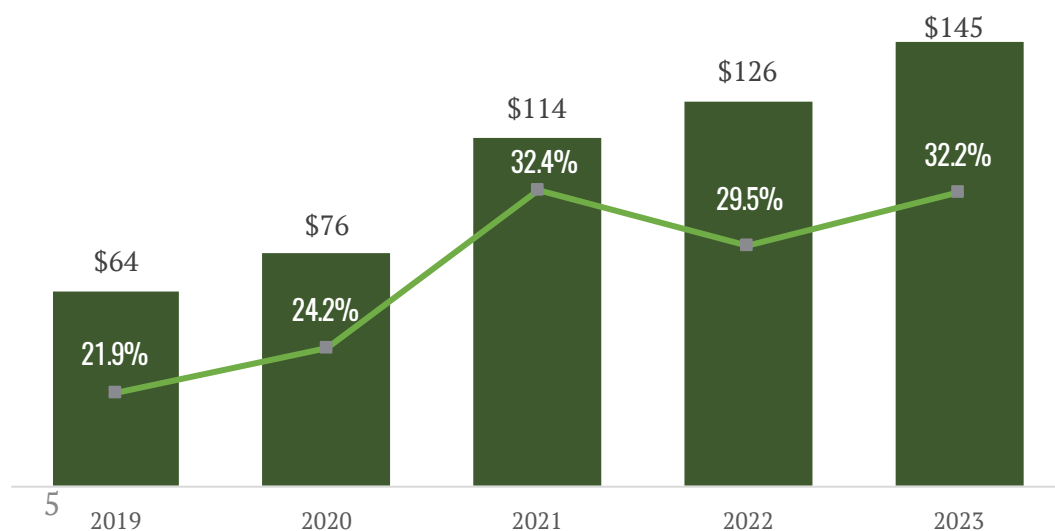
A LEADING SUPPLIER OF DISTILLED SPIRITS TO THIRD PARTIES



2023 Total Revenue of \$451MM



Historical Gross Profit and Margin (%)



Products consist of the following:

- **Brown Goods:** Premium bourbon, rye and other whiskeys sold as aged whiskey or unaged new distillate, which is then aged by customers from two to four years on average
- **Warehouse Services:** Services related primarily to customer storage of Brown Goods product for aging
- **White Goods and Other Co-Products:** Primarily GNS, including vodka and gin, as well as industrial alcohol, fuel grade alcohol and distillers feed and related co-products

Diversified customer base supporting more than 840 new distillate and aged customers as of December 31, 2023

Compete on product innovation, product characteristics, functionality, price, service, and quality factors, like flavor

Note: All figures in millions. Amounts may not foot due to rounding. Distilling Solutions segment results are exclusive of Branded Spirits segment results

DISTILLING SOLUTIONS

UNIQUE EXPERTISE POSITIONS US AS THE PREFERRED PARTNER TO OUR CUSTOMERS



Scale provides competitive pricing

Capacity supports long-term growth

Capabilities to meet diverse customer needs - multiple mash bills; blending to achieve multiple flavor profiles

Flexibility to shift between various offerings

Library of different mash bills and ages

Broad base of premium beverage offerings

Long term stability with new distillate

Leveraging aged whiskey to retain and attract new customers

Partnership approach to our core business

Unique expertise in producing American whiskey



Lawrenceburg, IN Operations

- Ross & Squibb Distillery
 - Top-5 American Whiskey producer
 - One of the largest U.S. suppliers of rye whiskey
 - Bourbon
 - American Single Malt Whiskey
 - Gin & Grain Neutral Spirits/Vodka
- Whiskey aging warehouses
- Research & Development

Bardstown, KY Operations

- Lux Row Distillery
 - Over 18,000 square foot facility
 - Expansionary capital investments in recent years
 - Producer of Kentucky Straight Bourbon Whiskey
- Whiskey aging warehouses

AGED WHISKEY CUSTOMER ECONOMIC BENEFITS

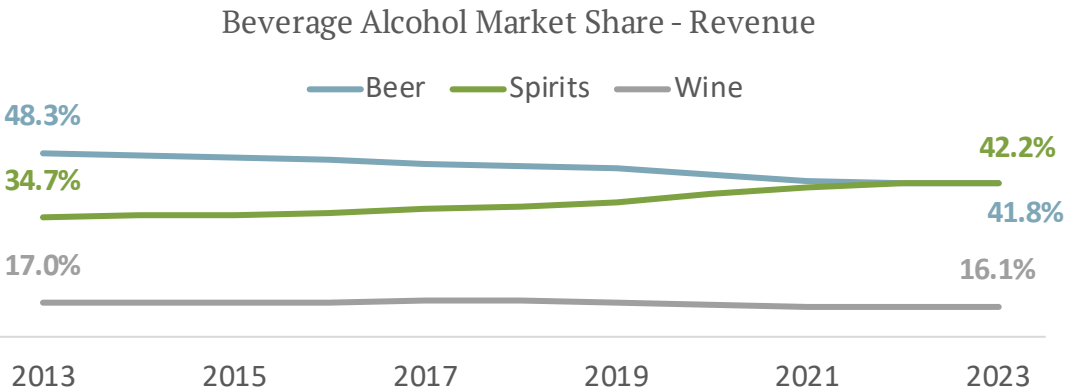
- Shortens timeline to cash flow
- Brand launches can occur in weeks rather than years
- Reduces working capital investment
- No need to build additional distillation capacity or warehouses
- Enables M&A-related growth and brand expansion
- Provides a reliable long-term supply chain solution

DISTILLING SOLUTIONS



WELL POSITIONED TO CONTINUE BENEFITTING FROM GROWTH IN U.S. SPIRITS – PRIMARILY AMERICAN WHISKEY

U.S. Spirits Continue To Gain Share Of Total Beverage Alcohol



- Total distilled spirits have experienced 14 straight years of market share gains in the U.S.
 - 2023 volume up 1.2% vs. 2022 to 309M cases
 - 2023 revenues up 0.2% vs. 2022 to \$37.7B
- Premiumization trends across categories continued to drive U.S. volume growth for high end and super premium brands in 2023 vs. 2022
 - Super Premium American Whiskey +4.0%
 - Rye Whiskey +8.6% ⁽²⁾
 - Super Premium Gin +16.0%

American Whiskey Remains Strong



- 2023 volume was slightly down 0.4% vs. 2022 to 31.1M cases, revenues up 3.8% vs. 2022 to \$5.3B
- Historical length of trends in the U.S. indicates sustainable growth opportunities
- Significant headroom for additional American Whiskey growth in the U.S.

9-LTR Case Volume	1970	2010	2023
American Whiskey	35.6M	15.3M	31.1M
Vodka	18.8M	62.1M	74.9M
Tequila	0.4M	11.6M	31.6M

Amer. Whiskey Metrics	1970	2010	2023
9-LTR Case Volume	35.6M	15.3M	31.1M
Per Capita Consumption	0.69	0.16	0.30
LDA Population	122M	221M	249M ⁽¹⁾
Share of TDS	22.8%	8.0%	10.1%

(1) The LDA population for 2023 is an estimate provided by Distilled Spirits Council
(2) The Rye Whiskey growth is comparing 2022 vs. 2021

DISTILLING SOLUTIONS



FOUR STRATEGIES TO CONTINUE DELIVERING LONG-TERM GROWTH WITHIN THE DISTILLING SOLUTIONS SEGMENT

Distilling Solutions Growth Strategy

1. Further develop our existing customer relationships
2. Expand our Kentucky whiskey sales platform
3. Cultivate additional multi-national and craft customers for brown goods sales
4. Increase our global presence in the American whiskey market

American Whiskey is Underdeveloped Outside U.S.

- Exports expected to be a key driver of long-term growth, particularly in the European Union
- As a result of the tariff suspension, American Whiskey exports to the EU increased 29% in 2022 compared to 2021, reaching \$566 million in 2022.⁽¹⁾
 - This accounts for 44% of all American Whiskey exports, surpassing the pre-tariff level of \$518 million in 2017.⁽¹⁾



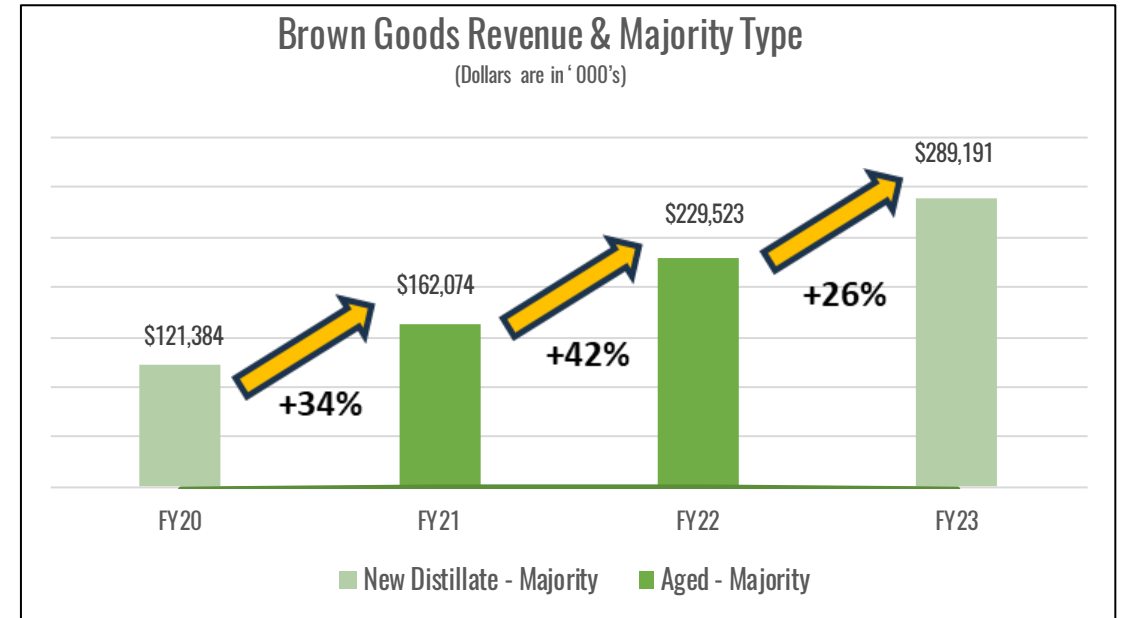
DISTILLING SOLUTIONS



CUSTOMER EVOLUTION INTO NEW DISTILLATE PROVIDES LONG-TERM STABILITY AND SUSTAINABILITY

New Distillate Sales Benefits

1. Attractive gross margin profile
2. Typically made to customers whose brands are more sizeable and reliable
3. Are the “end goal” for customers that start out purchasing aged whiskey – enhancing the long-term relationship with our customers
4. Are contracted for multi-year periods providing excellent visibility – expected ~90% of sales volume committed in 2024
5. Anticipated to provide strong cash flow that will be reinvested into the business



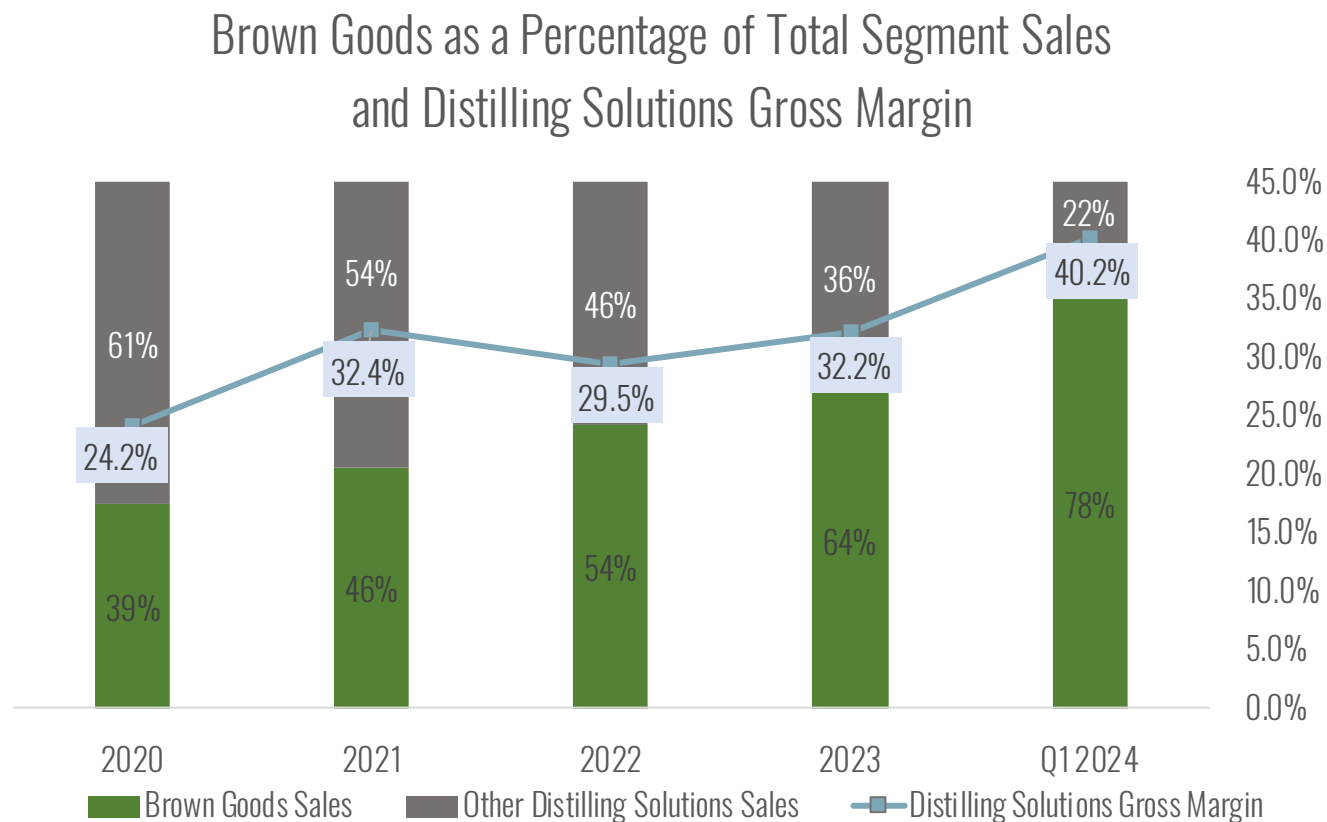
Note: Distilling Solutions segment results are exclusive of Branded Spirits segment results.

DISTILLING SOLUTIONS

PROGRESS OF "BROWN GOODS FOCUS" STRATEGY, CLOSURE OF ATCHISON DISTILLERY



- Due to their lower relative gross margin profiles, white goods and industrial alcohol sales have been de-emphasized in recent years.
- Beginning in 2022, as a result of increased supply into the market following COVID and the continued high corn basis values in the Atchison, KS region, gross margins turned negative for these product lines in Atchison, KS.
- In response, on July 13, 2023, the Company announced the planned closure of its Atchison distillery. The Atchison distillery ceased operations in December 2023, which accelerated our focus on brown goods.



DISTILLING SOLUTIONS

IMPACTS OF THE PLANNED CLOSURE OF THE ATCHISON DISTILLERY ON THE CONSOLIDATED BUSINESS

Pro-Forma Results⁽¹⁾, excluding the Atchison Distillery

Consolidated				
	FY 2022		FY 2023	
	Pro-Forma ⁽¹⁾	Change	Pro-Forma ⁽¹⁾	Change
Sales	\$641.5	(\$140.8)	\$728.0	(\$108.5)
Gross Profit	\$253.9	\$0.6	\$309.4	\$4.7
Gross Margin	39.6%	7.2 pp ⁽²⁾	42.5%	6.1 pp ⁽²⁾

Distilling Solutions				
	FY 2022		FY 2023	
	Pro-Forma ⁽¹⁾	Change	Pro-Forma ⁽¹⁾	Change
Sales	\$287.7	(\$140.8)	\$342.4	(\$108.5)
Gross Profit	\$132.4	\$6.1	\$156.1	\$11.1
Gross Margin	46.0%	16.5 pp ⁽²⁾	45.6%	13.4 pp ⁽²⁾

Ingredient Solutions				
	FY 2022		FY 2023	
	Pro-Forma ⁽¹⁾	Change	Pro-Forma ⁽¹⁾	Change
Sales	\$115.9	\$-	\$131.7	\$-
Gross Profit	\$26.0	(\$5.5)	\$40.5	(\$6.4)
Gross Margin	22.4%	(4.8) pp ⁽²⁾	30.8%	(4.9) pp ⁽²⁾

Overview of One-Time Expenses

Incurred one-time aggregate pre-tax charges of approximately \$19.4 million in 2023. These charges include the following:

- \$17.1 million in non-cash restructuring expenses for asset impairments (fixed assets, inventory, leases)
- \$2.3 in cash expenses for items such as severance costs, contract termination fees, inventory write-offs, and consulting fees

\$1.6 million in capital expenditures in 2023 to decouple the Atchison distillery from the Ingredient Solutions facility; another \$7.5 million anticipated for the mini-fuel plant during 2024.

\$4-\$6 million of temporary costs expected in 2024 to better monetize the waste starch stream in the Ingredient Solutions segment

We believe the vast majority of these one-time charges are reflected in the above overview. However, additional one-time expenses may occur, including those related to equipment sales in subsequent quarters.

11

1. Pro-Forma results are presented in thousands and exclude results associated with the Atchison distillery. See appendix for more information

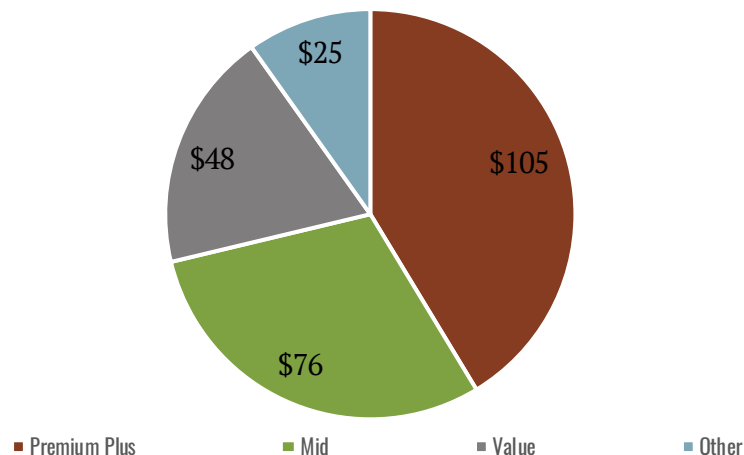
2. Percentage points ("pp")

BRANDED SPIRITS



AN ESTABLISHED PORTFOLIO WITH A FOCUS ON GROWING HIGH POTENTIAL, HIGH MARGIN BRANDS

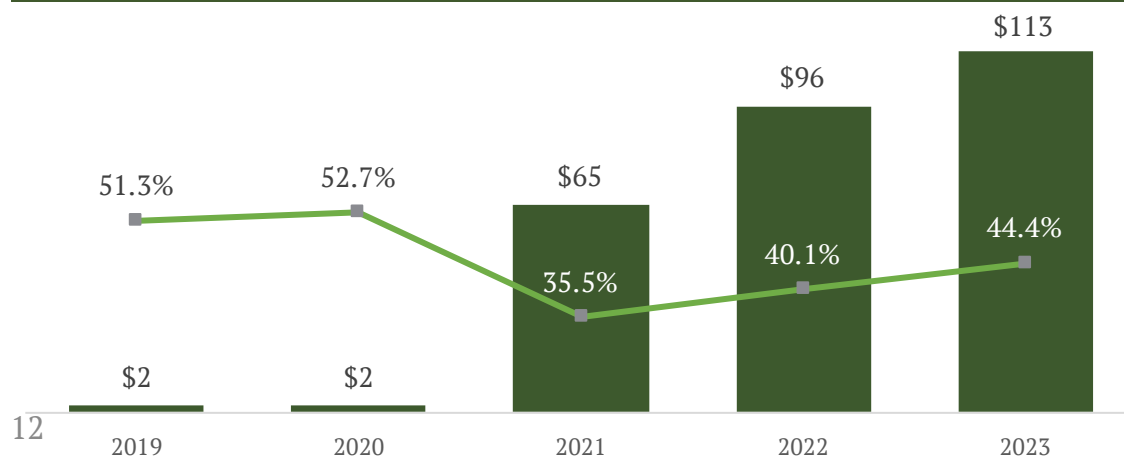
2023 Total Revenue of \$254MM



Brand Examples By Price Tier:

- **Premium Plus:** Yellowstone Bourbon, Remus Bourbon, Penelope Bourbon, Blood Oath Bourbon, Rebel Bourbon, Ezra Books Bourbon, Dos Primos Tequila, Minor Case Straight Rye Whiskey, Rossville Union Straight Rye Whiskey, The Quiet Man Irish Whiskey, Green Hat Gin, Everclear, El Mayor Tequila and St. Brendan's Irish Cream
- **Mid:** Brady's Irish Cream, Pearl Vodka, Lord Calvert Canadian Whisky, Exotico Tequila
- **Value:** Arrow Cordials, Canada House Canadian Whisky, Lady Bligh Rum, Juarez Tequila
- **Other:** Includes private label products, retail sales, and contract bottling

Historical Adjusted Gross Profit and Adjusted Margin (%) ⁽¹⁾ ⁽²⁾



1. Branded Spirits segment includes Luxco results from April 1, 2021 (date of acquisition).

2. Non-GAAP measure. See appendix for GAAP to Non-GAAP Reconciliation

Note: All figures in millions. Amounts may not foot due to rounding.

BRANDED SPIRITS

PENELOPE BOURBON OVERVIEW

EXPANSIVE PREMIUM+ WHISKEY FAMILY

FOUR GRAIN SERIES

CORE BRANDS



COOPER SERIES

LIMITED RELEASES



FOUNDERS RESERVE

LIMITED EDITION



PRIVATE SELECT

LIMITED PRODUCTION & BARREL PROGRAM



One of the fastest growing
whiskey brands in the US

+95%

Source: Nielsen 52 weeks Sales CY All Growth Trend by
American Whiskey Spirits Category thru March 23, 2024

What they're saying about us...

Whisky
ADVOCATE

6 Wonderful Wine Cask-
Finished Whiskies to Try

"The palate is surprisingly
zippy"

Men's Journal

Penelope Bourbon Feature

"A Relative Newcomer to the
Whiskey Scene Is Making Big
Waves"

UPROXX

The Best Bourbon Whiskeys
On Earth, According To The
Oscars Of Spirits

"This is just straight-up good.
It's unique, deep, and yet very
accessible"

VINEPAIR

The 50 Best Spirits of 2022

"this rye whiskey deserves its
OWN CROWN"



- Founded in 2019 by childhood friends Michael Paladini and Danny Polise
- Vision was to create a spirit that embodies the daily joys of celebrating life's pleasures – big and small
- Distilled at MGP

35x award-winning, including...



SAN FRANCISCO WORLD
SPIRITS COMPETITION

2023 San Francisco World
Spirits Competition

Double Gold: Private Select



2023 Ascot Awards

Best In Category: Private Select

BRANDED SPIRITS

EXPANSIVE FAMILY OF BRANDS



REBEL
100 Proof
SRP: \$19.99



EVERCLEAR
Clear Grain
Spirit
SRP: \$19.99



EZRA BROOKS
99 Proof
SRP: \$24.99



EL MAYOR
Blanco Tequila
SRP: \$26.99



PENELOPE
Four Grain
Whiskey
SRP: \$34.99



**ROSSVILLE
UNION**
Master Crafted
Straight Rye
Whiskey
SRP: \$39.99



MINOR CASE
Straight Rye
Whiskey
SRP: \$39.99



YELLOWSTONE
Straight Bourbon
Whiskey
SRP: \$39.99



REMUS
Straight Bourbon
Whiskey
SRP: \$39.99



**THE QUIET
MAN**
8-Year Irish
Whiskey
SRP: \$42.99



DOS PRIMOS
Blanco Tequila
SRP: \$44.99



YELLOWSTONE
American Single
Malt Whiskey
SRP: \$54.99



PENELOPE
Private Select
Whiskey
SRP: \$69.99



OLD EZRA
7-Year Straight
Rye Whiskey
SRP: \$79.99



**YELLOWSTONE
LIMITED**
Straight Bourbon
Whiskey
SRP: \$99.99



**REMUS REPEAL
RESERVE**
Straight Bourbon
Whiskey
SRP: \$99.99



BLOOD OATH
Straight Bourbon
Whiskey
SRP: \$129.99



**REMUS GATSBY
RESERVE**
Straight Bourbon
Whiskey
SRP: \$199.99

BRANDED SPIRITS

AN ESTABLISHED PORTFOLIO WITH A FOCUS ON GROWING HIGH POTENTIAL, HIGH MARGIN BRANDS



National Sales Platform

- Sales / Distributor representation in every U.S. state and a dedicated international sales team
- Dedicated sales and marketing team of over 40 members spanning coast to coast with decades of experience in the spirits industry
- Strong relationships with major U.S. distributors

National Distribution Partners



Operational Capabilities



Limestone Distillery
Lebanon, KY



Lux Row Distillery
Bardstown, KY



Ross & Squibb Distillery
Lawrenceburg, IN



DGL Distillery (Joint Venture)
Arandas, Mexico

Distilleries

Extensive operational capacity to satisfy future production needs

Bottling / Blending

Various bottling lines with cream, spirits and RTD processing capabilities

Distribution Center

Warehouse and fulfillment center in St. Louis

Diverse Portfolio of Brands



BRANDED SPIRITS

CONTINUE TO FOCUS AND INNOVATE WITHIN U.S. SPIRITS PRICE TIERS THAT ARE GROWING – PRIMARILY HIGH-END AMERICAN WHISKEY, TEQUILA, & GIN



Growth Across Spirits Categories Continues to Outperform in the High-End

BOURBON WHISKEY	Sales CY All	52 Weeks Trend
Ultra Premium	\$701,895,840	+18%
Super Premium	\$1,019,804,225	+3%
Premium	\$284,545,914	+3%
Mid	\$578,764,843	0%
Value	\$28,422,148	-4%

GIN	Sales CY All	52 Weeks Trend
Ultra Premium	\$79,932,427	+12%
Super Premium	\$115,035,618	-2%
Premium	\$248,785,723	-3%
Mid	\$109,569,314	-1%
Value	\$27,895,217	-3%

TEQUILA	Sales CY All	52 Weeks Trend
Ultra Premium	\$821,776,054	+7%
Super Premium	\$794,869,110	-1%
Premium	\$947,607,366	+12%
Mid	\$451,580,108	+3%
Value	\$43,489,376	+4%

AMERICAN WHISKEY	Sales CY All	52 Weeks Trend
Ultra Premium	\$901,269,939	+16%
Super Premium	\$1,297,452,255	+2%
Premium	\$997,937,795	-1%
Mid	\$754,599,423	+1%
Value	\$58,162,684	-2%

Recent Innovation Launches are Designed to Capitalize on Fastest Growing Price Segments

El Mayor
Cristalino Anejo
SRP: \$49.99
Jan '24

Penelope
Tokaji Finish Whiskey
SRP: \$89.99
Feb '24

Yellowstone
Straight Bourbon
SRP: \$49.99
Mar '24

Rebel
Straight Bourbon
SRP: \$59.99
Mar '24



BRANDED SPIRITS

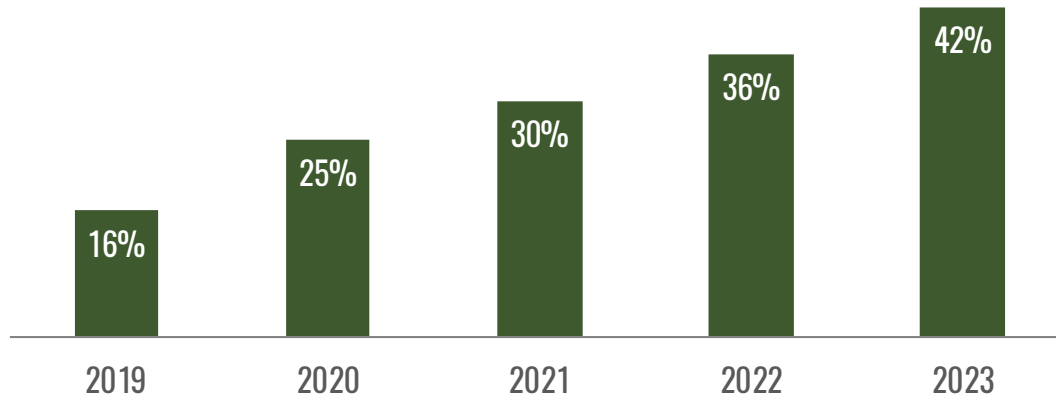
FOUR STRATEGIES TO CONTINUE DELIVERING LONG-TERM GROWTH WITHIN THE BRANDED SPIRITS SEGMENT



Branded Spirits Growth Strategy

1. Points of distribution expansion
2. Increase innovation
3. Build brand awareness
4. Invest in our people

Premium Plus % of Total Segment Net Sales



Focus on the Right Marketing Support

AWARENESS

- Paid Social (Facebook, Instagram)
- Online/Streaming (YouTube, Pre-Roll Video)
- Cable TV
- OTT Digital Video

CONSIDERATION

- Paid Search
- CRM Strategy
- Digital Display
- Influencer Management

CONVERSION

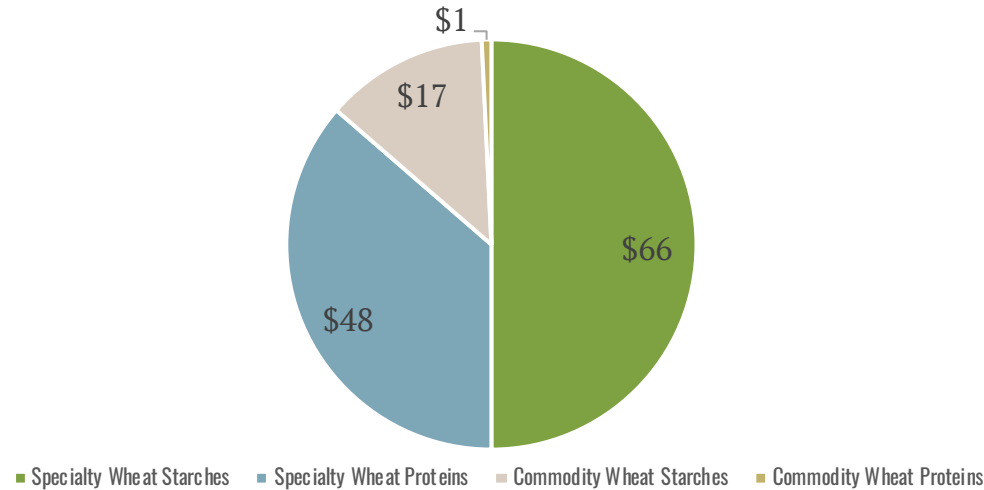
- E-Commerce Promo (retargeting-ads to promote purchase)
- Digital Coupons (Ibotta)
- E-Commerce Sites: Instacart, Thirstie, Caskers/Flaviar, Reserve Bar

INGREDIENT SOLUTIONS

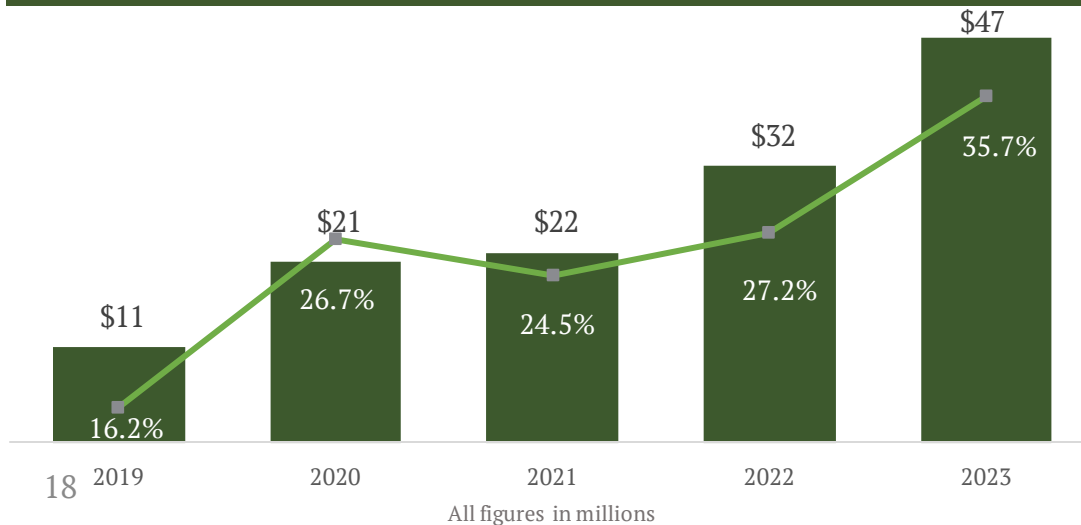
A LEADING SUPPLIER OF SPECIALTY WHEAT STARCHES & PROTEINS



2023 Total Revenue of \$132MM



Historical Gross Profit and Margin (%)



Products consist of the following:

- **Specialty Wheat Starches:** Premium wheat starches sold to food processors and distributors, a substantial portion of which are modified for special applications such as improving tastes and textures or improving the nutritional profile
 - Fibersym® is expertly modified to add dietary fiber in foods while reducing calories and net carbs on labels
- **Specialty Wheat Proteins:** Derived from vital wheat gluten for food applications; competes with other ingredients and modified proteins, primarily soy protein
 - Proterra® is an emerging textured plant protein that is a premium meat replacement solution
 - Arise® improves functional texture and softness in baked goods while increasing protein content in foods
- **Commodity Wheat Starches:** Non-specialized product with non-food and food applications, which primarily competes with corn starch
- **Commodity Wheat Proteins:** Also known as vital wheat gluten, this product represents a free-flowing light tan powder, containing 70 – 80% protein, which is used by bakeries and food processors to improve the nutritional content, texture, strength, shape, and other aspects of their product

INGREDIENT SOLUTIONS

STRONGLY POSITIONED TO SERVE SPECIALTY PLANT-BASED MARKETS



- High protein diet tops the list as the most common diet pattern, while plant-based eating has dropped to seventh place, down from fourth place last year.¹
 - 19% of consumers surveyed eat more plant-based meat and seafood alternatives vs. a year ago.¹
 - Global Texturized Vegetable Protein Market (Conventional segment, non-organic) accounted for \$682.3 million in 2019 and is expected to reach \$1,209.0 million by 2027 growing at a CAGR of 7.4%.²
- Resistant starches are dietary fiber and prebiotics with several health benefits, including reduced glycemic response, potentially increased satiety, and improved gut health.³
 - Weight management and digestive are the top two and four most sought after benefits from food¹
 - More than 80% of consumers regard dietary fiber as a healthy component of their food⁴
 - The global resistant starch market is forecasted to reach USD 2,511.07 billion by 2030, with a CAGR of 8.9% from 2023 to 2030.⁵
- Food extrusion is estimated to be valued at \$77.5 Billion in 2022 and projected to reach 124.87 Billion by 2030, recording a of 6.1% CAGR (2023-2030).⁶

Source: CFRA from Sosland Publishing, Foodinsight.org 2023 Food & Health Survey, Foodinsight.org from Sosland Publishing, OYResearch

19 ¹ Per Foodinsight.org 2022 Food & Health Survey | ² Per Statistics MRC | ³ doi: [10.3390/foods7020018](https://doi.org/10.3390/foods7020018)
⁴ Per Foodinsight.org from Sosland Publishing | ⁵ Per Comprehensive Overview: Growth Prospects in the Resistant Starch Sector 2023-2030 report | ⁶ Per Vantage Market Research – Food Extrusion Market – Global Industry Assessment & Forecast

INGREDIENT SOLUTIONS

THREE STRATEGIES TO CONTINUE DELIVERING LONG-TERM GROWTH WITHIN THE INGREDIENT SOLUTIONS SEGMENT



Ingredient Solutions Growth Strategy

1. Expand and optimize our dietary fiber, plant proteins and clean label starches
2. Expand our extruded products platform
3. Continue to innovate and expand opportunities through research and development

Top Nutrients Americans are Seeking to Consume*

67% Protein

61% Vitamin D

61% Fiber

56% Calcium



Total U.S. Plant-Based Food Market

Year	Sales in Billions	Yearly Growth
2019	\$5.5	
2020	\$7.1	+27.9%
2021	\$7.5	+5.9%
2022	\$8.0	+6.6%

* Percent of consumers answered “Try to consume” the listed nutrients

Source: International Food Information Council (IFIC) Foundation. Plant based Food Association. Plant-based foods state of the marketplace: 2023 Summary Report

INGREDIENT SOLUTIONS

AGGRESSIVELY EXPAND FIBERSYM AND ARISE PLATFORMS

Fibersym RW Overview

- Granular RS4-type resistant wheat starch
- Allows formulators to boost the fiber content and to lower net carbs of a diverse line of food products
- Delivers health benefits to consumers; lowers blood glucose levels, acts as prebiotic and improve gut health



Arise Overview

- Line of wheat protein isolates
- Clean label ingredient
- Provides functional benefits to a wide range of bakery and other flour-based food products



Strategy

- Products: Expand Fibersym RW dietary fiber, clean label pregels, and Arise wheat protein isolates
- Price: Negotiate premium pricing as a specialty ingredient option providing unique functionality
- Promotion: Leverage three marketing platforms including; print media, digital media, and social media
- Place: Present MGP ingredients to key industrial bakers, tortilla and pasta makers, and snack providers and include healthy pet treat to expand

INGREDIENT SOLUTIONS

EXPAND TEXTURED PLANT PROTEINS

U.S. product launches and plant-based claims

Region	2018	2019	2020	2021	2022
U.S.	291	539	637	772	817



Texturized Protein Extrusion Plant

- New \$16.7MM texturized protein extrusion plant came online in the second quarter of 2024 and is designed to be capable of producing 10MM pounds of texturized protein products per year
- Achieving in-house production of ProTerra line expected to:
 - Reduce lead times related to co-packers scheduling issues
 - Increase flexibility related to R&D projects
 - Enhance our ability to effectively commercialize new products

Strategy

- Product: Introduce new and innovative textured plant proteins, and Ingredients Inclusions, created from a variety of plant sources designed to improve nutrition and meet consumer trends
- Price: Remain competitive while focusing on premium price category and provide unique solutions for protein additions in the plant-based meat replacement segment
- Promotion: Engage marketing to develop new print, digital and media advertising to leverage consumer trends around eating more plant proteins versus animal proteins while emphasizing sustainability features
- Co-manufacturing: Prospect and retain new business partners for co-manufacturing purposes to rapidly grow volume of extruded product
- Place: Focus on premier national branded meat replacement organizations investing in R&D and new product development

OPERATIONAL EXCELLENCE

A CULTURE OF CONTINUOUS IMPROVEMENT



- “House of Zero Loss” operational excellence initiative
 - Improving throughput of existing assets while maintaining consistency of high-quality products
 - Lawrenceburg, IN operations increased capacity 33% from 2019 to 2023 to support growth of the Distilling Solutions segment
 - Atchison, KS ingredient solutions operations increased capacity 35% from 2019 to 2023 to support growth of the Ingredient Solutions segment
- Managing commodity cost risks
 - Formula-driven pricing
 - Locking in margins where possible
 - Passing through significant swings in cost where feasible
 - Focus on value-added, higher margin product lines
- Continued focus on improving safety culture at all locations
- BRC audit Grade AA ratings (highest rating) at our Distilling Solutions and Ingredient Solutions facilities
- Ongoing sustainability efforts to support our ESG initiatives
- Developing the talent to support our growth

OUR APPROACH TO SUSTAINABILITY

THE COMPANY'S ESG STRATEGY IS DISTILLED DOWN AND ORGANIZED INTO AN EASY TO DIGEST AND COMMUNICATE PLATFORM



FINANCIAL RESULTS

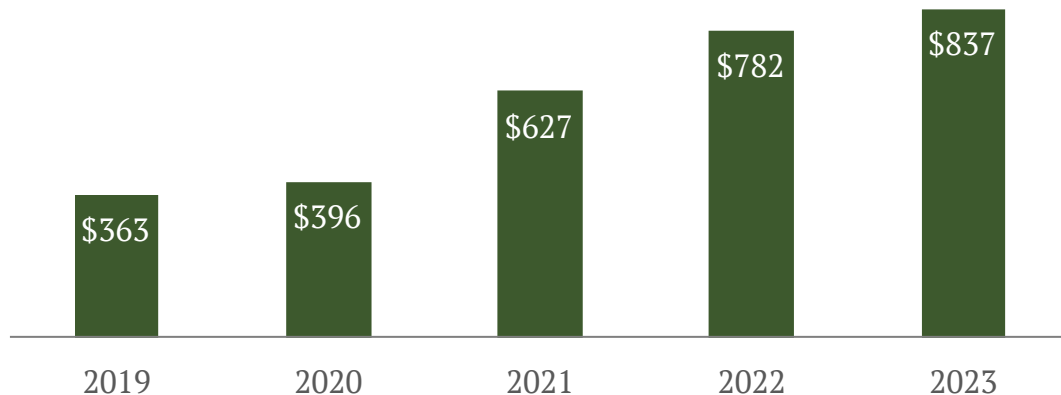


CONSOLIDATED FINANCIAL RESULTS

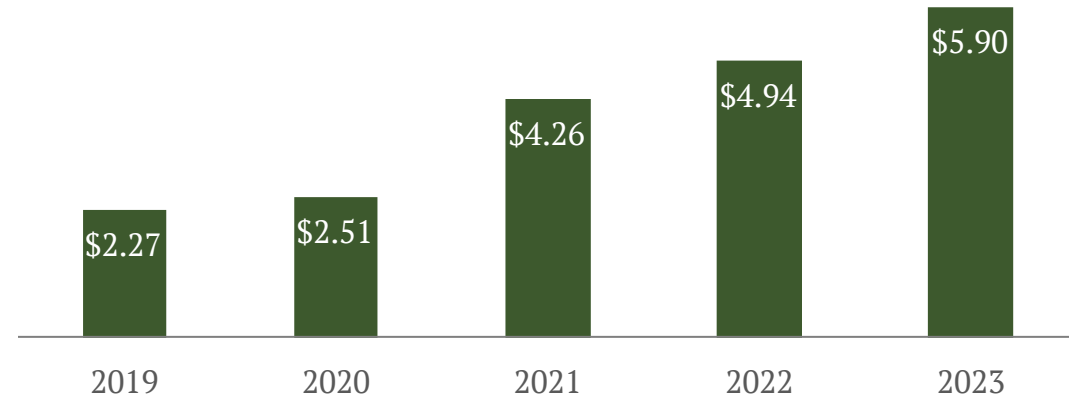
THE COMPANY HAS DELIVERED RECORD RESULTS IN EACH BUSINESS SEGMENT



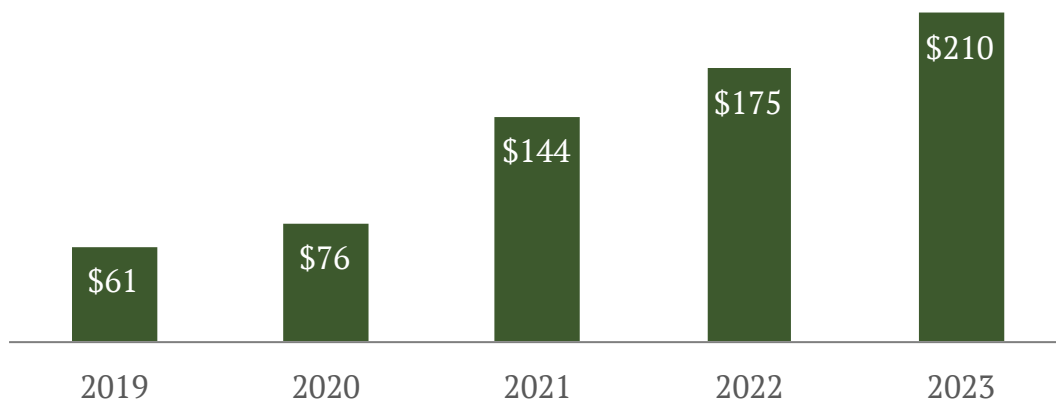
Revenue (\$MM)



Adjusted Basic EPS¹ (\$)



Adjusted EBITDA¹ (\$MM)



FY 2024 Guidance²

Sales are projected to be in the range of \$742 million to \$756 million, following the closure of the Company's Atchison, Kansas distillery in December 2023

Adjusted EBITDA¹ is expected to be in the range of \$218 million to \$222 million, inclusive of the add back of share-based compensation expense

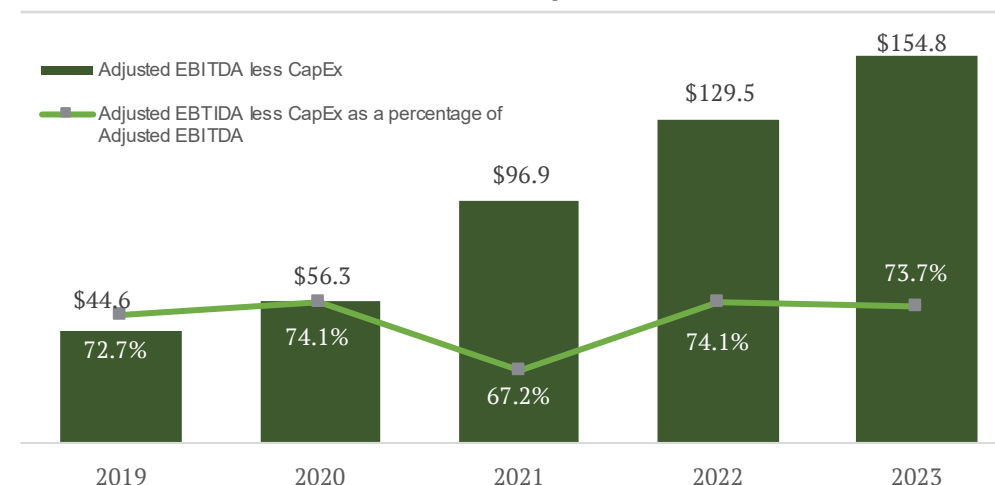
Adjusted basic earnings per common share¹ are forecasted to be in the \$6.12 to \$6.23 range, with basic weighted average shares outstanding expected to be approximately 22.3 million at year end

STRONG BALANCE SHEET, CASH FLOW, AND EXCELLENT ACCESS TO CAPITAL

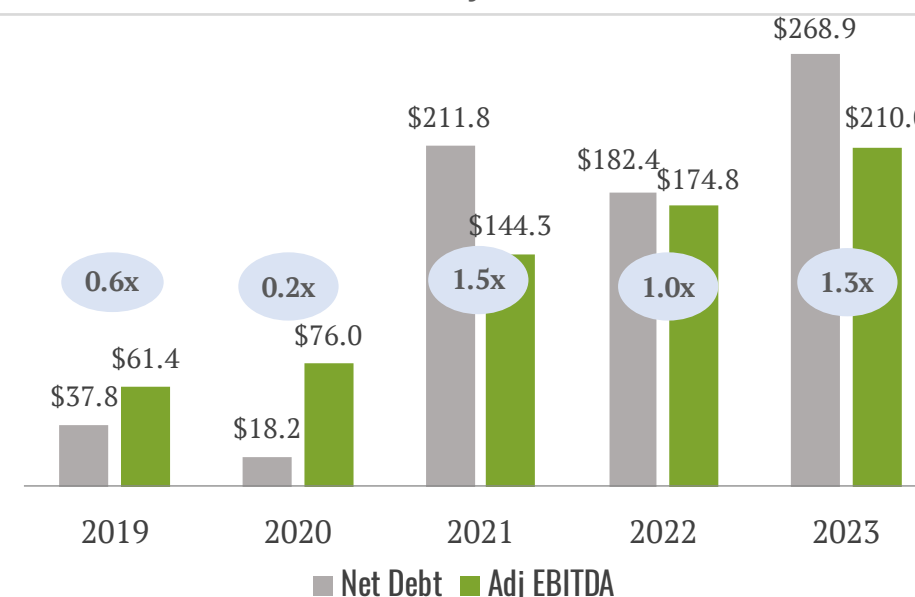


- MGP has seen strong, consistent improvement in adjusted EBITDA¹ less capital expenditures (“CapEx”)
- MGP’s library of aging whiskey inventory is expected to increase in market value as it matures, resulting in sustainable contributions to cash flow in the coming years
- Adjusted EBITDA¹ less CapEx as a percentage of adjusted EBITDA¹ remains at a healthy level inclusive of recent elevated capital expenditure investments
- The Branded Spirits’ platform has driven improved cash flows and provides for long-term growth opportunities
- Access to capital remains robust
 - \$400 million capacity on Credit Agreement
 - \$250 million of Senior Secured Notes that may be issued under the Note Purchase Agreement
- As of December 31, 2023, net leverage ratio was 1.3x

Adjusted EBITDA less CapEx and Conversion ¹



Net Debt to Adjusted EBITDA ¹



Note: \$ in millions; Net debt is defined as debt less cash

¹ Non-GAAP measure; See appendix for GAAP to Non-GAAP Reconciliation

CAPITAL ALLOCATION PRIORITIES REMAIN FOCUSED ON GROWTH OPPORTUNITIES



Capital Allocation Priorities

M&A

- M&A will continue to be an important lever to increase our capabilities, margin up our portfolios, and accelerate growth in Branded Spirits.

Capital Expenditures

- In addition to maintenance and EHS capital, projects contributing to growth and strengthening our competitive position (high payback) will continue to be prioritized.

Whiskey Put-Away

- With our inventory in balance, matching put-away with growing future Distilling Solutions sales and Branded Spirits sales is a priority.

Dividends

- Achieved a consistent quarterly dividend to approximately 22 million shares of common stock.
- Dividends are viewed as an important way to share the success of the company with stockholders; assessed quarterly by the board of directors.

Share Repurchase Program

- Share repurchase program was put in place during the first quarter 2024, allowing for \$100 million of share repurchases.
- Although management has purchased shares to date, it plans to do so opportunistically, and places greater priority on the above capital allocation objectives.

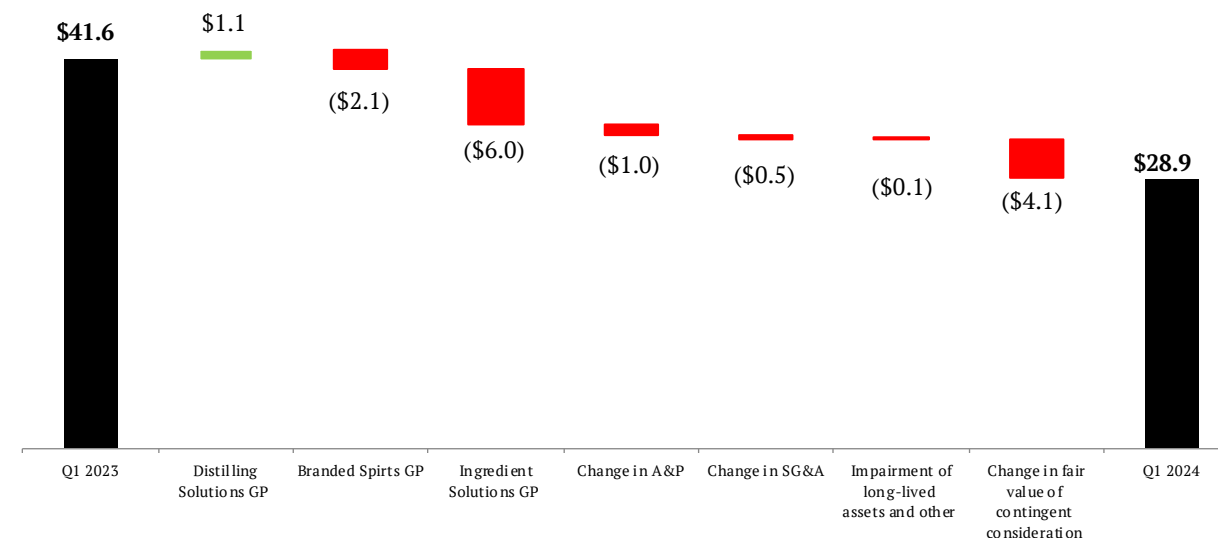
CONSOLIDATED FINANCIAL RESULTS – Q1 2024



Q1 RESULTS IN LINE WITH EXPECTATIONS

- Due to the Atchison distillery closure, sales decreased 15% to \$170.6 million. Excluding the impact of the Atchison distillery in both periods, consolidated sales were in line with the prior year period.
- As expected, gross profit decreased 10% to \$62.8 million, representing 36.8% of sales. Excluding the impact of the Atchison distillery in the current period, gross margin was 37.3%.
- Operating income decreased 30% to \$28.9 million. Adjusted operating income¹ decreased 19% to \$33.6 million.
- Net income decreased 34% to \$20.6 million. Adjusted net income¹ decreased 22% to \$24.2 million.
- Adjusted EBITDA¹ decreased 17% to \$40.2 million.
- Basic earnings per common share (“EPS”) decreased to \$0.92 per share from \$1.40 per share and diluted EPS decreased to \$0.92 per share from \$1.39 per share.
- Adjusted Basic EPS¹ decreased to \$1.07 per share from \$1.40 per share and adjusted diluted EPS¹ decreased to \$1.07 per share from \$1.39 per share.

Operating Income Drivers First Quarter 2023-24 (\$MM)



EPS Drivers² First Quarter 2023-24



Note: Totals may not foot due to rounding. All comparisons are on a year-over-year basis.

A&P: Advertising and Promotion expenses. GP: Gross Profit

SG&A: Selling, General, and Administrative expense

¹Non-GAAP measure; See appendix for GAAP to Non-GAAP Reconciliation

²Items are net of tax based on the effective tax rate for the base year (2023)

CONSOLIDATED SALES

SALES WERE DOWN 15% WITH A SALES DECLINE IN THE DISTILLING SOLUTIONS AND BRANDED SPIRITS SEGMENTS, PARTIALLY OFFSET BY AN INCREASE IN INGREDIENT SOLUTIONS SEGMENT SALES



Key Drivers

- Distilling Solutions declined primarily due to decreased sales of white goods and other co-products in connection with the December 2023 closure of the Atchison Distillery.
- Branded Spirits sales decreased primarily due to decreased sales of brands in the mid and value price tiers in connection with our 2023 distributor realignment.
- Ingredient Solutions sales increased due to higher sales of specialty wheat starches

Consolidated Sales (Quarter Ended 3/31/2024)	\$MM	Change vs Prior Year	
		\$MM	%
Distilling Solutions	\$84.9	\$(28.4)	(25)%
Branded Spirits	50.1	(6.7)	(12)
Ingredient Solutions	35.6	4.7	15
MGP Ingredients	\$170.6	\$(30.5)	(15)%

DISTILLING SOLUTIONS



DECREASED SALES OF WHITE GOODS AND OTHER CO-PRODUCTS RELATED TO THE CLOSURE OF THE ATCHISON DISTILLERY

Distilling Solutions Sales (Quarter ended 3/31/2024)	\$MM	Change vs Prior Year	
		\$MM	%
Brown Goods	\$66.3	\$(2.0)	3%
Warehouse Services	8.0	1.1	16
White goods and other co-products	10.6	(27.5)	(72)
Total Distilling Solutions	\$84.9	\$(28.4)	(25)%

BRANDED SPIRITS



DECREASED SALES OF BRANDS WITHIN MID AND VALUE PRICE TIERS PRIMARILY DUE TO THE 2023 DISTRIBUTOR REALIGNMENT

Branded Spirits Sales (Quarter ended 3/31/2024)	\$MM	Change vs Prior Year	
		\$MM	%
Premium plus	\$20.9	\$2.2	12%
Mid	14.8	(6.1)	(29)
Value	10.0	(3.4)	(25)
Other	4.5	0.6	15
Total Branded Spirits	\$50.1	\$(6.7)	(12)%

INGREDIENT SOLUTIONS

INCREASED SALES VOLUME OF SPECIALTY WHEAT STARCHES



Ingredient Solutions Sales (Quarter ended 3/31/2024)	\$MM	Change vs Prior Year	
		\$MM	%
Specialty wheat starches	\$22.3	\$7.6	52%
Specialty wheat proteins	10.0	(1.9)	(16)
Commodity wheat starches	3.3	(0.5)	(14)
Commodity wheat proteins	-	(0.5)	(93)
Total Ingredient Solutions	\$35.6	\$4.7	15%

APPENDIX

U.S. SPIRITS MARKET

9-Liter Cases (000s)

	2023 Volume	% Change Y/Y
Total Distilled Spirits (TDS)	308,807	+1.2%
Total Whiskey	74,591	-4.2%
American Whiskey (Bourbon/Rye/Tennessee)	31,110	-0.4%
Super Premium	5,655	+4.0%
Rye ⁽¹⁾	1,730	+8.6%
Vodka	74,908	-2.6%
Super Premium	5,377	+4.2%
Gin	8,977	-8.7%
Super Premium	706	+16.0%
Tequila/Mezcal	31,561	+5.7%
Super Premium	7,959	-1.2%

RECONCILIATION OF SELECTED GAAP TO NON-GAAP MEASURES

BRANDED SPIRITS GROSS PROFIT TO ADJUSTED GROSS PROFIT¹ - UNAUDITED



Branded Spirits segment (\$ in thousands)	2019	2020	2021	2022	2023
Gross Profit	\$1,536	\$2,187	\$62,644	\$95,521	\$112,781
Inventory Step-Up	-	-	2,529	-	-
Adjusted Gross Profit¹	\$1,536	\$2,187	\$65,173	\$95,521	\$112,781
Adjusted Gross Margin ¹	51.3%	52.7%	35.5%	40.1%	44.4%

RECONCILIATION OF SELECTED GAAP TO NON-GAAP MEASURES



BASIC EARNINGS PER COMMON SHARE ("EPS") TO ADJUSTED BASIC EARNINGS PER COMMON SHARE¹ - UNAUDITED

	2019	2020	2021	2022	2023
Basic EPS	\$2.27	\$2.37	\$4.37	\$4.94	\$4.82
Impairment of long-lived assets and other	-	-	-	-	0.66
Fair value of contingent consideration	-	-	-	-	0.24
Business Acquisition Costs	-	0.05	0.36	-	0.07
CEO Transition Costs	-	0.09	-	-	0.11
Insurance recoveries	-	-	(0.59)	-	--
Inventory Step-Up – Branded Spirits	-	-	0.12	-	-
Adjusted Basic EPS¹	\$2.27	\$2.51	\$4.26	\$4.94	\$5.90

RECONCILIATION OF SELECTED GAAP TO NON-GAAP MEASURES



NET INCOME TO ADJUSTED EBITDA¹ AND ADJUSTED EBITDA¹ LESS CAPITAL EXPENDITURES² - UNAUDITED

(\$ in thousands)	2019	2020	2021	2022	2023
Net Income	\$38,793	\$40,345	\$90,817	\$108,872	\$107,130
Interest	1,305	2,267	4,037	5,451	6,647
Taxes	7,144	12,256	30,279	31,300	34,616
Depreciation and amortization	11,572	12,961	19,092	21,455	22,113
Share-based compensation expense	2,547	5,289	3,306	5,502	7,501
Equity method investment	-	-	1,611	2,220	337
Impairment of long-lived assets and other	-	-	-	-	19,391
Fair value of contingent consideration	-	-	-	-	7,100
Business acquisition costs	-	919	8,927	-	2,060
CEO transition costs	-	1,932	-	-	3,134
Insurance recoveries	-	-	(16,325)	-	-
Inventory step-up – Branded Spirits	-	-	2,529	-	-
Adjusted EBITDA¹	\$61,361	\$75,969	\$144,273	\$174,800	\$210,029
Capital Expenditures ²	16,730	19,701	47,389	45,323	55,267
Adjusted EBITDA¹ less Capital Expenditures²	\$44,631	\$56,268	\$96,884	\$129,477	\$154,762
Adjusted EBITDA ¹ less Capital Expenditures ² as a percentage of Adjusted EBITDA ¹	72.7%	74.1%	67.2%	74.1%	73.7%

RECONCILIATION OF DEBT TO NET DEBT

(\$ in thousands)	2019	2020	2021	2022	2023
Total Debt	\$41,060	\$39,871	\$233,399	\$230,335	\$287,249
Cash and cash equivalents	3,309	21,662	21,568	47,889	18,388
Net Debt	\$37,751	\$18,209	\$211,831	\$182,446	\$268,861

RECONCILIATION OF SELECTED GAAP TO NON-GAAP MEASURES

FOR THE QUARTERS ENDED MARCH 31, 2024 AND 2023



Quarter Ended March 31, 2024 (in thousands)	Operating Income	Net Income	Basic EPS	Diluted EPS
Reported GAAP Results	\$28,917	\$20,584	\$0.92	\$0.92
Impairment of long-lived assets and other	116	89	-	-
Fair value of contingent consideration	4,100	3,145	0.14	0.14
Business acquisition costs	71	55	-	-
CEO transition costs	375	288	0.01	0.01
Adjusted Non-GAAP Results¹	\$33,579	\$24,161	\$1.07	\$1.07

Quarter Ended March 31, 2023 (in thousands)	Operating Income	Net Income	Basic EPS	Diluted EPS
Reported GAAP Results	\$41,559	\$31,032	\$1.40	\$1.39
No adjustments for the period	-	-	-	-
Adjusted Non-GAAP Results¹	\$41,559	\$31,032	\$1.40	\$1.39

Source: Company filings; unaudited

¹ Non-GAAP figure

RECONCILIATION OF SELECTED GAAP TO NON-GAAP MEASURES

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA¹



(\$ in thousands)	Quarter Ended 3/31/2024	Quarter Ended 3/31/2023
Net income	\$20,584	\$31,032
Interest expense	2,019	995
Income tax expense	6,262	9,655
Depreciation and amortization	5,289	5,171
Share based compensation	1,116	1,215
Equity method investment loss	296	260
Impairment of long-lived assets and other	116	-
Fair value of contingent consideration	4,100	-
Business acquisition costs	71	-
CEO transition costs	375	-
Adjusted EBITDA ¹	\$40,228	\$48,328

Source: Company filings; unaudited

¹ Non-GAAP figure

IMPACT OF THE CLOSURE OF THE ATCHISON DISTILLERY

UNAUDITED PRO-FORMA RESULTS – CONSOLIDATED

Quarter Ended 3/31/2024 (in thousands)	As Reported ⁽¹⁾	Pro-Forma ⁽³⁾	Change	
			\$	%
Sales	\$170,563	\$169,316	\$(1,247)	(1)%
Gross Profit	\$62,795	\$63,186	\$391	1%
Gross Margin %	36.8%	37.3%		0.5 pp ⁽⁴⁾

Quarter Ended 3/31/2023 (in thousands)	As Reported ⁽²⁾	Pro-Forma ⁽³⁾	Change	
			\$	%
Sales	\$201,010	\$169,590	\$(31,420)	(16)%
Gross Profit	\$69,824	\$69,843	\$19	-
Gross Margin %	34.7%	41.2%		6.5 pp ⁽⁴⁾

- (1) Represents actual results of the Company for the quarter ended March 31, 2024, as reported in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.
- (2) Represents actual results of the Company for the quarter ended March 31, 2023, as reported in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023.
- (3) Represents the Company's results for the quarter ended March 31, 2023 or 2024 excluding results associated with the Company's Atchison, Kansas distillery. These are pro-forma unaudited financial results. In some circumstances, white goods, industrial alcohol, fuel grade alcohol, and at times certain co-products are produced at the Company's Lawrenceburg, Indiana distillery. The pro-forma financial results assume the loss of the waste starch slurry credit and no gain or loss on the disposal. The results of the Branded Spirits segment for the quarter ended March 31, 2023 and 2024 would not have been impacted by a closure of the Atchison, Kansas distillery.
- (4) Percentage points ("pp").

IMPACT OF THE CLOSURE OF THE ATCHISON DISTILLERY

UNAUDITED PRO-FORMA RESULTS – DISTILLING SOLUTIONS



Quarter Ended March 31, 2024 (in thousands)	As Reported ⁽¹⁾	Pro-Forma ⁽³⁾	Change	
			\$	%
Brown Goods	\$66,331	\$66,331	\$-	-%
Warehouse Services	7,956	7,956	-	-
White goods and other co-products	10,565	9,318	(1,247)	(12)
Sales	\$84,852	\$83,605	\$(1,247)	(1)%
Gross Profit	\$34,083	\$34,474	\$391	1%
Gross Margin %	40.2%	41.2%		1.0 pp⁽⁴⁾

Quarter Ended March 31, 2023 (in thousands)	As Reported ⁽²⁾	Pro-Forma ⁽³⁾	Change	
			\$	%
Brown Goods	\$68,324	\$68,324	\$-	-%
Warehouse Services	6,858	6,858	-	-
White goods and other co-products	38,041	6,621	(31,420)	(83)
Sales	\$113,223	\$81,803	\$(31,420)	(28)%
Gross Profit	\$33,028	\$34,858	\$1,830	6%
Gross Margin %	29.2%	42.6%		13.4 pp⁽⁴⁾

- (1) Represents actual results of the Company for the quarter ended March 31, 2024, as reported in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.
- (2) Represents actual results of the Company for the quarter ended March 31, 2023, as reported in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023.
- (3) Represents the Company's results for the quarter ended March 31, 2023 or 2024 excluding results associated with the Company's Atchison, Kansas distillery. These are pro-forma unaudited financial results. In some circumstances, white goods, industrial alcohol, fuel grade alcohol, and at times certain co-products are produced at the Company's Lawrenceburg, Indiana distillery. The pro-forma financial results assume the loss of the waste starch slurry credit and no gain or loss on the disposal. The results of the Branded Spirits segment for the quarter ended March 31, 2023 and 2024 would not have been impacted by a closure of the Atchison, Kansas distillery.
- (4) Percentage points ("pp").

IMPACT OF THE CLOSURE OF THE ATCHISON DISTILLERY

UNAUDITED PRO-FORMA RESULTS – INGREDIENT SOLUTIONS

Quarter Ended 3/31/2024 (in thousands)	As Reported ⁽¹⁾	Pro-Forma ⁽³⁾	Change	
			\$	%
Specialty Wheat Starches	\$22,271	\$22,271	\$-	-%
Specialty Wheat Proteins	9,995	9,995	-	-
Commodity Wheat Starches	3,262	3,262	-	-
Commodity Wheat Proteins	37	37	-	-
Sales	\$35,565	\$35,565	\$-	-%
Gross Profit	\$6,180	\$6,180	\$-	-%
Gross Margin %	17.4%	17.4%		- pp⁽⁴⁾

Quarter Ended 3/31/2023 (in thousands)	As Reported ⁽²⁾	Pro-Forma ⁽³⁾	Change	
			\$ ⁽⁵⁾	%
Specialty Wheat Starches	\$14,686	\$14,686	\$-	-%
Specialty Wheat Proteins	11,890	11,890	-	-
Commodity Wheat Starches	3,807	3,807	-	-
Commodity Wheat Proteins	521	521	-	-
Sales	\$30,904	\$30,904	\$-	-%
Gross Profit	\$12,203	\$10,392	\$(1,811)	(15)%
Gross Margin %	39.5%	33.6%		(5.9) pp⁽⁴⁾

- (1) Represents actual results of the Company for the quarter ended March 31, 2024, as reported in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.
- (2) Represents actual results of the Company for the quarter ended March 31, 2023, as reported in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023.
- (3) Represents the Company's results for the quarter ended March 31, 2023 or 2024 excluding results associated with the Company's Atchison, Kansas distillery. These are pro-forma unaudited financial results. In some circumstances, white goods, industrial alcohol, fuel grade alcohol, and at times certain co-products are produced at the Company's Lawrenceburg, Indiana distillery. The pro-forma financial results assume the loss of the waste starch slurry credit and no gain or loss on the disposal. The results of the Branded Spirits segment for the quarter ended March 31, 2023 and 2024 would not have been impacted by a closure of the Atchison, Kansas distillery.
- (4) Percentage points ("pp").
- (5) The reduction in gross profit for the Ingredient Solutions segment is the result of increased cost of goods sold from no longer receiving an intercompany credit for the waste starch slurry by-product purchased by the adjoining Atchison, Kansas distillery. The value of the intercompany credit is derived from the value of corn which has fluctuated over time.