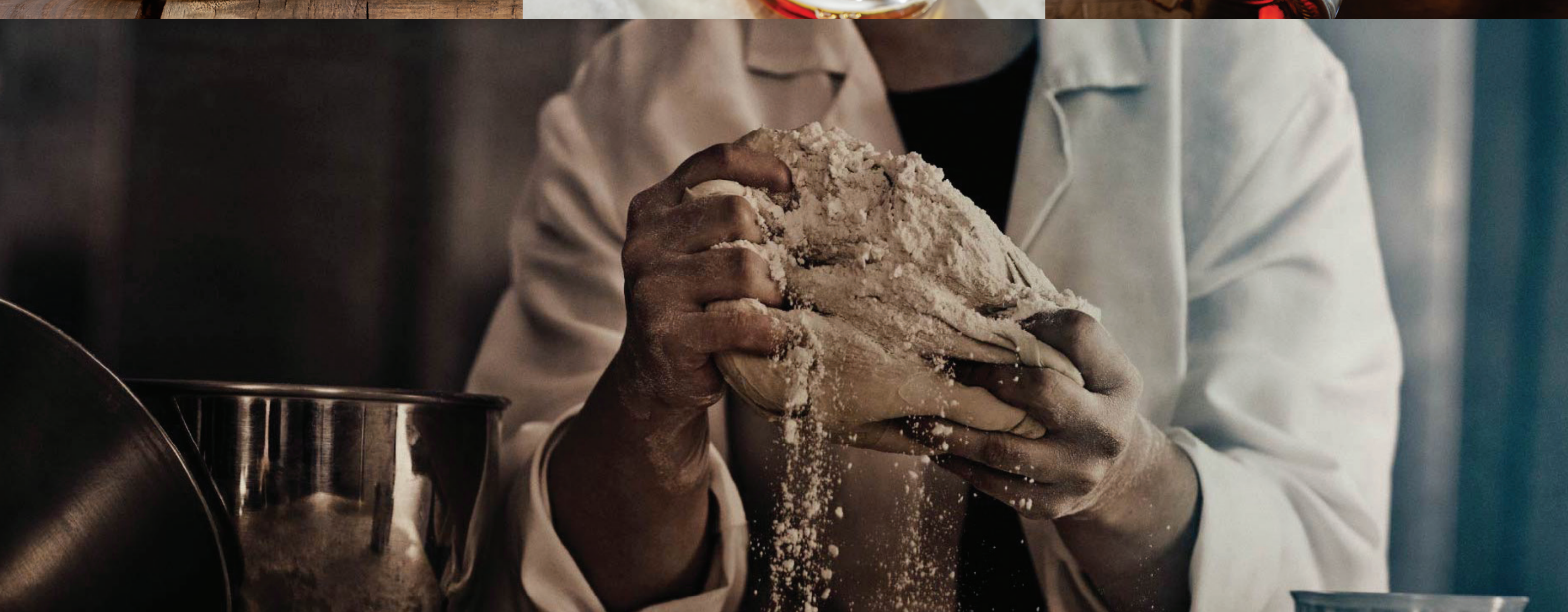
MGP®

2024 ANNUAL REPORT



LETTER FROM THE CHAIRMAN & THE INTERIM CEO

Dear Fellow Shareholders,

The year 2024 will likely be remembered as one in which MGP met challenges of many types with resilience and resolve. Although we faced both macroeconomic and industry-specific headwinds during the year, our unique capabilities, differentiated product offerings and brands, and passionate people moved us forward on our journey toward becoming a premier branded spirits company.

Over the last fifteen years, our steady execution has driven our evolution – from a commodity provider in 2010 to a leading whiskey and specialty ingredient supplier by 2015, and now into a company where our own branded spirits portfolio is the key driver of our sales, profits, and growth. This proven track record of evolving into structurally stronger businesses has seen sales increase from nearly $200 million in 2010 to over $700 million in 2024 and gross margins nearly tripling to over 40% over the same time period.

Our continued evolution into a premier branded spirits business is made possible by our ability to leverage our leadership positions and cashflows from our Distilling Solutions and Ingredient Solutions businesses.

Our Distilling Solutions business faced headwinds in 2024 due to elevated industry-wide barrel whiskey inventories and softening American whiskey consumption. However, we remained committed to our customers and are taking decisive actions to navigate the rapidly changing market dynamics. These actions, coupled with our unique capabilities and differentiated product offerings, are designed to support our still growing customer base and significantly de-risk our Distilling Solutions segment performance.

Following the closure of the Atchison distillery at the end of 2023, our dedicated Ingredient Solutions team spent much of this past year separating the plant from the closed distillery and successfully resolving the resulting operational complexities. Although these transitory challenges weighed on Ingredient Solutions performance in 2024, recent management changes and the completion of the mini fuel plant in the second half of 2025 should enable this segment to operate independently and regain its attractive growth and margin profile over time.

We believe Branded Spirits, our third and newest business segment, represents our strongest platform for growth and long-term shareholder value creation. We remain focused on meeting consumers where they are and aligning our portfolio with their continued demand for higher-quality, premium spirits. Our premium-plus brands, including Penelope, El Mayor, and Rebel 100, continued to gain market share and strengthened our relative position across the alcohol spirits industry in 2024.

Although our consolidated sales, gross profit, and adjusted basic earnings per share* declined to $703.6 million, $283.6 million, and $5.64 per share in 2024, our business generated record operating cash flows of $102.3 million during the year. As of December 31, 2024, our net debt leverage* was approximately 1.5x, reinforcing our disciplined approach to capital allocation and ability to invest in growth initiatives while maintaining financial flexibility.

Our partnership-driven people continue to be our most important asset. We are proud of our team members, who continue to execute at a high level with passion, agility, and resilience. We are investing in our people and remain committed to growing sustainably for the benefit of all our stakeholders.

MGP continues to make steady progress against our long-term strategy of becoming a premier, branded spirits company. While near-term challenges persist in the distilling industry, we believe our ability to adapt, focused growth strategy, disciplined execution, and leading position in key segments positions us for long-term success. As we look ahead to 2025, our focus remains on executing our strategic priorities with agility and discipline. We are excited about the opportunities ahead and remain committed to delivering value for our shareholders, customers, and employees.

Thank you for your continued trust and investment in our company and we look forward to sharing our progress throughout 2025.

Sincerely,

Donn Lux
Chairman of the Board
April 16, 2025

Brandon Gall
Interim President and CEO;
Vice President of Finance and CFO
April 16, 2025

*See appendix for GAAP to non-GAAP reconciliations.

BOARD OF DIRECTORS

Donn Lux
Chairman of the Board

Neha J. Clark

Thomas A. Gerke

Gerardo Lopez

Lori L.S. Mingus

Kevin S. Rauckman

Martin Roper

Karen Seaberg

Todd B. Siwak

EXECUTIVE LEADERSHIP TEAM

Brandon Gall
Interim President and Chief Executive Officer; Vice President of Finance and Chief Financial Officer

Amel Pasagic
Chief Commercial Officer

Kathleen Molamphy
Vice President, General Counsel and Corporate Secretary

Erika Lapish
Vice President and Chief Human Resources Officer

Paul Lux
Vice President of Sales, Distilling Solutions

Michael Buttshaw
President, Ingredient Solutions

Ryan Earey
Vice President of Sales, Branded Spirits

Fletcher Buchman
Vice President of Marketing

Amit Sharma
Vice President of Investor Relations

Craig Bowles
Vice President of IT and Security

Dr. Viswas Ghorpade
Vice President of Research and Development

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF
1934

(Mark One)

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

For the fiscal year ended December 31, 2024

OR

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

For the transition period from _______ to _______

Commission file number **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, Box 130	
Atchison, Kansas	**66002**
(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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether 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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant computed by reference to the closing price at which the common equity was sold, as reported by Nasdaq, on June 30, 2024, was approximately $1,217 million.

The number of shares of the registrant's common stock, no par value ("Common Stock") outstanding as of February 21, 2025 was 21,270,343.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the MGP Ingredients, Inc. Proxy Statement for the Annual Meeting of Stockholders to be held on May 20, 2025 are incorporated by reference into Part III of this Report to the extent set forth herein.

CONTENTS PAGE

The calculation of the aggregate market value of the Common Stock held by non-affiliates on the cover page of this Form 10-K is based on the assumption that affiliates include directors and executive officers. Such assumption does not constitute an admission by the Company or any director or executive officer that any director or executive officer is an affiliate of the Company.

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PART I

ITEM 1. BUSINESS

MGP Ingredients, Inc. was incorporated in 2011 in Kansas, continuing a business originally founded by Cloud L. Cray, Sr. in Atchison, Kansas in 1941. As used herein, the term "MGP," "Company," "we," "our," "us," and words of similar import, refers to MGP Ingredients, Inc. and its consolidated subsidiaries unless the context otherwise indicates. In this Annual Report on Form 10-K (this "Report"), for any references to Note 1 through Note 16 refer to the Notes to Consolidated Financial Statements in Item 8.

AVAILABLE INFORMATION

We make available through our website (www.mgpingredients.com) under "Investors," free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, special reports, other information, and amendments to those reports, as soon as reasonably practicable after we electronically file or furnish such material with the Securities and Exchange Commission ("SEC").

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including the Company. The address of the SEC site is http://www.sec.gov.

METHOD OF PRESENTATION

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

GENERAL INFORMATION

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. 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 ingredient products are sold directly, or through distributors, to manufacturers and processors of finished packaged goods or to bakeries.

Mission Statement. Our mission is to secure our future by consistently delivering superior financial results by more fully participating in all levels of the alcohol and food ingredients segments for the betterment of our shareholders, employees, partners, consumers, and communities.

INFORMATION ABOUT OUR SEGMENTS

We report three operating segments: Distilling Solutions, Branded Spirits, and Ingredient Solutions.

Distilling Solutions Segment. We process corn and other grains (including rye, barley, wheat, barley malt, and milo) into food grade alcohol and distillery co-products, such as distillers feed (commonly called dried distillers grain in the industry), which are produced at our distilleries in Lawrenceberg, Indiana, and Bardstown, Kentucky. We also provide warehouse services, including barrel put away, barrel storage, and barrel retrieval services, as well as blending services. We have certain contracts with customers to supply distilled products (or "distillate"), as well as certain contracts with customers to provide barreling and warehousing services. Contracts with customers may be monthly, annual, or multi-year in term with periodic reviews of pricing. Sales to customers may also be made on the spot market with contracts in the form of purchase orders. Sales of co-products are primarily made on the spot market. During 2024, our five largest Distilling Solutions customers, combined, accounted for approximately 21 percent of our consolidated sales.

Brown goods - The majority of our distillery capacities are dedicated to the production of high quality, high purity food grade alcohol for beverage applications, including bourbon, rye and other whiskeys. Our premium brown goods are created by distilling grains, including corn and rye. Our brown goods are sold as aged and unaged distillate, which may be further aged by our customers or warehoused at our facilities for typically two to six years.

Warehouse services - Customers who purchase barreled distillate may, and in most cases do, also enter into separate warehouse service agreements with us for the storage and handling of product for aging. Services under warehouse agreements include barrel put away, barrel storage, and barrel retrieval, as well as blending services.

White goods and other co-products - Our white goods consists of GNS, including vodka and gin. Our GNS is sold in bulk quantities. Our gin is primarily created by redistilling GNS together with proprietary formulations of botanicals or botanical oils. The bulk alcohol co-products sales include distillers feed, which is principally derived from the mash from alcohol processing operations. The mash is sold primarily to processors of animal feed as a high protein additive primarily as dried distillers feed.

Branded Spirits Segment. Our Branded Spirits segment consists of a portfolio of high-quality brands, which we produce through our distilleries and bottling facilities and sell to distributors or to state governments that directly control the sale of alcohol. Sales are pursuant to customer contracts and purchase orders. MGP's branded spirits include a wide spectrum of brands across numerous categories and price tiers. During 2024, our five largest Branded Spirits customers, combined, accounted for approximately 20 percent of our consolidated sales. During 2024, one customer of the Branded Spirits segment accounted for approximately 13 percent of our consolidated sales.

Premium plus - The premium plus price tier includes the ultra premium, super premium, and premium price tiers. Premium plus branded spirits include brands such as Penelope® Bourbon, Yellowstone® Bourbon, Rebel® Bourbon, Remus® Bourbon, Blood Oath® Bourbon, Ezra Brooks® Bourbon, Minor Case® Straight Rye Whiskey, Rossville Union® Straight Rye Whiskey, The Quiet Man® Irish Whiskey, Green Hat® Gin, and Everclear® grain alcohol. Additionally, premium plus includes El Mayor® Tequila and Dos Primos® Tequila, which are produced with our joint ventures, 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").

Mid - Mid branded spirits include brands such as Brady's® Irish Cream, Saint Brendan's® Irish Cream Liqueur, Pearl® Vodka, and Lord Calvert® Canadian Whisky. Additionally, mid includes Exotico® Tequila, which is produced with our joint venture, DGL.

Value - Value branded spirits include brands such as Arrow® Cordials, Canada House® Canadian Whisky, Lady Bligh® Rum, and Juarez® Tequila.

Other - Other includes private label products sold primarily through our wholly-owned subsidiary, Niche Drinks, Co., Ltd, retail sales at our distilleries, and contract bottling services. Private label products are processed, bottled, and distributed by us for sales under another company's brand. We operate visitor centers with retail locations at two of our distilleries, Lux Row Distillers® in Bardstown, Kentucky, and Limestone Branch Distillery® in Lebanon, Kentucky. Contract bottling is a service provided to a customer to process and bottle spirits for brands not owned by the Company.

Ingredient Solutions Segment. Our Ingredient Solutions segment consists primarily of specialty wheat starches, specialty wheat proteins, commodity wheat starches, and commodity wheat protein products which are sold to customers pursuant to purchase orders. In our efforts to best serve our customers and maximize returns to stockholders, we have strategically been migrating our sales towards higher price, higher margin specialty wheat ingredients to better serve the baking and tortilla food segments. During 2024, our five largest Ingredient Solutions customers, combined, accounted for approximately 14 percent of our consolidated sales. During 2024, one customer of the Ingredient Solutions segment accounted for approximately 12 percent of our consolidated sales.

Specialty Wheat Starches **-** Wheat starch is the carbohydrate-bearing portion of wheat flour. We produce a premium wheat starch powder by extracting the starch from a starch slurry. We use proprietary processing steps to purify and clean impurities from the starch, and then dry the starch using spray, flash, or drum dryers. A substantial portion of our premium wheat starch is processed to produce certain unique specialty wheat starches designed for numerous healthy applications. We sell our specialty wheat starches on a global basis, primarily to food processors and distributors.

We primarily market our specialty wheat starches under the brand name Fibersym®, a resistant wheat starch. This flagship brand is FDA approved as a dietary fiber and is functional in creating lower net carb baked goods for many industrial bakers, tortilla producers, and pasta makers. Our specialty starches are used for food applications to primarily improve their nutritional profiles. However, other benefits include color, texture, fiber content, and taste. Our entire starch portfolio is also known to provide whiteness, clean flavor, and viscosity.

Specialty Wheat Proteins - We have developed numerous specialty wheat proteins for food applications under our Arise brand platform. Specialty wheat proteins are created from vital wheat gluten through a variety of proprietary processes which change its molecular structure. Specialty wheat proteins for food and pet treat applications include the Arise 5000, 6000, and 5500 products. All of these ingredients are Project Verified Non-Genetically Modified Organisms ("Non-GMO").

We also produce clean label wheat protein isolates under our Arise® brand, including Arise® 8100 and 8200. All our wheat proteins are considered Project Verified Non-GMO. Ingredient Solutions also offers a Non-GMO Project Verified texturized plant proteins under the Proterra® brand. These proteins are designed for "non-meat" food applications and are marketed in a number of countries throughout the world to provide texture and protein in various food applications. Additionally, we offer gluten-free textured pea proteins within the Proterra® portfolio of products.

Commodity Wheat Starches - As is the case with value added wheat starches, our commodity wheat starches have both food and non-food applications, but such applications are more limited than those of value added wheat starches. These are clean label starches and are minimally processed. They have a simple and clean ingredient declaration, which is a benefit for food formulators. Market place prices generally track the fluctuations in the overall starch market in this category. However, wheat starch has unique functions in wheat based food formulations and provides for a cleaner more neutral flavor profile in finished goods.

Commodity Wheat Proteins - Commodity wheat protein, or vital wheat gluten, is a free-flowing light tan powder which contains approximately 75 percent protein. When we process wheat flour to derive starch, we also derive vital wheat gluten. Vital wheat gluten is added by bakeries and food processors to baked goods, such as breads, and to pet foods, cereals, processed meats, and fish and poultry to improve the nutritional content, texture, strength, shape, and volume of the product. The neutral flavor and color of vital wheat gluten also enhances the flavor and color of certain foods. The cohesiveness and elasticity of the gluten enables the dough in wheat and other high protein breads to rise and to support added ingredients, such as whole cracked grains, raisins and fibers. Vital wheat gluten is also added to white breads, hot dog buns, and hamburger buns to improve the strength and cohesiveness of the product. This wheat protein is also the starter material used to create our textured wheat product line branded under Proterra®.

COMPETITIVE CONDITION

Our products compete against similar products of many large and small companies. In our Distilling Solutions segment, competition is based primarily on product innovation, product characteristics, functionality, price, service, and quality factors, such as flavor. In our Branded Spirits segment, competition is based primarily on product innovation, price, brand recognition, product distribution, retail positioning, and quality factors, such as flavor. In our Ingredient Solutions segment, competition is based primarily on product innovation, product characteristics, price, brand, color, flavor, or other properties that affect how the ingredient is being used.

PATENTS, TRADEMARKS, AND LICENSES

Our patent-related activities pertain to our Ingredient Solutions segment. We have filed patent applications and have obtained issued patents in several countries to protect a range of inventions developed in our research and development efforts, including inventions relating to our products. Some of these patent filings cover significant product formulation and processes used to manufacture our products. We have trademark protection, both in terms of registrations and common law rights, for the majority of the brands we produce within our Branded Spirits and Ingredient Solutions segments. We believe our trademark rights are critical to the success of the brands we produce and the marketing of those products.

SEASONALITY

Sales for some of our products, including brown goods and branded spirits, can fluctuate from period to period due to the inherent demands and timing of our customers and consumer needs. Within our diversified Branded Spirits portfolio, there are certain product lines, limited offerings, and categories that experience varying demand during certain periods throughout the year. Other than these product lines, our sales, on average, are generally not seasonal.

TRANSPORTATION

Historically, our products have been transported to customers by truck and rail, most of which is provided by common carriers. We use third-party transportation companies to help us manage truck and rail carriers who deliver our products to our North American customers as well as overseas shipments to our international customers.

RAW MATERIALS AND PACKAGING MATERIALS

Our principal Distilling Solutions segment raw materials, or input costs, are corn and other grains (including rye, barley, wheat, barley malt, and milo), which are processed into brown goods, white goods and other co-products. Our principal Branded Spirits segment raw materials, or input costs, include corn and other grains (including rye, barley, wheat, barley malt, and milo), agave, and flavoring. Our principal Ingredient Solutions segment raw material is wheat flour, which is processed into starches and proteins. The cost of grain has, at times, been subject to substantial fluctuation.

Our principal packaging material for our Distilling Solutions segment is oak barrels. Both new and used barrels are utilized for the aging of premium brown goods. We purchase oak barrels from multiple suppliers and some customers supply their own barrels. Our packaging for our Branded Spirits segment includes oak barrels, glass bottles, polyethylene terephthalate (“PET”) containers, caps, labels, aluminum cans, and cartons.

ENERGY

Natural gas is an input cost used to operate boilers to make steam heat. We procure natural gas for our facilities in the open market from various suppliers. We have a risk management program whereby we may purchase contracts for delivery of natural gas into the future at negotiated prices based on several factors, or we can purchase futures contracts on the exchange. Historically, prices of natural gas have been higher in the late fall and winter months than during other periods.

HUMAN CAPITAL

As of December 31, 2024, we had a total of 660 employees. A collective bargaining agreement, covering 80 employees at the Atchison facility, that was due to expire on August 31, 2024, was successfully renewed until August 31, 2029. A collective bargaining agreement, covering 71 employees at the Lawrenceburg facility, expires on October 24, 2027. A collective bargaining agreement, covering 46 employees at the St. Louis facility, expires on February 28, 2029. We have not experienced any recent work stoppages, and we consider our relationship with our employees, both union and non-union, to be good.

We believe our employees are key to achieving our business objectives. Our key human capital measures include employee safety, employee retention, rewards and recognition, and professional development. At the Board of Directors level, the Human Resources and Compensation Committee of our Board is responsible for overseeing matters related to human capital management. We routinely benchmark our compensation practices and benefit programs against those of comparable industries and in the geographic areas where our facilities are located. We believe that our compensation and employee benefits are competitive and allow us to attract and retain skilled and unskilled labor throughout our organization. Our notable health, welfare, recognition, and retirement benefits for our U.S. employees include:

- Company subsidized health insurance including Company paid life and disability insurance
- Wellness program with financial rewards
- Enhanced Employee Assistance Programs
- 401(k) Plan with Company matching contributions
- Tuition assistance program
- Paid vacation and holidays, including a floating holiday
- Expanded paid parental leave
- Charitable giving program with Company matching of employee donations
- Professional development employee resource group
- Recognition platform to celebrate employee successes and milestone events
- Employee referral program with financial incentives

Employee safety is one of our top priorities. We develop and administer company-wide policies and trainings designed to ensure the safety of each team member and compliance with Occupational Safety and Health Administration (“OSHA”) standards or similar standards for our operations outside of the U.S.

Our Company strives for workforce retention. We have programs for continuing education, professional development at all levels of the organization, and also provide tuition reimbursement assistance. All positions are posted for our current workforce to apply for and internal promotions are encouraged.

We strive to maintain an inclusive environment free from discrimination of any kind, including sexual or other discriminatory harassment. We have robust equal employment opportunity and anti-discrimination policies, and in 2024 our U.S. employees completed mandatory training focused on respect in the workplace and our anti-discrimination policies. Our employees have multiple avenues available through which inappropriate behavior can be reported, including a confidential hotline. Our policies require all reports of inappropriate behavior to be promptly investigated with appropriate action taken.

REGULATION

We are subject to a broad range of federal, state, local, and foreign laws and regulations intended to protect public health and the environment. Our operations are also subject to regulation by various U.S. federal agencies, including the Alcohol and Tobacco Tax Trade Bureau (“TTB”), OSHA, the Food and Drug Administration (“FDA”), the United States Environmental Protection Agency (“EPA”), and by various U.S. state and local and foreign authorities. Such laws and regulations cover virtually every aspect of our operations, including production and storage facilities, distillation and maturation requirements, importing ingredients, distribution of beverage alcohol products, marketing, pricing, labeling, packaging, advertising, water usage, waste water discharge, disposal of hazardous wastes and emissions, and other matters. In addition, beverage alcohol products are subject to customs, duties, or excise taxation in many countries, including taxation at the federal, state, and local level in the U.S.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Our executive officers as of February 26, 2025:

Name	Age	Principal Occupation and Business Experience
Brandon M. Gall	*43*	Interim President and Chief Executive Officer since January 1, 2025 and Chief Financial Officer and Vice President of Finance for the Company since April 2019. Treasurer of the Company since May 2023. Corporate Controller for the Company from June 2018 to March 2019. Director of Supply Chain and New Business Development Finance for the Company from May 2014 to May 2018.
Erika Lapish	*50*	Chief Human Resources Officer and Vice President for the Company since February 2023. Vice President Human Resources for the Company from May 2021 to February 2023. Vice President Human Resources at R1 RCM - Central Operations from February 2018 to May 2021. Vice President Human Resources, North American Operations at Benteler Automotive from January 2015 to February 2018.
Amel Pasagic	*41*	Chief Commercial Officer and Vice President for the Company since January 2024. Chief Information Officer for the Company from July 2021 to January 2024. Vice President, Information Technology for the Company from April 2021 to July 2021. Served in a variety of IT leadership roles with increasing responsibility at Luxco, Inc. beginning in June 2011.

ITEM 1A. RISK FACTORS

Our business is subject to certain risks and uncertainties that could cause actual results and events to differ materially from forward looking statements. The following discussion identifies those risks which we consider to be material. The following discussion of risks is not all inclusive. Additional risks not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, or results of operations.

COMMERCIAL, COMPETITION, AND INDUSTRY RISKS

Changes in consumer preferences and purchases, and our ability to anticipate or react to them, could negatively affect our business results.

We operate in highly competitive markets, and our success depends on our continued ability to offer our customers and consumers appealing, high-quality products. Customer and consumer preferences and purchases may shift due to a host of factors, many of which are difficult to predict, including:

- demographic and social trends;
- economic conditions;
- product innovations;
- public health policies and initiatives (including dietary guidelines and labeling requirements regarding alcohol consumption);
- health and wellness trends (including the use of GLP-1 drugs);
- changes in government regulation and taxation of beverage alcohol products;
- the expansion of, legalization of, and increased acceptance or use of cannabis; and
- changes in travel, leisure, dining, entertaining, and beverage consumption trends.

Our success depends in part on fulfilling available opportunities to meet consumer needs and anticipating changes in consumer preferences with successful new brands, products, and product innovations. If our customers and consumers shift away from spirits (particularly brown spirits, such as our bourbon, rye, and other American whiskeys) or shift from purchasing our higher-margin products to our lower-margin products, our business, financial condition, or results of operations could be adversely affected. In addition, consumer pantry, retailer, distributor, or supplier inventory destocking, which we have experienced in the past, could adversely impact our business, financial condition, or results of operations. Additionally, customer contract non-performance, which we have experienced in the past, could adversely impact our business, financial condition, or results of operations.

The markets for our products are very competitive, and our business could be negatively affected if we do not compete effectively. We may also be negatively impacted by industry dynamics and market conditions.

The markets for our products are very competitive. Our principal competitors in these markets have substantial financial, marketing, and other resources, and several are much larger enterprises than us. Many of our current and potential competitors have larger customer bases, greater name recognition, and broader product offerings. In recent years, the industries in which we compete have continued to experience consolidation. Industry consolidation can have varying degrees of impact, including the creation of new and larger competitors. We are dependent on being able to generate sales and other operating income in excess of the costs of products sold in order to obtain margins, profits, and cash flows to meet or exceed our targeted financial performance measures. Competition is based on such factors as product innovation, product characteristics, product taste and quality, pricing, color, as well as name and brand image.

Pricing of our products is partly dependent upon industry capacity, which is impacted by competitor actions to bring online idled capacity or to build new production capacity, and may lead us to adjust our pricing, which could adversely impact our business, financial condition, or results of operations. We have been, and may continue to be, adversely impacted by elevated industry-wide barrel inventories of whiskey. In addition, if market conditions make our Branded Spirits products too expensive or our Distilling Solutions or Ingredient Solutions products too expensive for use in consumer goods, our revenues could be affected. If our competitors were to decrease their pricing, we may choose to do the same, which could adversely affect our margins and profitability. If we did not do the same, our revenues could be adversely affected due to the potential loss of sales.

Damage to our reputation, or that of any of our key customers or their brands, could affect our business performance.

The success of our products depends in part upon the positive image that consumers have of our brands and the third-party brands that use our products. Product contamination, whether arising accidentally or through deliberate third-party action, or other events that harm the integrity or consumer support for our or our customers' products could affect the demand for our or our customers' products.

Unfavorable media, whether accurate or not, related to our industry, to us, our products, our brands, our customers' products, marketing, personnel, operations, business performance, or prospects could negatively affect our reputation, stock price, ability to attract and retain high-quality talent, or the performance of our business. Negative publicity or commentary on social media outlets, whether accurate or not, could cause consumers to react rapidly by avoiding our products or by choosing products offered by our competitors, which could have a material adverse effect on our business, financial condition, or results of operations. If our environmental, social, and governance ("ESG") or sustainability positions or practices do not meet investor or other stakeholder expectations and standards, which continue to evolve, our reputation, stock price, ability to attract and retain high-quality talent, and the performance of our business may be negatively affected. Similarly, stakeholders and others who disagree with our ESG or sustainability actions, positions, or statements may speak negatively or advocate against us, which could have a material adverse effect on our business, financial condition, or results of operations.

A failure to introduce successful new brands and products or have effective marketing or advertising could adversely affect our results of operations.

Our success depends, in part, on our ability to innovate and develop new brands and products, and customer demands may require us to make internal investments to achieve or sustain competitive advantages and meet customer expectations. The launch and ongoing success of new brands and products are inherently uncertain, especially with regard to their appeal to consumers, and can give rise to a variety of costs. An unsuccessful launch or short-lived popularity of our product innovations, among other things, may affect consumer perception of existing brands or products and our reputation, and may result in inventory write-offs and other costs.

We could also be adversely affected if we are not successful in developing new brands or products as a result of new brand or product introductions by our competitors. Some of our competitors may have greater financial and other resources than we do, making them better positioned to pursue new investment opportunities.

A failure to sufficiently innovate or maintain adequate and effective marketing or advertising could inhibit our ability to maintain our brand relevance and drive product sales. If our competitors increase their spending on advertising and promotions, if our advertising, media, or marketing expenses increase, if our advertising and promotions become less effective than those of our competitors, or if we do not adequately leverage technology and data analytic capabilities needed to generate concise competitive insight, our business, financial condition, or results of operations could be adversely affected.

A change in public opinion about alcohol or our products could reduce demand for our brands and products.

For many years, there has been a high level of social and political attention directed at the beverage alcohol industry. The attention has focused largely on public health concerns related to alcohol abuse, including drunk driving, underage drinking, and the negative health impacts of beverage alcohol. Anti-alcohol groups have, in the past, advocated successfully for more stringent labeling requirements, higher taxes, and other regulations and educational campaigns designed to discourage alcohol consumption. More restrictive regulations, higher taxes, negative publicity regarding alcohol consumption, or changes in consumer perceptions of the relative healthfulness or safety of beverage alcohol could decrease sales and consumption of alcohol, and thus, the demand for our brands and products. This could, in turn, decrease our revenues and our revenue growth, which could have a material adverse effect on our business, financial condition, or results of operations.

In addition, consumer preferences might change and could lead to a decreased demand for our Ingredient Solutions products. For example, in recent years, we have noticed shifting consumer preferences and media attention directed to gluten, gluten intolerance, and "clean label" products. This could decrease our revenues and revenue growth, which could have a material adverse effect on our business, financial condition, or results of operations.

Failure of our distributors to distribute our branded spirits adequately within their territories could adversely affect our business.

We are required by law in the U.S. to use state-licensed distributors or, in 17 states known as "control states," state-owned agencies performing this function, to distribute our branded spirits to retail outlets, including liquor stores, bars, restaurants, and national chains. We have established relationships for our branded spirits with a limited number of wholesale distributors, and one wholesale distributor represented approximately 13 percent of our consolidated net sales for 2024. Failure to maintain those relationships could significantly and adversely affect our business, sales, and growth.

Over the past decade there has been increasing consolidation, both intrastate and interstate, among U.S. distributors. As a result, many U.S. states now have only two or three significant distributors. Also, there are several distributors that now control distribution for several states. If we fail to maintain good relations with a distributor, our branded spirits could, in some instances be excluded from one or more markets entirely. The ultimate success of our branded spirits also depends in large part on our distributors' ability and desire to distribute and actively promote our branded spirits to our desired U.S. target markets, as we rely significantly on them for product placement and retail store penetration. In addition, all of our distributors also distribute competitive brands and product lines. We cannot assure you that our U.S. distributors will continue to purchase our branded spirits, resell them at our desired or targeted prices, commit sufficient time and resources to promote and market our brands and product lines, or that they can or will sell them to our desired or targeted markets. If they do not, our sales will be harmed, resulting in a decline in our results of operations.

Moreover, the retail industry, particularly in Europe, North America, and other countries in which we operate or may operate in the future, continues to consolidate, resulting in larger retailers with increased purchasing power, which may affect our competitiveness in these markets. Larger retailers may seek to improve their profitability and sales by asking for lower prices or increased trade spending. The efforts of retailers could result in reduced profitability for the distilled spirits industry as a whole and indirectly adversely affect our financial results.

Our focus on higher margin specialty ingredients may make us more reliant on fewer, more profitable customer relationships.

Our strategic plan for our Ingredient Solutions segment includes focusing our efforts on the sale of specialty proteins and starches to targeted consumer packaged goods customers, which may make our Ingredient Solutions segment reliant on these customer relationships. In addition, our business, financial condition, or results of operations could be materially adversely affected if our Ingredient Solutions customers were to reduce their new product development ("NPD") activities or cease using our products in their NPD efforts.

OPERATIONAL RISKS

An interruption of operations or a catastrophic event at our facilities could negatively affect our business.

Although we maintain insurance coverage for various property damage and loss events, including business interruption insurance, an interruption in or loss of operations at any of our production facilities could reduce or postpone production of our products, which could have a material adverse effect on our business, results of operations, or financial condition. In the past, we have experienced short term interruptions of operations at some of our production facilities due to industrial accidents. Any future accidents or other catastrophic events could result in an extended interruption or reduction of production at our facilities, and we may incur costs or financial losses that are either not insured against or not fully covered through our insurance.

Our customers store a substantial amount of barreled inventory of aged or aging bourbon, rye, and other whiskeys at our warehouses. If a catastrophic event were to occur at our facilities or our warehouses (including any leased warehouses), our customers' business could be adversely affected. The loss of a significant amount of aged or aging inventory at these facilities through fire, natural disaster, or otherwise could result in customer claims against us, liability for customer losses, and a reduction of warehouse services revenue.

We also store a substantial amount of our own inventory of aged or aging bourbon, rye, and other whiskeys at our warehouses and at other facilities, including facilities owned by certain third-party producers. If a catastrophic event were to occur at any of these locations, our business, financial condition, or results of operations could be adversely affected. The loss of a significant amount of our aged or aging inventory at these facilities through fire, natural disaster, or otherwise could result in a reduction in supply of the affected products and could affect our long-term performance of any affected brands.

To the extent that our products rely on unique or proprietary processes or techniques, replacing production lost as a result of a catastrophic event by purchasing from outside suppliers would be difficult.

Our strategic plan involves significant investment in the aging of barreled distillate. Decisions concerning the quantity of maturing stock of our aged distillate could materially affect our future profitability.

There is an inherent risk in determining the quantity of maturing stock of aged distillate to lay down in a given year for future sales as a result of changes in consumer demand, pricing, new brand launches, changes in product cycles, increase in competitive supply, and other factors. Demand for products could change significantly between the time of production and the date of sale. It has in the past and may continue to be more difficult to accurately predict demand for our products and brands. Inaccurate decisions or estimations could lead to an inability to supply future demand or lead to a future surplus of inventory and consequent write down in the value of aged or aging distillate. As a result, our business, financial condition, or results of operations could be materially adversely affected.

The inability to successfully complete our capital projects or fund necessary capital expenditures could adversely impact us. Warehouse expansion issues could negatively impact our operations and our business.

Any capital project we undertake involves risks, including cost overruns, delays and performance uncertainties, regulatory risks (including our ability to timely obtain necessary approvals and permits), and the risk of potential changes in laws and regulations (including zoning and environmental requirements). The expected benefits from any of our capital or other projects may not be realized. For example, we may not realize the expected benefits from the mini fuel plant being constructed at our Atchison, Kansas location or from the ultimate disposal of the distillery assets from our distillery in Atchison, Kansas that we closed in December 2023. Our capital projects may also result in other unanticipated events or unintended consequences, such as the diversion of management's attention from other operational matters or disruptions to our ongoing operations.

Although we currently finance most of our capital expenditures through cash provided by operations, we also may depend on increased borrowing or other financing arrangements to fund future capital expenditures. If we are unable to obtain suitable financing on favorable terms, we may not be able to complete future capital projects and our ability to maintain or expand our operations may be limited. The occurrence of these events could have a material adverse effect on our business, financial condition, and results of operations.

In addition, expansion of our business operations requires additional warehouse capacity. In the event additional warehouse capacity is required, there is the risk of cost overruns, delays, regulatory risks, and the risk of potential changes in laws and regulations, which could have a material adverse effect on our business, financial condition, or results of operations.

We have a high concentration of certain raw material and finished goods purchases from a limited number of suppliers, which exposes us to risk.

We have third-party supply agreements for our grain supply (primarily corn) and wheat flour. We also procure some textured wheat proteins through a third-party toll manufacturer in the U.S. Additionally, we procure barrels, glass, PET containers, caps, labels, aluminum cans, cartons, bottle closures, and other products from third-party vendors. If any of our key suppliers encounters an operational or financial issue, is no longer able to meet our timing, quality, or capacity requirements, ceases doing business with us, or significantly raises prices, and we are not able to promptly develop alternative cost-effective sources of supply or production, it could lead to an interruption in supply to us and higher prices than those we have negotiated or than are available in the market at the time, and in turn, have a material adverse effect on our business, financial condition, or results of operations.

Work disruptions or stoppages by our unionized workforce could cause interruptions in our operations.

As of December 31, 2024, approximately 197 of our 660 employees were members of a union. Although our relations with our three unions are stable, our failure to renew our collective bargaining agreements on reasonable terms could result in labor disruptions and increased labor costs, which could adversely affect our financial performance. In addition, there is no assurance that we will not experience work disruptions or stoppages in the future, which could interrupt our operations, adversely affect our relationships with our customers, and could have a material adverse effect on our business, financial condition, or results of operations.

Climate change, or legal, regulatory, or market measures to address climate change, may negatively affect our business or operations, and water scarcity or quality could negatively impact our production costs and capacity.

Increasing concentrations of carbon dioxide and other greenhouse gases in the atmosphere may have an adverse effect on global temperatures, weather patterns, and the frequency and severity of extreme weather events and natural disasters. In the event that the effects of climate change, or legal, regulatory, or market measures enacted to address climate change, has a negative effect on agricultural productivity in the regions from which we procure agricultural products such as corn and wheat, we could be subject to decreased availability or increased prices for these agricultural products, which could have a material adverse effect on our business, financial condition, or results of operations. Increasing regulation of emissions could increase the cost of energy, including fuel, required to operate our facilities or transport and distribute our products, thereby substantially increasing the production, distribution, and supply chain costs associated with our products. Climate change could also lead to disruptions in the production or distribution of our products.

Water is the main ingredient in substantially all of our distillery products and is also necessary for the production of our food ingredients. It is also a limited resource, facing challenges from climate change, increasing pollution, and poor management. As demand for water continues to increase, water becomes more scarce and the quality of available water deteriorates, we may be affected by increasing production costs or capacity constraints, which could have a material adverse effect on our business, financial condition, or results of operations.

LEGAL, REGULATORY, AND COMPLIANCE RISKS

We are subject to extensive regulation and taxation, as well as compliance with existing or future laws and regulations, which may require us to incur substantial expenditures.

We are subject to a broad range of federal, state, local, and foreign laws and regulations intended to protect public health and the environment. Our operations are also subject to regulation by various U.S. federal agencies, including the TTB, OSHA, the

FDA, and the EPA, by various U.S. state and local authorities, and by various foreign authorities. We are also required to conduct business only with holders of licenses to import, warehouse, transport, distribute, and sell beverage alcohol products. We cannot assure you that these and other governmental regulations applicable to our industry will not change or become more stringent. These laws and regulations cover virtually every aspect of our operations, including production and storage/warehouse facilities, distillation, and maturation requirements, importing ingredients, importing and exporting our products, distribution of beverage alcohol products, marketing, pricing, labeling, packaging, advertising, trade practices, water usage, wastewater discharge, disposal of hazardous wastes and emissions, air emissions and quality, and other matters.

Violations of any of these laws and regulations may result, and have in the past resulted, in administrative, civil, or criminal fines or penalties being levied against us, including temporary or prolonged cessation of production, revocation or modification of permits, performance of environmental investigatory or remedial activities, voluntary or involuntary product recalls, or a cease and desist order against operations that are not in compliance with applicable laws.

Changes in laws, regulatory measures, governmental policies, guidelines, initiatives, or the manner in which current ones are interpreted or applied, could cause us to incur material additional costs or liabilities and jeopardize the growth of our business in the affected market. Specifically, we could be required to incur significant additional capital expenditures, increase our operating expenses, or change the manner in which we conduct our business in response to new environmental, food, health, or safety related laws and regulations. In addition, governments may prohibit, impose, or increase limitations on advertising and promotional activities or times or locations where beverage alcohol may be sold or consumed, or adopt other measures that could limit our opportunities to reach consumers or sell our products. Certain countries historically have banned all television, newspaper, magazine, and digital commerce/advertising for beverage alcohol products. Increases in regulation of this nature could substantially reduce consumer awareness of our products in the affected markets and make the introduction of new products more challenging. Governmental agencies may issue dietary guidelines that recommend reduced alcohol consumption, which could impact consumer behavior. These matters may have a material adverse effect on our business, financial condition, or results of operations.

Tariffs imposed by the U.S. and other countries, as well as rapidly changing trade relations, could negatively impact our customers and have a material adverse effect on our business and results of operations.

Changes or proposed changes in U.S. and foreign governments' trade policies have resulted in, and may continue to result in, new trade agreements, economic sanctions, or new, expanded or retaliatory tariffs against certain countries or covering certain products or ingredients (including recent U.S. tariffs imposed or threatened to be imposed on Mexico, Canada, China, and other countries and any retaliatory actions taken by such countries). For example, during the period from 2018 through mid-year 2022, the United Kingdom and the European Union imposed tariffs on the import of American whiskey in response to tariffs imposed by the U.S. on imports from several countries, including those in the European Union. These tariffs are currently slated to be reinstated and doubled if an agreement is not reached by March 31, 2025. Any new trade agreements, economic sanctions, or new, expanded or retaliatory tariffs could result in an increase in the price of our and our customer's products, could increase the costs of finished goods and raw materials (including finished goods produced through our joint venture operations in Mexico and our Northern Ireland operations as well as raw materials we procure from outside the U.S.), could prompt consumers to seek alternative products, could result in a supply imbalance in the U.S if we and our competitors have reduced sales in other countries, and could potentially impact our business, financial condition, or results of operations.

Changes in excise taxes, incentives, and customs duties related to products containing alcohol could adversely affect our business.

Products containing alcohol are subject to excise taxation in U.S. markets at the federal, state, and local level. Any increase in federal, state or local excise taxes could have an adverse effect on our business by increasing prices and reducing demand, particularly if excise tax levels increase substantially relative to those for beer and wine. In addition, products containing alcohol are the subject of customs duties in many countries around the world. An unanticipated increase in customs duties in the markets where we may sell our products could also adversely affect our results of operations and cash flows.

We may not be able to adequately protect our intellectual property rights or may be accused of infringing intellectual property rights of third parties.

We regard our trademarks, service marks, copyrights, patents, trade dress, trade secrets, proprietary technology, and similar intellectual property as critical to our success, and we rely on trademark, copyright, and patent law, trade secret protection, and confidentiality and license agreements with our employees, customers, and others to protect our proprietary rights. We may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. Third parties that license our proprietary rights also may take actions that diminish the value of our proprietary rights or reputation. The protection of our

intellectual property may require the expenditure of significant financial and managerial resources. Moreover, the steps we take to protect our intellectual property may not adequately protect our rights or prevent third parties from infringing or misappropriating our proprietary rights. Our intellectual property rights may not be upheld if challenged. Such results could materially and adversely affect our business. If we are unable to maintain the proprietary nature of our technologies, we may lose any competitive advantage provided by our intellectual property. We and our customers and other users of our products may be subject to allegations that we or they or certain uses of our products infringe the intellectual property rights of third parties. Litigation is costly to defend and the outcome of any litigation is inherently uncertain. Any intellectual property claims, with or without merit, could be time-consuming and expensive to resolve, could divert management attention from executing our business plan, and could require us or our customers or other users of our products to change business practices, pay monetary damages, or enter into licensing or similar arrangements. Any adverse determination related to intellectual property claims or litigation could be material to our business, financial condition, or results of operations.

Failure of our branded spirits to secure and maintain listings in control states could adversely affect our business.

In control states, the state liquor commissions act in place of distributors and decide which products are to be purchased and offered for sale in their respective states. Products selected for listing in control states must generally reach certain volumes or profit levels to maintain their listings. Products in control states are selected for purchase and sale through listing procedures, which are generally made available to new products only at periodically scheduled listing interviews. Products not selected for listings can only be purchased by consumers in the applicable control state through special orders, if at all. If, in the future, we are unable to maintain our current listings in the control states, or secure and maintain listings in those states for any additional branded spirits we may develop or acquire, sales of our branded spirits could decrease significantly, which would have a material adverse financial effect on our results of operations and financial condition.

Significant additional labeling or warning requirements or limitations on the availability of our products could inhibit sales of affected products.

Various jurisdictions have adopted or may seek to adopt significant additional product labeling or warning requirements or limitations on the availability of our products relating to the content or perceived adverse health consequences of some of our products. Several of these labeling regulations or laws require warnings on any product with substances that the jurisdiction lists as potentially associated with cancer or birth defects and heightened requirements could be imposed. If additional or more severe requirements of this type are imposed on one or more of our major products under current or future health, environmental, or other laws or regulations, they could inhibit sales of such products. Further, we cannot predict whether our products will become subject to increased rules and regulations, which, if enacted, could increase our costs or adversely impact sales. For example, in early January 2025, the U.S. Surgeon General suggested requiring that alcohol products have labels with increased and more prominent warnings regarding the health risks of alcohol consumption and in the past, advocacy groups in Australia, Canada, and the United Kingdom have called for the consideration of requiring the sale of alcohol in plain packaging with more comprehensive health warnings or have launched additional health-related campaigns in an effort to change drinking habits in those countries. This could result in additional governmental regulations concerning the production, marketing, labeling, or availability of our products, any of which could damage our reputation, make our brands unrecognizable, or reduce demand of our products, which could adversely affect our profitability.

Product recalls or other product liability claims could materially and negatively affect our business.

Selling products for human consumption involves inherent legal and other risks, including product contamination, spoilage, product tampering, allergens, or other adulteration. We could decide to, or be required to, recall products due to suspected or confirmed product contamination, adulteration, misbranding, tampering, or other errors or deficiencies. Although we maintain product recall insurance, product recalls or market withdrawals could result in significant losses due to their costs, the destruction of product inventory, lost sales due to the unavailability of the product for a period of time, and we may incur costs or financial losses that are either not insured against or not fully covered through our insurance. We could be adversely affected if our customers lose confidence in the safety and quality of certain of our products, or if consumers lose confidence in the food and beverage safety system generally. Negative attention about these types of concerns, whether or not valid, may damage our reputation, discourage food processors, branded spirits bottlers, or consumers from buying our products, or cause production and delivery disruptions.

We may also suffer losses if our products or operations cause injury, illness, or death. In addition, we could face claims of false or deceptive advertising or other criticism. A significant product liability or other legal judgment or a related regulatory enforcement action against us, or a significant product recall, may materially and adversely affect our reputation and profitability. Moreover, even if a product liability or other legal or regulatory claim is unsuccessful, has no merit, or is not pursued, the negative publicity surrounding assertions against our products or processes and the associated legal and other expenses could have a material adverse effect on our business, financial condition, or results of operations.

Failure to comply with anti-corruption laws, trade sanctions, and restrictions, or similar laws or regulations may have a material adverse effect on our business and financial results.

We market and sell our products in over 50 countries. Some of the countries where we do business have a higher risk of corruption than others. While we are committed to doing business in accordance with applicable anti-corruption laws, trade sanctions and restrictions, and other similar laws and regulations, along with our Code of Conduct and our other policies, we remain subject to the risk that an employee, or one of our business partners, may take action determined to be in violation of international trade, money laundering, anti-corruption, or other laws, sanctions, or regulations, including the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act 2010, or equivalent laws. Any determination that our operations or activities are not in compliance with applicable laws or regulations, particularly those related to anti-corruption and international trade, could result in investigations, interruption of business, loss of business partner relationships, suspension or termination of licenses and permits (our own or those of our partners), imposition of fines, legal or equitable sanctions, negative publicity, and management distraction. Any media coverage associated with misconduct under these laws and regulations, even if unwarranted or baseless, could damage our reputation and sales. Further, our continued compliance with applicable anti-corruption or other laws or regulations, our Code of Conduct, and our other policies could result in higher operating costs.

We also operate our business and market our products in countries that may be subject to export control regulations, embargoes, economic sanctions and other forms of trade restrictions. New or expanded export control regulations, economic sanctions, embargoes or other forms of trade restrictions imposed on countries in which we or our associates do business may curtail our existing business and may result in serious economic challenges in these geographies, which could have a material adverse effect on our and our associates' operations, and may result in impairment charges on goodwill or other intangible assets. The conflict and related sanctions have resulted and could continue to result in disruptions to global trade, commodity markets (including grain, corn, wheat, energy, and natural gas markets), and supply chain continuity.

We are, and from time to time may become, subject to litigation, and adverse outcomes in such litigation could have a material adverse effect on our business.

We are, and from time to time may become, subject to litigation and various legal proceedings in the ordinary course of our business, including litigation and proceedings related to commercial disputes, intellectual property matters, privacy and data protection and employment disputes, as well as stockholder derivative suits, class action lawsuits, mass arbitrations and other matters, that may involve claims for substantial amounts of money or for other relief, result in significant costs for legal representation, arbitration fees, or other legal or related services, or necessitate changes to our business or operations.

In particular, we and other companies operating in our industry may face the possibility of class action or similar litigation alleging that the continued excessive use or abuse of beverage alcohol has caused death or serious health problems. It is also possible that governments could assert that the use of alcohol has significantly increased government funded health care costs. Litigation or assertions of this type have adversely affected companies in the tobacco industry, and it is possible that we, as well as our distributors, customers, or suppliers, could be named in litigation of this type. Also, lawsuits have been brought in a number of U.S. states against beverage alcohol manufacturers and marketers alleging improper alcohol marketing, advertising, or distribution practices, including improperly targeting underage consumers in their advertising. While we have not been named in these lawsuits, we could be named in similar lawsuits in the future.

The defense of these actions is time consuming and expensive and may subject us to damages, penalties, or fines as well as reputational damage to our business. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves and disclose the relevant litigation claims or legal proceedings, as and when required or appropriate. These assessments and estimates are based on information available to management at the time of such assessment or estimation and involve a significant amount of judgment. As a result, actual outcomes or losses could differ materially from those envisioned by our current assessments and estimates. Our failure to successfully defend or settle any of these litigations or legal proceedings could result in liability that, to the extent not covered by our insurance, could have a material adverse effect on our business, financial condition, and results of operations. See also Part I, "Item 3—Legal Proceedings" and Part II, Item 8, Note 11, Commitments and Contingencies, to our Consolidated Financial Statements.

RISKS RELATED TO OUR CAPITAL STRUCTURE

Common Stockholders have limited rights under our Articles of Incorporation.

Under our Articles of Incorporation, (i) holders of our preferred stock, par value $10.00 per share ("Preferred Stock"), are entitled to elect five of our nine directors and (ii) only holders of our Preferred Stock are entitled to vote with respect to a merger, dissolution, lease, exchange or sale of substantially all of our assets, or on an amendment to the Articles of Incorporation, unless such action would increase or decrease the authorized shares or par value of the Common or Preferred Stock, or change the powers, preferences or special rights of the Common or Preferred Stock so as to affect the holders of Common Stock adversely. Generally, our Common Stock and Preferred Stock vote as separate classes on all other matters requiring stockholder approval.

As of December 31, 2024, the majority of the outstanding shares of our Preferred Stock is beneficially owned by one individual, who is effectively in control of the election of five of our nine directors under our Articles of Incorporation. Furthermore, a group of stockholders beneficially owning approximately 23 percent of our Common Stock as of December 31, 2024 (excluding shares controlled by certain other stockholders) have a right to nominate up to two of the four directors to be elected by holders of our Common Stock pursuant to the terms of a shareholders' agreement, provided they continue to hold a certain amount of our Common Stock, and two other individuals who beneficially own approximately 13 percent of our Common Stock as of December 31, 2024 have agreed to vote in favor of those nominees with respect to any shares of Common Stock over which they have sole voting control.

Our two class structure with our Common Stock and Preferred Stock may prevent the inclusion of our Common Stock in certain stock market indices, may cause stockholder advisory firms or others to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure, and may result in large institutional investors not purchasing shares of our Common Stock. Any actions or publications by stockholder advisory firms, institutional investors, or others critical of our corporate governance practices or capital structure could also adversely affect the value of our Common Stock or make it difficult for us to attract and retain qualified directors. Any actions we might pursue to eliminate the Preferred Stock would require the support of the holders of our Preferred Stock and would likely involve payment to the holders of our Preferred Stock for redeeming their shares, the amount of which could be material and would involve risks related to the valuation and terms of any such transaction.

The concentrated control of our stock and rights of holders of Preferred Stock under our Articles of Incorporation could delay, defer, or prevent a change of control, merger, consolidation, or sale of all or substantially all of our assets that our other stockholders support, or conversely these factors could result in the consummation of such a transaction that our other stockholders do not support. The concentrated control of our stock and rights of holders of Preferred Stock could also discourage a potential investor from acquiring our Common Stock due to the limited voting power of such stock relative to the Preferred Stock and could have an adverse effect on the market price of our Common Stock. In addition, the sale or prospect of a sale of a substantial number of shares by our principal stockholders could have an adverse effect on the market price of our Common Stock.

We have various mechanisms in place to discourage takeover attempts, which may reduce or eliminate our stockholders' ability to sell their shares for a premium in a change of control transaction. In addition, we could issue additional shares of Common Stock, which could adversely impact the market price of our Common Stock.

Various provisions of our Articles of Incorporation and bylaws and of Kansas corporate law may discourage, delay, or prevent a change in control or takeover attempt of our Company by a third-party which our management and Board of Directors opposes. Stockholders who might desire to participate in such a transaction may not have the opportunity to do so. These antitakeover provisions could substantially impede the ability of stockholders to benefit from a change of control or change in our management and Board of Directors. These provisions include:

- the rights of holders of our Preferred Stock under our Articles of Incorporation (see "Common Stockholders have limited rights under our Articles of Incorporation");
- additional shares of Preferred Stock and Common Stock that could be issued by our Board of Directors to make it more difficult for a third-party to acquire, or to discourage a third-party from acquiring, a majority of our outstanding voting stock;
- non-cumulative voting in the election of directors;
- limitations on the ability of stockholders to call special meetings of stockholders; and
- advance notice requirements for nominations of candidates for election to our Board of Directors or for proposing matters that can be acted upon by our stockholders at stockholder meetings.

Our Board of Directors is authorized to issue additional shares of Common Stock and Preferred Stock and may issue the available authorized shares without notice to, or further action by, our stockholders, unless stockholder approval is required by law or the rules of the Nasdaq Global Select Market. We believe that it is necessary to maintain a sufficient number of available authorized shares of our Common Stock in order to provide us with the flexibility to issue Common Stock for business purposes that may arise as deemed advisable by our Board. The issuance of additional shares of Common Stock or Preferred Stock may significantly dilute the equity ownership of our current stockholders and could have an adverse effect on the market price of our Common Stock.

GENERAL RISKS

Higher costs or unavailability of raw materials, product ingredients, energy resources, or labor could adversely affect our financial results.

Our ability to make and sell our products depends upon the availability of raw materials and energy resources. Prices and supply of all products are subject to market forces, such as inflation, weather, changes in domestic and global demand and supply, and global political or economic issues.

Higher costs or insufficient availability of suitable grain, agave, water, wood, glass, plastics, closures, and other input materials, or higher associated labor costs or insufficient availability of labor, could have a material adverse effect on our business, financial condition, or results of operations. Similarly, when energy costs rise, our transportation, freight, and other operating costs, such as distilling and bottling expenses, also may increase. Our freight cost and the timely delivery of our products could be adversely affected by a number of factors that could reduce the profitability of our operations, including driver or equipment shortages, higher fuel costs, weather conditions, traffic congestion, shipment container availability, rail shut down, increased government regulation, and other matters.

In addition, the relationship between the price we pay for corn and the sales price of distillers feed, the principal co-product of our alcohol production process, can fluctuate significantly and negatively impact our business. The selling price of distillers feed has historically tracked the price of corn, but is also susceptible to other factors, including weather, other available feedstock, and global trade relations. As a result, the profitability of distillers feed could be adversely affected, which could be material to our business, financial condition, or results of operations.

If we cannot offset higher raw material costs with higher selling prices, increased sales volume, or reductions in other costs, our profitability could be adversely affected. There can be no assurance that we can cover these potential cost increases through future pricing actions. Also, as a result of these pricing actions, consumers could purchase less or move from purchasing our higher-margin products to our lower-margin products.

A failure of one or more of our key information technology ("IT") systems, networks, processes, associated sites, or service providers could have a negative impact on our business.

We rely on IT systems, networks, and services, including internet sites, data hosting and processing facilities and tools, hardware (including laptops and mobile devices), software, and technical applications and platforms, some of which are managed and hosted by third-party vendors, to assist us in the management of our business. The various uses of these IT systems, networks, and services include hosting our internal network and communication systems; enterprise resource planning; processing transactions; summarizing and reporting results of operations; business planning and financial information; complying with regulatory, legal, and tax requirements; providing and managing data security; and handling other processes necessary to manage our business. The Company has previously experienced, and is expected to continue to be exposed to, failures of our IT systems and those of our third-party vendors due to various causes, including those caused by natural disasters, power outages, computer and telecommunications failures, viruses, phishing attempts, cyber-attacks, malware and ransomware attacks, security breaches, failures in maintenance or development of new IT systems, and errors by employees or vendors.

We have technology and processes in place designed to detect and respond to such failures and disruptions; however, because of the techniques used to obtain unauthorized access, disable, or degrade service, or sabotage systems, and because of the unpredictable nature of other potential threats such as natural disasters, our detection and response measures may be ineffective or inadequate. In addition, increased IT security threats and more sophisticated cyber-crime pose a potential risk to the security of our IT systems, networks, and services, as well as the confidentiality, availability, and integrity of our data. This could lead to outside parties having access to our confidential data, strategic information, or information regarding our employees, suppliers, or customers. Ransomware attacks or other cybersecurity breaches have occurred, either internally or at our third-party technology service providers, and have caused and may in the future cause us to be prevented from accessing our data,

resulting in interruptions or delays in our business, and causing us to incur remediation costs or requiring us to pay ransom to a hacker which takes over our systems, or damage our reputation. Although we maintain insurance coverage for various cybersecurity risks, we may incur costs or financial losses that are either not insured against or not fully covered through our insurance.

All of these potential failures or disruptions of our data security systems or our IT systems could have a material adverse impact on our business, financial conditions, or results of operations. If the IT systems, networks, or service providers we rely upon fail to function properly, we may suffer disruptions to operations, including order processing, invoicing, and production and distribution of our products, as well as reputational, competitive, or business harm, all of which may have a material adverse effect on our business, financial condition, or results of operations. If our critical IT systems or back-up systems or those of our third-party vendors were damaged or ceased to function properly, we might have to make a significant investment to repair or replace them. In addition, these events could result in unauthorized disclosure of confidential information, and we may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to us or to our employees, customers, or suppliers. Additionally, we could be exposed to potential liability, litigation, governmental inquiries, investigations, or regulatory enforcement actions and we could be subject to the payment of fines or other penalties, ransoms, legal claims by our suppliers, customers, or employees, and significant remediation costs.

Our business may suffer from risks related to acquisitions and potential future acquisitions.

Part of our strategic business plan is to grow our business through acquisitions, and we continue to evaluate and engage in discussions concerning potential acquisition opportunities, some of which could be material. For example, in April 2021 we acquired Luxco, Inc. (referred to as "Luxco" and the merger as the "Merger") and in June 2023 we acquired Penelope Bourbon LLC ("Penelope"). Failure to successfully integrate or otherwise realize the anticipated benefits of our acquisitions could adversely impact our long-term competitiveness and profitability. The integration of any acquisition involves a number of risks that could harm our financial condition, results of operations, or competitive position, including:

- Integration plans for our acquisitions are based on benefits that involve assumptions as to future events, including our ability to successfully achieve anticipated synergies, leveraging our existing relationships, as well as general business and industry conditions, many of which are beyond our control and may not materialize. Unforeseen factors may offset components of our integration plans in whole or in part. As a result, our actual results may vary considerably, or be considerably delayed, compared to our estimates.
- The integration process could disrupt the activities of the businesses that are being combined. The combination of companies requires, among other things, coordination of administrative and other functions. In addition, the loss of key employees, customers, or vendors of acquired businesses could materially and adversely impact the integration of any acquired businesses.
- The execution of our integration plans may divert the attention of our management from other key responsibilities;
- Our financial results may be negatively impacted by cash expenses and non-cash charges incurred in connection with an acquisition if goodwill or other intangible assets we acquire become impaired. For example, in the fourth quarter 2024, we recorded a goodwill impairment charge related to the Branded Spirits reporting unit. See also Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Goodwill and Indefinite-Lived Intangible Assets" and Part II, Item 8, Note 5, Goodwill and Other Intangible Assets, to our Consolidated Financial Statements.
- We may enter new markets or markets in which we have limited prior experience.
- We may incur substantial indebtedness to finance an acquisition, enhancing our vulnerability to increased debt service requirements if interest rates rise, reducing the amount of expected cash flow available for other purposes, including capital expenditures and acquisitions, and limiting our flexibility in planning for or reacting to changes in our businesses and industries.
- We may assume unanticipated liabilities and contingencies or other exposures (including regulatory risks) for which we do not have adequate insurance coverage, indemnification, or other protection.
- Our acquisitions could fail to perform in accordance with our expectations at the time of purchase.

Our ability to grow through the acquisition of additional distilled spirits brands or other businesses is also dependent upon identifying acceptable acquisition targets and opportunities, our ability to consummate prospective transactions on favorable terms, or at all, and the availability of capital to complete the acquisition. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various costs and expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated. We may not be able to identify desirable acquisition targets or be successful in entering into an agreement with any particular target. We intend to finance our acquisitions through a combination of our available cash resources, third-party financing and, in appropriate circumstances, the further issuance of equity and debt securities. Any issuance of our Common Stock or securities convertible into our Common Stock to fund an acquisition could substantially dilute the ownership percentage of our current stockholders and negatively impact the market price of our Common stock. For example, in connection with the Merger we issued approximately 5.0 million shares of our Common Stock.

Acquiring additional distilled spirits brands or other businesses could have a significant effect on our financial position and could cause substantial fluctuations in our operating results.

An increase in interest rates would increase the cost of servicing our debt and could reduce our profitability.

Our revolving credit facility bears interest at variable rates. The U.S. Federal Reserve began raising the Federal Funds interest rate in early 2022 and continued to do so throughout the first half of 2023. Although the Federal Reserve cut interest rates during 2024, they may again raise interest rates in the future. Any increase in interest rates would increase the cost of servicing our variable rate debt and could materially reduce our profitability and cash flows. In addition, higher interest rates could increase the future cost to refinance our convertible notes or the cost of financing any future acquisitions. Assuming our revolving credit facility was fully drawn up to the current $400 million maximum principal commitment, for each 1% increase in Secured Overnight Financing Rate ("SOFR") would result in a $4.0 million increase in annual interest expense under the revolving credit facility.

If we were to lose any of our key personnel, we may not be able to fully implement our strategic plan, and our system of internal controls could be impacted.

We rely on the continued services of key personnel involved in management, finance, product development, sales, manufacturing, marketing, human resources, operations, and distribution, and upon the efforts and abilities of our executive management team. The loss of service of any of our key personnel could be disruptive to our operations and create uncertainty about our business and future direction, which could have a material adverse effect on our business, financial condition, results of operations, or on our system of internal controls. On December 31, 2024, David S. Bratcher's service as our Chief Executive Officer and President ended, and Brandon M. Gall was appointed to serve as our Interim President and Chief Executive Officer effective January 1, 2025, in addition to serving in his current role of Chief Financial Officer. We are currently conducting a search for a permanent President and Chief Executive Officer.

If we cannot attract and retain key personnel, or if our search for qualified personnel is prolonged, our system of internal controls may be affected, which could lead to an adverse effect on our business, financial condition, or results of operations. In addition, it could be difficult, time consuming, and expensive to replace any key management member or other critical personnel, and no guarantee exists that we will be able to recruit suitable replacements or assimilate new key personnel into our organization.

Our global business is subject to commercial, political, and financial risks.

Our products are sold in more than 50 countries; accordingly, we are subject to risks associated with doing business globally, including commercial, political, and financial risks. In addition, we are subject to potential business disruption caused by military conflicts; the results of elections; potentially unstable governments or legal systems; civil or political upheaval or unrest; local labor policies and conditions; possible expropriation, nationalization, or confiscation of assets; problems with repatriation of foreign earnings; economic or trade sanctions; closure of markets to imports; anti-American sentiment; terrorism or other types of violence in or outside the U.S.; and health pandemics. If shipments of our products to international markets were to experience significant disruption, it could have a material adverse effect on our financial results. We are also subject to financial risks and our business has been, and could in the future also be, negatively impacted by unfavorable economic conditions, including inflation, deflation, exchange rate fluctuations, and credit or capital market instability. See also "—Tariffs imposed by the U.S. and other countries, as well as rapidly changing trade relations, could negatively impact our customers and have a material adverse effect on our business and results of operations."

Covenants and other provisions in our credit arrangements could hinder our ability to operate. Our failure to comply with covenants in our credit arrangements could result in the acceleration of the debt extended under such agreements, limit our liquidity, and trigger other rights of our lenders.

Our credit arrangements contain a number of financial and other covenants that include provisions which require us, in certain circumstances, to meet certain financial tests. These covenants could hinder our ability to operate and could reduce our profitability. The lender may also terminate or accelerate our obligations under our credit arrangements upon the occurrence of various events in addition to payment defaults and other breaches. Any acceleration of our debt or termination of our credit

arrangements would negatively impact our overall liquidity and might require us to take other actions to preserve any remaining liquidity. Although we anticipate that we will be able to meet the covenants in our credit arrangements, there can be no assurance that we will do so, as there are a number of external factors that affect our operations over which we have little or no control, that could have a material adverse effect on our business, financial condition, or results of operations. See also Part II, Item 8, Note 7, Corporate Borrowings, to our Consolidated Financial Statements.

Pandemics or other health crises could disrupt or otherwise negatively impact our operations, including the demand for our products and our ability to produce and deliver our products.

A pandemic, such as COVID-19, or another widespread health crisis, could have a negative impact on our operations, including voluntary or mandatory temporary closures of our facilities or offices; interruptions to our supply chain, which could impact the cost or availability of raw materials; disruptions or restrictions on our ability to travel or to market and distribute our products; reductions in consumer demand for our products or those of our customers due to bar and restaurant closures or reduced consumer traffic in bars, restaurants, and other locations; and labor shortages.

Furthermore, our facilities and those of our customers and suppliers could be required to comply with new regulations imposed by state and local governments in response to such an outbreak. Compliance with these new measures could cause an increase in the cost, or delay or reduce the volume, of products produced at our facilities or those of our suppliers. A pandemic or other widespread health crisis could disrupt or negatively impact credit markets, which could adversely affect the availability and cost of capital. These impacts could limit our ability to fund our operations and satisfy our obligations.

Cash dividends and share repurchases are subject to uncertainties which could affect the price of our Common Stock.

The payment of dividends, the amount of any dividends, and any share repurchase program require approval of our Board of Directors. Future dividend payments and share repurchases are also subject to our financial results, the availability of statutory surplus funds to pay dividends, restrictions in our debt agreements, and our capital allocation strategy. These or other factors could result in a change to our current policy of paying dividends on our Common Stock, us paying smaller dividends on our Common Stock in the future, or a change in the amount, timing and frequency of any share repurchases. A change in dividend payments or share repurchases could adversely affect the price of our Common Stock. Additionally, any share repurchases may not enhance shareholder value because the market price of our Common Stock may decline below the levels at which we repurchased shares of Common Stock, and short-term stock price fluctuations could reduce the program's effectiveness.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy. We have a multi-pronged approach to assess, identify, and manage material risks from cybersecurity threats that is aligned with the National Institute of Standards and Technology framework. This approach includes system testing and patching, continuous monitoring, end-user training and awareness, multi-layered security, redundancy mechanisms, encryption, and internal audits and assessments. Assessment of cybersecurity risk is part of our overall enterprise risk management ("ERM") process, which is reviewed by the Audit Committee of our Board of Directors, along with our strategies for managing our cybersecurity risks.

We maintain technical and organizational safeguards, including regular employee training and phishing simulations, incident response capability reviews and exercises, cybersecurity insurance, and business continuity mechanisms for the protection of our assets. If faced with a cybersecurity incident, our IT team is trained to focus on responding to and containing the threat and minimizing any business impact, as appropriate. In the event of an incident, our IT team assesses, among other factors, safety impact, supply chain and manufacturing disruption, data and personal information loss, business operations disruption, projected cost, and potential for reputational harm.

From time to time, our processes are audited and validated by internal and external experts. We leverage third-party cybersecurity experts with the goal of minimizing disruption to our business and production operations, strengthening supply chain resilience in response to cyber-related events, and supporting the integrity of IT systems. We also engage reputable third-party consultants to help evaluate and test our vulnerability to cybersecurity threats as well as to conduct annual penetration tests to help identify exploitable cybersecurity vulnerabilities. Our IT team assesses these testing results and implements any appropriate measures to mitigate vulnerabilities identified.

We rely on various third-party service providers and a cybersecurity incident at any of our third-party service providers could materially adversely impact us. We evaluate third-party service providers from a cybersecurity risk perspective using a range of measures, including information security and cybersecurity due diligence assessments, ongoing monitoring and evaluation of our providers, examination of available System and Organization Controls attestation reports, and inclusion security and privacy contractional provisions in our agreements with our providers. However, we rely on our third-party service providers to implement security programs commensurate with their risk, and we cannot ensure that their efforts will be successful.

We have not experienced any material impacts from any cybersecurity threats or incidents in the last three fiscal years. We use each cybersecurity threat or incident as an opportunity to review our protocols and implement enhancements as applicable. For more information about our risks from cybersecurity threats, see *Item 1A—Risk Factors—A failure of one or more of our key information technology ("IT") systems, networks, processes, associated sites, or service providers could have a negative impact on our business*.

Governance. The Audit Committee of our Board of Directors is responsible for overseeing risk assessments and risk management, including cybersecurity risks. Our IT team is responsible for assessing and managing our risks from cybersecurity threats. Our IT team is led by our Vice President of Information Technology and Security, who reported to our Chief Financial Officer during 2024. Our Vice President of Information Technology and Security provides updates on cybersecurity threats and risks to the Audit Committee of our Board of Directors throughout the year. In addition, the Audit Committee reviewed cybersecurity risks and mitigation strategies in 2024 as part of their oversight of our enterprise risk management process.

Our Vice President of Information Technology and Security has over 25 years of experience in IT and has held a variety of IT roles across multiple business lines within the financial services, aviation, and hospitality industries. He received both his bachelor's and master's degrees in information management and holds Certified Information Systems Security Professional ("CISSP") certification.

Our Vice President of Information Technology and Security monitors our processes for preventing, detecting, mitigating, and remediating cybersecurity incidents through his management of, and participation in, the cybersecurity risk management and strategy processes described above, including through the operation of our incident response plans, which include escalation to our Interim Chief Executive Officer and Chief Financial Officer, as appropriate.

ITEM 2. PROPERTIES

As of February 26, 2025, our material properties include:

Location		Principal Activities	Segment
United States:			
Atchison, Kansas		Wheat flour processing, warehousing, research and quality control laboratories, office space, and a technical innovation center	Ingredient Solutions and Corporate
Leawood, Kansas	(a)	Office space	Corporate
Lawrenceburg and Greendale, Indiana		Distillery, warehousing, tank farm, quality control laboratory, and research and development	Distilling Solutions
Sunman, Indiana		Warehousing facility	Distilling Solutions
Williamstown, Kentucky		Warehousing facility	Distilling Solutions
Springfield, Kentucky	(a)	Warehousing facilities	Distilling Solutions
Lebanon, Kentucky		Distillery, office space, and retail location	Branded Spirits
Bardstown, Kentucky		Distillery, office space, retail location, and warehousing facilities	Branded Spirits and Distilling Solutions
St. Louis, Missouri		Bottling facility, warehousing facility, office space[(a)], and fulfillment center[(a)]	Branded Spirits and Corporate
Cleveland, Ohio		Bottling facility and office space	Branded Spirits
International:			
Arandas, Mexico	(b)	Distillery, office space, and agave farm	Branded Spirits
Londonderry, Northern Ireland		Bottling and blending facility and office space	Branded Spirits

(a) Facility is leased.
(b) These properties are owned and operated by our joint ventures, Agricola and DGL.

These facilities are generally in good operating condition and are generally suitable for the business activity conducted therein. The properties, except as otherwise indicated above, are owned by the Company. We also own or lease transportation equipment and facilities and a gas pipeline.

ITEM 3. LEGAL PROCEEDINGS

The Company is, from time to time, a party to legal or regulatory proceedings arising in the ordinary course of its business. The discussion regarding litigation in Note 11, Commitments and Contingencies, included elsewhere in this Report is incorporated herein by reference.

In accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), we record a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These liabilities are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case or proceeding.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

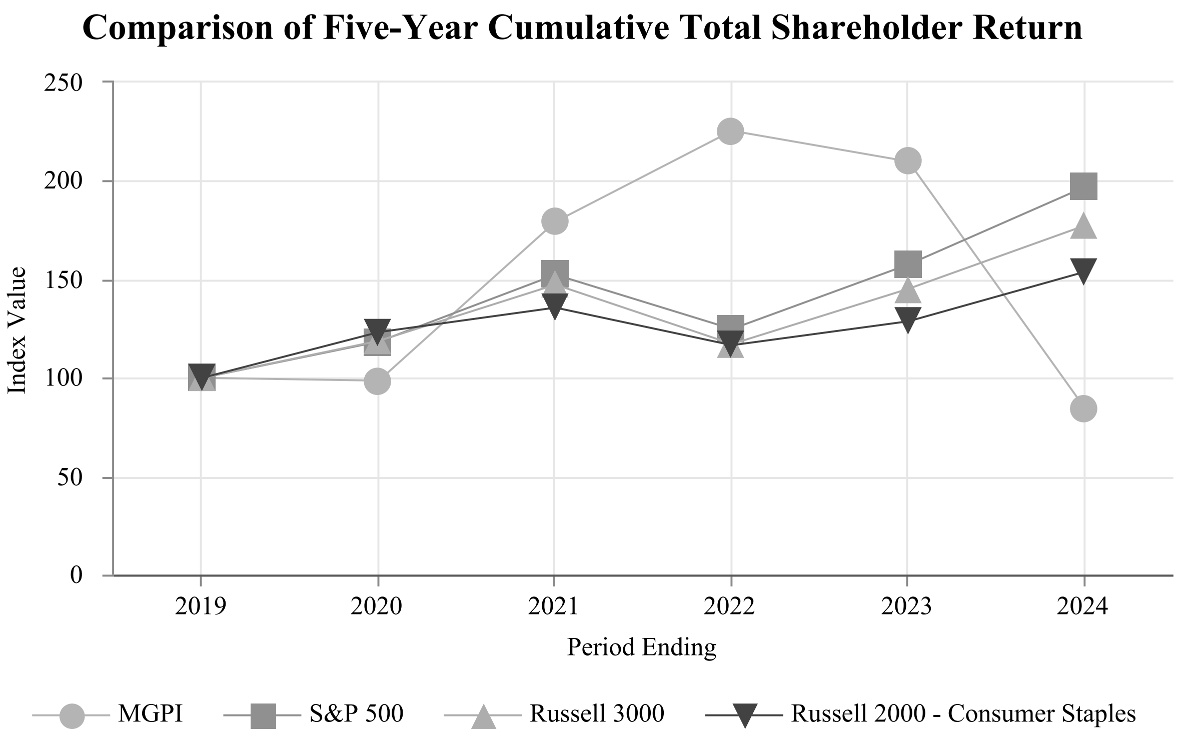
PART II

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

Our Common Stock is traded on the Nasdaq Global Select Market under the ticker symbol MGPI. As of February 21, 2025, there were approximately 277 holders of record of our Common Stock. According to reports received from Nasdaq, the average daily trading volume of our Common Stock (excluding block trades) ranged from 70,688 to 3,398,021 shares during the year ended December 31, 2024.

STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total return of our Common Stock for the five-year period ended December 31, 2024, against the cumulative total return of the S&P 500 Stock Index (broad market comparison), Russell 3000 (broad market comparison), and Russell 2000 - Consumer Staples (line of business comparison). The graph assumes $100 (one hundred dollars) was invested on December 31, 2019, and that all dividends were reinvested.



PURCHASES OF EQUITY SECURITIES BY ISSUER

Share repurchase activity during the quarter ended December 31, 2024 was as follows:

	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 (1)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (in thousands) (1)
October 1, 2024 through October 31, 2024	—	$ —	—	$ 90,000
November 1, 2024 through November 30, 2024	557,552 (2)	49.09	557,552	62,630
December 1, 2024 through December 31, 2024	201,024 (2)	45.86	201,024	53,412
Total	758,576		758,576	

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

ITEM 6. [Reserved]

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

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 industries and our prospects, plans, financial position, mission, and strategy 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 Conditions and Results of Operations" of 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.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis ("MD&A") of Financial Condition and Results of Operations is designed to provide a reader of MGP's consolidated financial statements with a narrative from the perspective of management. MGP's MD&A is presented in the following sections:

- Overview
- Results of Operations
- Distilling Solutions Segment
- Branded Spirits Segment
- Ingredient Solutions Segment
- Cash Flow, Financial Condition and Liquidity
- Critical Accounting Estimates
- New Accounting Pronouncements

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. 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.

Our strategic plan is designed to leverage our history and strengths as well as the positive macro trends we see in the industries in which we compete, while providing better insulation from outside factors, including swings in commodity pricing.

Distilling Solutions Segment

Our Distilling Solutions segment mission is to cultivate lasting partnerships with customers across all product categories by leveraging our technical distilling expertise, strong sales and operating platform, aging whiskey inventory, and unique project development skills. Our Distilling Solutions segment is subject to unfavorable macro industry trends, which include increased competition as industry participants seek to capitalize on consumer trends, inflation and interest rate impacts on customers, overall American whiskey supply and consumer consumption patterns, as well as increased commodity prices. Our strategy for the Distilling Solutions segment is to further develop our existing customer relationships, expand our core strengths through innovation, services and stability, cultivate additional domestic customers for brown goods sales, and increase our global presence in the American whiskey market.

We continue to focus on attracting customers and developing customer relationships for our brown goods as well as shifting our focus away from industrial alcohol, fuel grade alcohol, and white beverage alcohol. During 2024, the industry experienced a softening of American whiskey category trends as well as elevated industry-wide barrel whiskey inventories, which led to instances of customer contract non-performance that put pressure on our brown goods business. We expect these trends to continue. Distilling Solutions segment sales for 2024 decreased 26 percent over the prior year.

Branded Spirits Segment

Our Branded Spirits segment mission is to align our product offering and enhance focus on growing spirits categories and price tiers. The favorable macro industry trends we anticipate will benefit our business in the long-term include growth in high-end whiskey and tequila brands as well as long-term growth in the U.S. across all spirit categories in the premium plus price tier. Our Branded Spirits segment is also subject to unfavorable macro industry trends, which include inflation and interest rate impacts on consumers, increased competition as industry participants seek to capitalize on consumer trends, as well as changes in consumer consumption patterns. Our strategy for the Branded Spirits segment is to focus on the right brands at the right price points in the right spirits categories to maximize profit for the Company. Additionally, our strategy is to grow our overall points of distribution, increase innovation, build brand awareness, and continue to invest in our people. Branded Spirits segment sales for 2024 decreased 5 percent over the prior year.

Ingredient Solutions Segment

Our Ingredient Solutions segment mission is to remain a strategic business partner of choice earning meaningful relationships through collaboration, innovation, and dedication to best-in-class customer service. The favorable macro industry trends we anticipate will benefit our business include more consumer focus on high fiber and lower net carbs, high protein, plant-based protein, and non-GMO products. We continue to provide customer solutions, taking advantage of our position within growing consumer trends. Our strategy for the Ingredient Solutions segment is to expand and optimize our dietary fiber, plant proteins, and clean label starches; expand our extruded products platform; and continue to innovate and expand opportunities through research and development. Ingredient Solutions segment sales for 2024 decreased 1 percent over the prior year.

RESULTS OF OPERATIONS

Consolidated results

The table below details the consolidated results for 2024, 2023 and 2022:

	Year Ended December 31,			% Increase (Decrease)	
	2024	**2023**	**2022**	**2024 v. 2023**	**2023 v. 2022**
Sales	**$ 703,625**	$ 836,523	$ 782,358	(16)%	7 %
Cost of sales	**417,308**	531,811	529,052	(22)	1
Gross profit	**286,317**	304,712	253,306	(6)	20
Gross margin %	**40.7 %**	36.4 %	32.4 %	4.3 pp[(a)]	4.0 pp[(a)]
Advertising and promotion expenses	**40,508**	38,213	29,714	6	29
SG&A expenses	**81,391**	91,395	74,627	(11)	22
Impairment of long-lived assets and other	**137**	19,391	—	(99)	N/A
Goodwill impairment	**73,755**	—	—	N/A	N/A
Change in fair value of contingent consideration	**16,100**	7,100	—	127	N/A
Operating income	**74,426**	148,613	148,965	(50)	—
Operating margin %	**10.6 %**	17.8 %	19.0 %	(7.2) pp	(1.2) pp
Interest expense, net	**(8,439)**	(6,647)	(5,451)	27	22
Other income (expense), net	**2,455**	(220)	(3,342)	(1,216)	(93)
Income before income taxes	**68,442**	141,746	140,172	(52)	1
Income tax expense	**33,977**	34,616	31,300	(2)	11
Effective tax expense rate %	**49.6 %**	24.4 %	22.3 %	25.2 pp	2.1 pp
Net income	**$ 34,465**	$ 107,130	$ 108,872	(68)%	(2)%
Net income margin %	**4.9 %**	12.8 %	13.9 %	(7.9) pp	(1.1) pp
Basic EPS	**$ 1.56**	$ 4.82	$ 4.94	(68)%	(2)%
Diluted EPS	**$ 1.56**	$ 4.80	$ 4.92	(68)%	(2)%

(a) Percentage points ("pp").

Sales

2024 to 2023 - Sales for 2024 were $703,625, a decrease of 16 percent compared to 2023, which was the result of decreased sales in each segment. Distilling Solutions segment sales decreased 26 percent, primarily due to decreased sales of white goods and other co-products in connection with the December 2023 closure of the Atchison Distillery and decreased brown goods sales. Branded Spirits segment sales decreased 5 percent, primarily due to decreased sales of brands within the mid and value price tiers. Ingredient Solutions segment sales decreased 1 percent, primarily due to decreased sales of specialty wheat proteins and commodity wheat starches, partially offset by increased sales of specialty wheat starches.

2023 to 2022 - Sales for 2023 were $836,523, an increase of 7 percent compared to 2022, which was the result of increased sales in the Distilling Solutions, Branded Spirits, and Ingredient Solutions segments. Distilling Solutions segment sales were up 5 percent, primarily due to an increase in sales of brown goods. Branded Spirits segment sales increased 7 percent, primarily due to increased sales of brands in the premium plus price tier. Ingredient Solutions segment sales increased 14 percent due to increased sales across all Ingredient Solutions product lines.

Gross profit

2024 to 2023 - Gross profit for 2024 was $286,317, a decrease of 6 percent compared to 2023. The 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 segment. The Ingredient Solutions segment gross profit decreased by $20,773, or 44 percent. The Distilling Solutions segment gross profit decreased by $3,037, or 2 percent. The Branded Spirits segment gross profit increased by $5,415, or 5 percent.

2023 to 2022 - Gross profit for 2023 was $304,712, an increase of 20 percent compared to 2022. The increase was driven by an increase in gross profit in the Distilling Solutions, Branded Spirits, and Ingredient Solutions segments. The Distilling Solutions segment gross profit increased by $18,682, or 15 percent. The Branded Spirits segment gross profit increased by $17,260, or 18 percent. The Ingredient Solutions segment gross profit increased by $15,464, or 49 percent.

Advertising and promotion expenses

2024 to 2023 - Advertising and promotion expenses for 2024 were $40,508, an increase of 6 percent compared to 2023. This increase was primarily driven by increased advertising and promotion investment in the Branded Spirits segment, specifically in the premium plus price tiers.

2023 to 2022 - Advertising and promotion expenses for 2023 were $38,213, an increase of 29 percent compared to 2022. This increase was primarily driven by increased advertising and promotion investment in the Branded Spirits segment, primarily in the premium plus price tiers.

SG&A expenses

2024 to 2023 - SG&A expenses for 2024 were $81,391, a decrease of 11 percent compared to 2023. The decrease in SG&A expenses was primarily due to reduced incentive compensation expenses.

2023 to 2022 - SG&A expenses for 2023 were $91,395, an increase of 22 percent compared to 2022. The increase in SG&A expenses was primarily due to higher personnel expenses and incentive compensation, inclusive of certain incremental costs incurred relating to our CEO transition, and business acquisition expenses related to the acquisition of Penelope.

Operating income

	Operating income	% Increase (Decrease)
Operating income for 2022	$ 148,965	
Increase in gross profit - Distilling Solutions segment[(a)]	18,682	13 pp[(b)]
Increase in gross profit - Branded Spirits segment[(a)]	17,260	12 pp
Increase in gross profit - Ingredient Solutions segment[(a)]	15,464	10 pp
Increase in advertising and promotion expenses	(8,499)	(6) pp
Increase in SG&A expenses	(16,768)	(11) pp
Impairment of long-lived assets and other	(19,391)	(13) pp
Change in fair value of contingent consideration	(7,100)	(5) pp
Operating income for 2023	148,613	— %
Decrease in gross profit - Ingredient Solutions segment[(a)]	(20,773)	(14) pp[(b)]
Decrease in gross profit - Distilling Solutions segment[(a)]	(3,037)	(2) pp
Increase in gross profit - Branded Spirits segment[(a)]	5,415	4 pp
Increase in advertising and promotion expenses	(2,295)	(2) pp
Decrease in SG&A expenses	10,004	7 pp
Decrease in impairment of long-lived assets and other	19,254	13 pp
Goodwill impairment	(73,755)	(50) pp
Change in fair value of contingent consideration	(9,000)	(6) pp
Operating income for 2024	**$ 74,426**	**(50)%**

(a) See segment discussion.
(b) Percentage points ("pp").

2024 to 2023 - Operating income for 2024 decreased to $74,426 from $148,613 for 2023, primarily due to the $73,755 goodwill impairment related to the Branded Spirits segment recorded during the fourth quarter 2024, the decrease in gross profit in the Ingredient Solutions segment, the change in fair value of the contingent consideration liability related to the Penelope acquisition, the decrease in gross profit in the Distilling Solutions segment, and the increase in advertising and promotion expenses, as discussed above. These decreases were partially offset by the impact of the impairment of assets and other expenses in the prior year related to the closure of the Atchison Distillery which closed in December 2023, the decrease in SG&A expenses as discussed above, and the increase in gross profit in the Branded Spirits segment.

2023 to 2022 - Operating income for 2023 decreased to $148,613 from $148,965 for 2022, primarily due to the impairment of assets and other expenses of $19,391 related to the closure of the Atchison Distillery, increased SG&A expenses and advertising and promotion expenses as discussed above, and the change in fair value of contingent consideration of $7,100 related to the Penelope acquisition. These impacts were mostly offset by increased gross profit in all three segments.

Income tax expense

2024 to 2023 - Income tax expense for 2024 was $33,977, for an effective tax rate for the year of 49.6 percent. Income tax expense for 2023 was $34,616, for an effective tax rate for the year of 24.4 percent. The 25.2 percentage point increase was primarily due to the nondeductible impairment of goodwill, partially offset by a decrease in valuation allowance.

2023 to 2022 - Income tax expense for 2023 was $34,616, for an effective tax rate for the year of 24.4 percent. Income tax expense for 2022 was $31,300, for an effective tax rate for the year of 22.3 percent. The 2.1 percentage point increase was primarily due to an increase in valuation allowances and lower tax credits.

Basic and diluted EPS

	EPS	% Increase (Decrease)
Basic EPS for 2022	$ 4.94	
Change in operating income[(a)]	(0.02)	— pp[(b)]
Change in interest expense[(a)]	(0.04)	(1) pp
Change in other income (expense), net[(a)]	0.11	2 pp
Change in weighted average shares outstanding[(c)]	(0.02)	— pp
Change in effective tax rate	(0.15)	(3) pp
Basic EPS for 2023	4.82	(2)%
Impact of dilutive shares outstanding	(0.02)	(1) pp
Diluted EPS for 2023	**$ 4.80**	(3)%

	EPS	% Increase (Decrease)
Basic EPS for 2023	$ 4.82	
Change in operating income[(a)]	(2.53)	(52) pp[(b)]
Change in interest expense[(a)]	(0.06)	(2) pp
Change in other income (expense), net[(a)]	0.09	2 pp
Change in weighted average shares outstanding[(c)]	0.01	— pp
Change in effective tax rate	(0.77)	(16) pp
Basic and diluted EPS for 2024	**$ 1.56**	**(68)%**

(a) Items are net of tax based on the effective tax rate for each base year.
(b) Percentage points ("pp").
(c) Weighted average shares outstanding change primarily related to the vesting of employee restricted stock units ("RSUs"), our withholding and purchase of vested RSUs from employees to pay withholding taxes, and the granting of Common Stock to directors. Additionally, during 2024, the weighted average shares outstanding were impacted by shares repurchased, pursuant to the Company's share repurchase program.

2024 to 2023 - Basic and diluted EPS was $1.56 in 2024, compared to $4.82 and $4.80, respectively in 2023. The change in basic and diluted EPS was primarily due to a decrease in operating income and increase in the effective tax rate, both driven primarily by the nondeductible goodwill impairment. Additionally, the decrease was related to an increase in interest expense. These decreases were partially offset by the change other income (expense), net related to equity method investment income.

2023 to 2022 - Basic EPS decreased to $4.82 in 2023 from $4.94 in 2022, primarily due to the increase in effective tax rate, partially offset by a decrease in other income (expense), net. Diluted EPS decreased to $4.80 in 2023 from $4.92 in 2022, primarily due to the above described changes in basic EPS as well as the impact of dilutive shares outstanding related to the conversion feature of the Convertible Senior Notes.

DISTILLING SOLUTIONS SEGMENT

DISTILLING SOLUTIONS SALES

	Year Ended December 31,		Year-versus-Year Sales Change Increase/ (Decrease)	
	2024	2023	$ Change	% Change
Brown goods	**$ 265,873**	$ 289,191	$ (23,318)	(8)%
Warehouse services	**33,430**	28,632	4,798	17
White goods and other co-products	**32,901**	133,031	(100,130)	(75)
Total Distilling Solutions	**$ 332,204**	$ 450,854	$ (118,650)	(26)%

	Change in Year-versus-Year Sales Attributed to:		
	Total(a)	Volume(b)	Net Price/ Mix(c)
Brown goods	**(8)%**	**5%**	**(13)%**

Other Financial Information

	Year Ended December 31,		Year-versus-Year Increase/ (Decrease)	
	2024	2023	Change	% Change
Gross profit	**$ 141,927**	$ 144,964	$ (3,037)	(2)%
Gross margin %	**42.7 %**	32.2 %	10.5 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").

2024 compared to 2023

Total Distilling Solutions sales for 2024 decreased by $118,650, or 26 percent, compared to 2023. The decrease in sales of the Distilling Solution segment is primarily related to the decrease in sales volume of white goods and other co-products, which was due to the closure of the Atchison Distillery during December 2023. The decrease in brown goods was primarily related to a decrease in net price/mix (as defined above), partially offset by increased sales volume. The brown goods decline was primarily the result of softening American whiskey category trends and elevated industry-wide barrel inventories, leading to softer than expected spot sales, and instances of customer contract non-performance. These dynamics put pressure on our brown goods business. These decreases were partially offset by increased sales of warehouse services.

Gross profit decreased year versus year by $3,037, or 2 percent. Gross margin for 2024 increased to 42.7 percent from 32.2 percent for 2023. The decrease in gross profit was due primarily to a decrease in brown goods sales due to net price/mix as we sold younger barrels on average in 2024 compared to 2023. This decline was partially offset by the positive impact the closure of the Atchison Distillery had on white goods and other co-products' gross profit and gross margin.

DISTILLING SOLUTIONS SALES

	Year Ended December 31,		Year-versus-Year Sales Change Increase/ (Decrease)	
	2023	2022	$ Change	% Change
Brown goods	$ 289,191	$ 229,523	$ 59,668	26 %
Warehouse services	28,632	23,598	5,034	21
White goods and other co-products	133,031	175,357	(42,326)	(24)
Total Distilling Solutions	$ 450,854	$ 428,478	$ 22,376	5 %

	Change in Year-versus-Year Sales Attributed to:		
	Total(a)	Volume(b)	Net Price/ Mix(c)
Brown goods	26%	3%	23%

Other Financial Information

	Year Ended December 31,		Year-versus-Year Increase/ (Decrease)	
	2023	2022	Change	% Change
Gross profit	$ 144,964	$ 126,282	$ 18,682	15 %
Gross margin %	32.2 %	29.5 %	2.7 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").

2023 compared to 2022

Total Distilling Solutions sales for 2023 increased by $22,376, or 5 percent, compared to 2022. Sales of brown goods and warehouse services increased while white goods and other co-products decreased compared to 2022. The increase in sales of brown goods was driven by an increase in net price/mix and higher sales volume. This increase was partially offset by a decrease in sales of white goods and other co-products which was driven primarily by lower sales volume in connection with the Atchison Distillery closure, partially offset by higher net price/mix.

Gross profit increased year versus year by $18,682, or 15 percent. Gross margin for 2023 increased to 32.2 percent from 29.5 percent for 2022. The increase in gross profit was due primarily to increased net/price mix and increased volume of higher margin brown goods. This increase was partially offset by larger gross profit losses in the Atchison Distillery.

BRANDED SPIRITS SEGMENT

BRANDED SPIRITS SALES	Year Ended December 31,		Year-versus-Year Sales Change Increase/ (Decrease)	
	2024	2023	$ Change	% Change
Premium plus	**$ 110,991**	$ 105,465	$ 5,526	5 %
Mid	**63,454**	75,676	(12,222)	(16)
Value	**42,100**	47,907	(5,807)	(12)
Other	**24,271**	24,885	(614)	(2)
Total Branded Spirits	**$ 240,816**	$ 253,933	$ (13,117)	(5)%

Change in Year-versus-Year Sales Attributed to:	Total[a]	Volume[b]	Net Price/ Mix[c]
Branded Spirits	**(5)%**	**(7)%**	**2%**

Other Financial Information	Year Ended December 31,		Year-versus-Year Increase/ (Decrease)	
	2024	2023	Change	% Change
Gross profit	**$ 118,196**	$ 112,781	$ 5,415	5 %
Gross margin %	**49.1 %**	44.4 %	4.7 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").

2024 compared to 2023

Total Branded Spirits sales for 2024 decreased by $13,117, or 5 percent, compared to 2023, due primarily to our optimization efforts, including increased pricing on certain lower margin mid and value brands, which resulted in decreased sales volume of select brands within those price tiers. This decrease was partially offset by an increase in sales of brands within the premium plus price tier, which was primarily due to the acquisition and growth of Penelope.

Gross profit increased year versus year by $5,415, or 5 percent. Gross margin for 2024 increased to 49.1 percent compared to 44.4 percent for 2023. The increase in gross profit was primarily driven by increased net price/mix driven primarily by the acquisition of Penelope, and increased pricing on certain mid and value brands. The increase was also driven by lower average unit cost within the segment.

BRANDED SPIRITS SALES	Year Ended December 31,		Year-versus-Year Sales Change Increase/ (Decrease)	
	2023	2022	$ Change	% Change
Premium plus	$ 105,465	$ 84,730	$ 20,735	24 %
Mid	75,676	82,530	(6,854)	(8)
Value	47,907	47,395	512	1
Other	24,885	23,284	1,601	7
Total Branded Spirits	$ 253,933	$ 237,939	$ 15,994	7 %

Change in Year-versus-Year Sales Attributed to:	Total[a]	Volume[b]	Net Price/ Mix[c]
Branded Spirits	7%	(6)%	13%

Other Financial Information	Year Ended December 31,		Year-versus-Year Increase/ (Decrease)	
	2023	2022	Change	% Change
Gross profit	$ 112,781	$ 95,521	$ 17,260	18 %
Gross margin %	44.4 %	40.1 %	4.3 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").

2023 compared to 2022

Total Branded Spirits sales for 2023 increased by $15,994, or 7 percent compared to 2022. Sales of brands within the premium plus price tier as well as sales within the other category and the value price tier increased while sales of brands within the mid price tier decreased. The increase in sales of brands within the premium plus price tier was primarily due to the acquisition of Penelope, an increase in net price/mix, and an increase in sales volume. Sales within the value and other categories increased primarily due to an increase in net price/mix. These increases were partially offset by decreased sales of brands within the mid price tier, primarily due to decreased sales volume as a result of sales shifting to higher margin accretive brands within the premium plus price tier, partially offset by an increase in net price/mix within the mid price tier.

Gross profit increased year versus year by $17,260, or 18 percent. Gross margin for 2023 increased to 44.4 percent compared to 40.1 percent for 2022. The increase in gross profit was primarily driven by contributions from the acquisition and growth of Penelope as well as by higher net price/mix in the premium plus, value, mid, and other price tiers. These increases were partially offset by increased input costs across all categories.

INGREDIENT SOLUTIONS SEGMENT

INGREDIENT SOLUTIONS SALES

	Year Ended December 31,		Year-versus-Year Sales Change Increase/ (Decrease)	
	2024	**2023**	**$ Change**	**% Change**
Specialty wheat starches	**$ 76,005**	$ 66,050	$ 9,955	15 %
Specialty wheat proteins	**41,768**	48,291	(6,523)	(14)
Commodity wheat starches	**12,351**	16,413	(4,062)	(25)
Commodity wheat proteins	**481**	982	(501)	(51)
Total Ingredient Solutions	**$ 130,605**	$ 131,736	$ (1,131)	(1)%

	Change in Year-versus-Year Sales Attributed to:		
	Total[(a)]	**Volume[(b)]**	**Net Price/ Mix[(c)]**
Total Ingredient Solutions	**(1)%**	**4%**	**(5)%**

Other Financial Information

	Year Ended December 31,		Year-versus-year Increase/ (Decrease)	
	2024	**2023**	**Change**	**% Change**
Gross profit	**$ 26,194**	$ 46,967	$ (20,773)	(44)%
Gross margin %	**20.1 %**	35.7 %	(15.6) 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").

2024 compared to 2023

Total Ingredient Solutions sales for 2024 decreased by $1,131, or 1 percent, compared to 2023. The decrease was primarily driven by decreased net price/mix across all product categories, as well as a decrease in sales volume of specialty wheat proteins primarily due to continued export market headwinds. Additionally, the decrease was attributable to a decrease in sales volume of commodity wheat starches. These decreases were partially offset by an increase in sales volume of specialty wheat starches.

Gross profit decreased year versus year by $20,773, or 44 percent. Gross margin for 2024 decreased to 20.1 percent from 35.7 percent for 2023. The decrease in gross profit was primarily driven by higher input costs 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 as well as other unexpected plant related costs during the year. The decrease in gross profit was also attributable to decreased net price/mix and sales volume of specialty wheat proteins.

INGREDIENT SOLUTIONS SALES

	Year Ended December 31,		Year-versus-Year Sales Change Increase/ (Decrease)	
	2023	**2022**	**$ Change**	**% Change**
Specialty wheat starches	$ 66,050	$ 62,567	$ 3,483	6 %
Specialty wheat proteins	48,291	39,313	8,978	23
Commodity wheat starches	16,413	14,023	2,390	17
Commodity wheat proteins	982	38	944	2,484
Total Ingredient Solutions	$ 131,736	$ 115,941	$ 15,795	14 %

	Change in Year-versus-Year Sales Attributed to:		
	Total[(a)]	**Volume[(b)]**	**Net Price/ Mix[(c)]**
Total Ingredient Solutions	14%	(6)%	20%

Other Financial Information

	Year Ended December 31,		Year-versus-year Increase/ (Decrease)	
	2023	**2022**	**Change**	**% Change**
Gross profit	$ 46,967	$ 31,503	$ 15,464	49 %
Gross margin %	35.7 %	27.2 %	8.5 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").

2023 compared to 2022

Total Ingredient Solutions sales for 2023 increased by $15,795, or 14 percent, compared to 2022. The increase in Ingredient Solutions sales was driven by increases in sales in all product lines. The higher sales of specialty wheat proteins was driven by higher net price/mix and higher sales volume. Additionally, sales of specialty wheat starches and commodity wheat starches increased primarily due to higher net price/mix, partially offset by lower sales volume.

Gross profit increased year versus year by $15,464, or 49 percent. Gross margin for 2023 increased to 35.7 percent from 27.2 percent for 2022. The increase in gross profit was primarily driven by higher average selling price across all product categories, partially offset by higher input costs for specialty wheat starches and 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 7, 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 Ended December 31,			Changes, Year versus Year-Increase / (Decrease)	
	2024	2023	2022	2024 v. 2023	2023 v. 2022
Cash provided by operating activities	**$ 102,278**	$ 83,783	$ 88,936	$ 18,495	$ (5,153)
Cash used in investing activities	**(71,558)**	(159,242)	(47,813)	87,684	(111,429)
Cash provided by (used in) financing activities	**(23,803)**	45,924	(14,764)	(69,727)	60,688
Effect of exchange rate changes on cash and cash equivalents	**(32)**	34	(38)	(66)	72
Increase (decrease) in cash and cash equivalents	**$ 6,885**	$ (29,501)	$ 26,321	$ 36,386	$ (55,822)

Operating Activities. Cash provided by operating activities was $102,278 during the year ended December 31, 2024. The cash provided by operating activities during 2024 resulted primarily from net income of $34,465 and adjustments for non-cash or non-operating charges of $114,994, including goodwill impairment, depreciation and amortization, the change in fair value of contingent consideration, and share-based compensation, partially offset by uses of cash due to changes in operating assets and liabilities of $47,181. The primary drivers of the changes in operating assets and liabilities were $18,155 use of cash related to an increase in inventories, primarily barreled distillate, and $15,111 use of cash related to accrued expenses and other related to reduced incentive compensation expenses.

Cash provided by operating activities was $83,783 during the year ended December 31, 2023. The cash provided by operating activities during 2023 resulted primarily from net income of $107,130, and adjustments for non-cash or non-operating charges of $56,263, including depreciation and amortization, impairment of long-lived assets and other, share-based compensation, partially offset by uses of cash due to changes in operating assets and liabilities of $79,610. The primary drivers of the changes in operating assets and liabilities were $46,921 use of cash related to an increase in inventories, primarily barreled distillate, and $32,397 use of cash related to an increase in receivables.

Investing Activities. Cash used in investing activities for the year ended December 31, 2024 was $71,558, which primarily resulted from additions to property, plant and equipment of $71,181 (see "Capital Spending").

Cash used in investing activities for the year ended December 31, 2023 was $159,242, which primarily resulted from $103,712 related to the acquisition of Penelope and additions to property, plant and equipment of $55,267 (see "Capital Spending").

Capital Spending. We manage capital spending to support our business growth plans. We have incurred $73,161, $61,108, and $47,859 of capital expenditures and have paid $71,181, $55,267, and $45,323 for capital expenditures for the years ended December 31, 2024, 2023 and 2022, 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 $36,000 in capital expenditures for 2025, which we expect to use for facility improvement and expansion, facility sustenance projects, and environmental health and safety projects.

Financing Activities. Cash used in financing activities for the year ended December 31, 2024 was $23,803, due to repurchases of Common Stock of $48,773 (see "Treasury Purchases" and "Share Repurchases"), and payments of dividends and dividend

equivalents of $10,630 (see Note 9, Equity and EPS for additional information), partially offset by net proceeds on long-term debt of $35,600 (see Long-Term and Short-Term Debt).

Cash provided by financing activities for the year ended December 31, 2023 was $45,924, primarily due to net proceeds on long-term debt of $57,400 (see Long-Term and Short-Term Debt), partially offset by payments of dividends and dividend equivalents of $10,675 (see Note 9, Equity and EPS for additional information).

Treasury Purchases. 81,942 RSUs vested and converted to common shares during the year ended December 31, 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 common shares during the year ended December 31, 2023, of which we withheld and purchased for treasury 8,437 shares valued at $801 to cover payment of associated withholding taxes.

Share Repurchases. 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 ended December 31, 2024, we repurchased 886,936 shares of Common Stock for approximately $46,588, resulting in approximately $53,412 remaining under the share repurchase program.

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, Board-approved dividends and share repurchases) and the overall cost of capital. Total debt was $323,541 (net of unamortized loan fees of $5,909) at December 31, 2024 and $287,249 (net of unamortized loan fees of $6,601) at December 31, 2023. Net borrowing on all debt for 2024 and 2023 were $35,600, and $57,400, respectively (see Note 7, Corporate Borrowings for additional information).

Dividends and Dividend Equivalents. See Note 9, Equity and EPS for further discussion.

On February 26, 2025, 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 March 28, 2025 to stockholders of record and RSU holders as of March 14, 2025.

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, and investments supporting our strategic plan, such as capital expenditures, the aging of barreled distillate primarily to support our branded spirits segment, and potential mergers or 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 borrowings on our various debt agreements. Under these agreements, we must meet certain financial covenants and restrictions, and at December 31, 2024, we met those covenants and restrictions.

At December 31, 2024, our current assets exceeded our current liabilities by $453,686, largely due to our inventories, at cost, of $364,944. At December 31, 2024, our cash balance was $25,273, and we have used our various debt agreements for liquidity purposes, with $295,000 available under our Credit Agreement for additional borrowings and $226,800 available under the Note Purchase Agreement (see Note 7, Corporate Borrowings for additional information). 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, share repurchases as well as potential mergers or 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 our short-term financing requirements, if needed.

Contractual Obligations

The following table provides information on the amounts and payments of our contractual obligations at December 31, 2024:

	Payments due by period		
	Total	Short-Term [a]	Long-Term
Long-term debt	$ 329,450	$ 6,400	$ 323,050
Interest on long-term debt (c)	66,836	4,606	62,230
Operating leases	17,891	4,777	13,114
Purchase commitments	83,029	79,355 (b)	3,674
Other	7,307	455	6,852
Total	$ 504,513	$ 95,593	$ 408,920

(a) Short-term obligation payments are due within 12 months from the current year end.
(b) Includes open purchase order commitments related to raw materials and packaging used in the ordinary course of business of $68,696.
(c) Excludes variable interest on long-term debt.

Industrial Revenue Bonds

We are in the process of completing several projects that have been financed using industrial revenue bonds in the state of Kentucky. Traditionally, industrial revenue bonds have been used as an economic development tool in the state to attract desirable businesses, including business in the bourbon industry, and have allowed a 15 to 40 year real property tax abatement on our renovated and newly-constructed warehouse buildings and distilleries in Kentucky. As of December 31, 2024, approximately $50,000 of our facilities in Nelson County, Kentucky and approximately $39,300 of our facilities in Williamstown, Kentucky were financed with industrial revenue bonds. The city then leased the facilities back to us under a capital lease, the terms of which provide for the payment of basic rent in an amount sufficient to pay principal and interest on the bonds. Our obligation to pay rent under the lease is in the same amount and due on the same date as the obligation to pay debt service on the bonds which we hold. The lease permits us to present the bonds at any time for cancellation, upon which our obligation to pay basic rent would be canceled. At the bonds' maturity, the facilities will revert to us without costs. If we were to present the bonds for cancellation prior to maturity, a nominal fee could be incurred. We may not be able to use industrial revenue bonds in the future due to legislative, regulatory, and related changes in the state of Kentucky.

We recorded the land and buildings as assets in property, plant, and equipment, net, on our Consolidated Balance Sheets. Because we own all outstanding bonds, have a legal right to set-off, and intend to set-off the corresponding lease and interest payments, we have netted the capital lease obligation with the bond asset. No amount for our obligation under the capital lease is reflected on our Consolidated Balance Sheets, nor do we reflect an amount for the corresponding industrial revenue bond asset (see Note 11, Commitments and Contingencies for additional information).

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated 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 rarely develop as forecast, and estimates routinely require adjustment and may require material adjustment. We have identified the most critical accounting policies which involve the most complex and subjective judgments. These should be read in conjunction with the significant accounting policies discussed in Note 1, Nature of Operations and Summary of Significant Accounting Policies.

Contingent Consideration. The estimated fair value of the contingent consideration obligation associated with the acquisition of Penelope Bourbon LLC ("Penelope") was determined using a Monte Carlo simulation approach at the acquisition date. This approach requires significant assumptions, including projected net sales, discount rates, and volatility rates. The contingent consideration liability is measured on a quarterly basis and recorded at fair value. The changes in fair value of the obligation result from changes in the key assumptions between measurement dates, such as projected net sales, discount rates, and volatility rates. The adjustment to fair value is recorded in the change in fair value of contingent consideration line on the Consolidated Statements of Income.

Goodwill and Indefinite-Lived Intangible Assets. We test goodwill and indefinite-lived intangible assets 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. We have the option to evaluate qualitative factors to assess if goodwill and indefinite-lived intangible assets are impaired before quantifying the fair value of the reporting unit. Management judgment is required in the evaluation of qualitative factors, 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. To the extent that the carrying amount exceeds fair value, an impairment of goodwill is recognized and allocated to the reporting units.

During the fourth quarter, we experienced a decrease in stock price and market capitalization as well as experienced the effects of the softening alcohol industry which contributed to declines in current year consolidated results and our forecasted outlook. Based on these factors, we performed a quantitative assessment of goodwill and our indefinite-lived intangible assets.

Goodwill - We engaged a third party valuation specialist to assist in comparing the fair value of the Branded Spirits reporting unit to the respective carrying value. The estimate of fair value of our reporting unit was calculated using equal weighting of the income approach that utilized the discounted cash flow method and the market approach that utilized the guideline public company method. Estimates in the determination of fair value of the reporting unit through the income approach were based on (i) discount rates based on the reporting unit's weighed average cost of capital, (ii) future expected cash flows including revenue and operating margin projections, and (iii) long-term growth rates based on inflation forecasts, industry growth, and long-term economic growth potential. The market approach compares enterprise value and historical and projected results of public companies that reflect economic conditions and risks that are similar to the reporting unit to calculate an estimated enterprise value. These assumptions are based on historical trends as well as the projections and assumptions used in our budget and long-range plans. These assumptions reflect our estimates of future economic and competitive conditions which can be affected by several factors such as inflation, business valuations in the market, the economy, and market competition. Any changes in these assumptions may affect our fair value estimate and the results of an impairment test.

As a result of the quantitative goodwill impairment test, we recorded an impairment charge of $73,755 to adjust the carrying amount of the Branded Spirits reporting unit to fair value. This goodwill impairment is included as a component of operating income in the Consolidated Statement of Income for the year ended December 31, 2024 and as a reduction of goodwill in the Consolidated Balance Sheet as of December 31, 2024.

Assumptions used in impairment testing are made at a point in time and require significant judgment; therefore, they are subject to change based upon the facts and circumstances present at each impairment test date. Additionally, these assumptions are generally interdependent and do not change in isolation. However, as it is reasonably possible that changes in assumptions could occur, as a sensitivity measure, we have presented the estimated effects of isolated changes in discount rates and long-term growth rates on the fair value of our reporting unit. These estimated changes in fair value are not necessarily representative of the actual impairment that would be recorded in the event of a fair value decline. The most sensitive assumption used in the analysis was a 10 percent discount rate. A 50 basis point increase to the discount rate would result in an approximate $17,000 increase in the impairment expense recorded, while a 50 basis point decrease in the rate would result in an approximate $20,000 decrease in the impairment expense recorded. The revenue projections and long-term growth rate assumptions are less sensitive. All else equal, a 50 basis point change in the average revenue projection or long-term growth rate would result in a change in impairment expense between $5,000 and $15,000.

Indefinite-lived intangibles - Additionally, in connection with the assessment of the same events and circumstances as discussed above, we performed a quantitative impairment test of our indefinite-lived intangible assets. The estimated fair value of our indefinite-lived intangible assets was calculated based on the income approach that utilized the relief from royalty method. When estimating the fair value, we made certain assumptions for our future revenue projections, market royalty rates, and discount rates. These assumptions reflect our estimates of future economic and competitive conditions which consider many factors including macroeconomic conditions, industry growth rates and competition. These factors are subject to change as a result of changing market conditions. Any changes in these assumptions may affect our fair value estimate and the results of an impairment test.

The results of the quantitative assessment indicated that the estimated fair values for the indefinite-lived intangible assets exceed their carrying value and no impairment loss was recognized for the year ended December 31, 2024.

Assumptions used in impairment testing are made at a point in time and require significant judgment; therefore, they are subject to change based upon the facts and circumstances present at each impairment test date. Additionally, these assumptions are generally interdependent and do not change in isolation. However, as it is reasonably possible that changes in assumptions could occur, as a sensitivity measure, we have presented the estimated effects of isolated changes in discount rates and royalty rates on fair value of indefinite-lived intangible assets. These estimated changes in fair value are not necessarily representative of the actual impairment that would be recorded in the event of a fair value decline. The most sensitive assumption used in the analysis was a 10 percent discount rate. A 50 basis point increase in the discount rate, or a 50 basis point decrease in royalty rates, would not change our conclusion that the indefinite-lived intangible assets were not impaired.

As discussed above, any significant decline in our market capitalization or changes in discount rates, even if due to macroeconomic factors, could put pressure on the carrying value of our goodwill. In addition, if future revenues and contributions to our operating results for any of indefinite-lived intangible assets or Branded Spirits reporting unit deteriorate at rates in excess of our current projections, we may be required to record additional impairment charges to certain intangible assets. A determination that a portion or all of our goodwill or indefinite-lived intangible assets are impaired could have a material adverse effect on our business, consolidated financial condition and results of operations. For a further discussion of our annual impairment testing of goodwill and indefinite-lived intangible assets and the impairment charge to goodwill that we recorded in 2024, see Note 5, Goodwill and Other Intangible Assets.

NEW ACCOUNTING PRONOUNCEMENTS

For information with respect to recent accounting pronouncements and the impact of these pronouncements on our consolidated financial statements, see Note 1, Nature of Operations and Summary of Significant Accounting Policies.

ITEM 7A. 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 and seeks to reduce the potentially adverse effects that the volatility of these markets may have on our operating results.

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 ("ASC") 815, *Derivatives and Hedging*, because the quantities involved are for amounts to be consumed within the normal expected production process.

Interest Rate Exposures. Our Credit Agreement, Convertible Senior Notes and Note Purchase Agreement (Note 7, 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 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 during the reporting period following an increase in market interest rates. Based on weighted average outstanding variable-rate borrowings at December 31, 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 $1,050. Based on weighted average outstanding fixed-rate borrowings at December 31, 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 $25,467, 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 $9,138.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

With the participation of the Interim Chief Executive Officer and Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission. As a result of this assessment, management has concluded that the Company's internal control over financial reporting as of December 31, 2024 was effective.

KPMG, LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements contained herein, has issued an audit report on our internal control over financial reporting as of December 31, 2024, which is included in Item 8 of this Form 10-K.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
MGP Ingredients, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of MGP Ingredients, Inc. and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Critical Audit Matters

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

Revenue recognition under bill and hold arrangements

As discussed in Note 1 to the consolidated financial statements, the Company's Distilling Solutions segment routinely enters into bill and hold arrangements, whereby the Company produces and sells aged and unaged distillate to customers. As discussed in Note 3 to the consolidated financial statements, brown goods revenue was $265,873 thousand for the year ended December 31, 2024, a portion of which was for bill and hold arrangements.

We identified the evaluation of revenue recognized under bill and hold arrangements as a critical audit matter because of the extent of additional audit effort required to test the incremental bill and hold revenue recognition criteria. The incremental bill and hold revenue recognition criteria include the evaluation of: 1) the reason for the bill and hold arrangement; 2) the identification of the product as separately belonging to the customer; 3) the product being currently ready for physical transfer to the customer; and 4) the Company's inability to use the product or direct it to another customer.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's revenue recognition process, including controls related to bill and hold revenue recognition criteria being met. We examined a sample of bill and hold revenue transactions to assess the incremental bill and hold revenue recognition criteria. Specifically, we inspected documentation received from the customer directing the Company to warehouse distillate after production. Additionally, we observed a sample of customer-owned barrels to determine they were marked with unique identifiers separating them from Company-owned inventory and were ready for physical transfer to the customer upon request. Also, to evaluate that the Company does not have the ability to use the product or direct to another customer, we inspected underlying documentation for the same sample of bill and hold transactions to determine legal title to the product had transferred to the customer.

Fair value measurement of contingent consideration liability

As discussed in Notes 1 and 4 to the consolidated financial statements, on June 1, 2023, the Company acquired Penelope Bourbon LLC (Penelope) in a business combination for cash consideration of $104,638 thousand and contingent consideration of up to $110,800 thousand if the Penelope business achieves certain net sales targets between the acquisition date and December 31, 2025. As of December 31, 2024, management estimated the fair value of the contingent consideration liability to be $85,300 thousand using a Monte Carlo simulation based on certain assumptions including projected net sales over the term of the earn-out period and volatility rate.

We identified the assessment of the fair value measurement of the contingent consideration liability as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate the projected net sales and volatility rate used in the Monte Carlo simulation. Changes in these assumptions could have had a significant impact on the fair value of the contingent consideration liability.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's fair value measurement of the contingent consideration liability, including controls related to the projected net sales and volatility rate. We performed sensitivity analyses over the projected net sales and volatility rate to assess the impact of changes in those assumptions on the fair value of the contingent consideration liability. We assessed the projected net sales by comparing them to Penelope's actual results since the acquisition, management's updated forecasts, and industry data. We also involved valuation professionals with specialized skills and knowledge, who assisted us in evaluating the volatility rate used in the Monte Carlo simulation model by comparing it to comparable companies.

Valuation of Branded Spirits goodwill and indefinite-lived intangible assets

As discussed in Notes 1 and 5 to the consolidated financial statements, the Company recorded goodwill and intangible assets, net of $247,789 thousand and $268,451 thousand, respectively as of December 31, 2024. For the year ended December 31, 2024, the Company recorded goodwill impairment of $73,755 thousand to adjust the carrying amount of the Branded Spirits reporting unit to fair value. The Company tests goodwill and indefinite-lived intangible assets for impairment at least annually, in the fourth quarter, and 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 carrying value. During the fourth quarter, the Company performed a quantitative assessment of goodwill and its indefinite-lived intangible assets. The estimated fair value of the Branded Spirits reporting unit used in the assessment of goodwill was determined through a combination of an income approach and a market approach. The estimated fair value used in the assessment of the Company's indefinite-lived intangible assets was determined using the relief from royalty method. These fair value estimates were based on certain assumptions made by the Company, including projected revenue and operating margins, and the respective discount rates and market royalty rates.

We identified the evaluation of the fair value of the Branded Spirits reporting unit and indefinite-lived intangible assets within the Branded Spirits reporting unit as a critical audit matter. Subjective and challenging auditor judgment was required to evaluate (1) the revenue growth rates, operating margins and discount rate assumptions used in the determination of the fair value of the Branded Spirits reporting unit, and (2) the revenue growth rates, royalty rates, and discount rates used in the determination of the fair value of certain indefinite-lived intangible assets. A significant degree of auditor judgment was also required in evaluating the guideline public companies used in the market approach for the Branded Spirits reporting unit. Changes to these assumptions could have had a significant effect on the Company's assessment of the carrying values of the goodwill assigned to the Branded Spirits reporting unit and the associated indefinite-lived intangible assets.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls over the revenue growth rates, operating margins, discount rates and royalty rates used to measure the fair value of the Branded Spirits reporting unit and associated indefinite-lived intangible assets. To assess the Company's ability to forecast, we compared historical forecasts to actual results. We performed sensitivity analyses over the revenue growth rates, operating margins, discount rates, and royalty rates to assess the impact of changes in these assumptions on the estimated fair values. We evaluated the revenue growth rates and operating margin assumptions by comparing them to past and current performance of the Branded Spirits reporting unit and external industry data. We involved professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's royalty rates by determining that the royalty rates used were supported by the associated margins and consistent with other internal and publicly available data.
- evaluating the discount rates used by the Company by comparing the Company's inputs to the discount rate to publicly available data for comparable entities and assessing the resulting discount rate.
- comparing the guideline public companies used in the market approach to available internal and external data.

/s/ KPMG LLP

We have served as the Company's auditor since 2008.

Kansas City, Missouri
February 26, 2025

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

	Year Ended December 31,		
	2024	**2023**	**2022**
Sales	**$ 703,625**	$ 836,523	$ 782,358
Cost of sales	**417,308**	531,811	529,052
Gross profit	**286,317**	304,712	253,306
Advertising and promotion expenses	**40,508**	38,213	29,714
Selling, general, and administrative expenses	**81,391**	91,395	74,627
Impairment of long-lived assets and other	**137**	19,391	—
Goodwill impairment	**73,755**	—	—
Change in fair value of contingent consideration	**16,100**	7,100	—
Operating income	**74,426**	148,613	148,965
Interest expense, net	**(8,439)**	(6,647)	(5,451)
Other income (expense), net	**2,455**	(220)	(3,342)
Income before income taxes	**68,442**	141,746	140,172
Income tax expense	**33,977**	34,616	31,300
Net income	**34,465**	107,130	108,872
Net loss attributable to noncontrolling interest	**198**	345	590
Net income attributable to MGP Ingredients, Inc.	**34,663**	107,475	109,462
Income attributable to participating securities	**(373)**	(1,074)	(871)
Net income used in earnings per common share calculation	**$ 34,290**	$ 106,401	$ 108,591
Weighted average common shares			
Basic	**22,015,439**	22,059,816	22,002,990
Diluted	**22,015,439**	22,173,918	22,053,966
Earnings per common share			
Basic	**$ 1.56**	$ 4.82	$ 4.94
Diluted	**$ 1.56**	$ 4.80	$ 4.92

See Accompanying Notes to Consolidated Financial Statements

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

	Year Ended December 31, 2024	2023	2022
Net income attributable to MGP Ingredients, Inc.	**$ 34,663**	$ 107,475	$ 109,462
Other comprehensive loss, net of tax:			
Unrealized gain (loss) on foreign currency translation adjustment	**(188)**	236	(676)
Changes in Company-sponsored post-employment benefit plan	**(73)**	(329)	18
Other comprehensive loss	**(261)**	(93)	(658)
Comprehensive income attributable to MGP Ingredients, Inc.	**34,402**	107,382	108,804
Comprehensive loss attributable to noncontrolling interest	**(198)**	(345)	(590)
Comprehensive income	**$ 34,204**	$ 107,037	$ 108,214

See Accompanying Notes to Consolidated Financial Statements

MGP INGREDIENTS, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share amounts and par value)

	December 31, 2024	2023
Current Assets		
Cash and cash equivalents	**$ 25,273**	$ 18,388
Receivables (less allowance for credit loss of $1,875 and $1,475 at December 31, 2024 and 2023, respectively	**148,488**	144,286
Inventory	**364,944**	346,853
Prepaid expenses	**3,983**	3,580
Refundable income taxes	**3,448**	1,190
Total current assets	**546,136**	514,297
Property, plant, and equipment, net	**316,672**	262,303
Operating lease right-of-use assets, net	**15,540**	13,975
Investment in joint venture	**7,024**	5,197
Intangible assets, net	**268,451**	271,706
Goodwill	**247,789**	321,544
Other assets	**4,173**	3,326
Total assets	**$ 1,405,785**	$ 1,392,348
Current Liabilities		
Current maturities of long-term debt	**$ 6,400**	$ 6,400
Accounts payable	**66,336**	73,594
Federal and state excise taxes payable	**5,358**	2,251
Accrued expenses and other	**14,356**	31,861
Total current liabilities	**92,450**	114,106
Long-term debt, less current maturities	**121,277**	85,305
Convertible senior notes	**195,864**	195,544
Long-term operating lease liabilities	**11,940**	11,292
Contingent consideration	**85,300**	69,200
Other noncurrent liabilities	**2,981**	4,763
Deferred income taxes	**63,430**	63,071
Total liabilities	**573,242**	543,281
Commitments and Contingencies – Note 11		
Stockholders' Equity		
Capital stock		
Preferred, 5% non-cumulative; $10 par value; authorized 1,000 shares; issued and outstanding 437 shares	**4**	4
Common stock		
No par value; authorized 40,000,000 shares; issued 23,125,166 shares at December 31, 2024 and 2023; 21,194,707 and 22,016,113 shares outstanding at December 31, 2024 and 2023, respectively	**6,715**	6,715
Additional paid-in capital	**332,195**	325,453
Retained earnings	**563,929**	539,883
Accumulated other comprehensive loss	**(658)**	(397)
Treasury stock, at cost, 1,930,459 and 1,109,053 shares at December 31, 2024 and 2023, respectively	**(68,019)**	(21,166)
Total MGP Ingredients, Inc. stockholders equity	**834,166**	850,492
Noncontrolling interest	**(1,623)**	(1,425)
Total equity	**832,543**	849,067
Total liabilities and equity	**$ 1,405,785**	$ 1,392,348

See Accompanying Notes to Consolidated Financial Statements

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

	Year Ended December 31, 2024	2023	2022
Cash Flows from Operating Activities			
Net income	**$ 34,465**	$ 107,130	$ 108,872
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**21,989**	22,113	21,455
Impairment of long-lived assets and other	**137**	19,391	—
Goodwill impairment	**73,755**	—	—
Share-based compensation	**4,016**	10,635	5,502
Equity method investment loss (gain)	**(1,827)**	337	2,220
Deferred income taxes, including change in valuation allowance	**359**	(4,041)	1,011
Change in fair value of contingent consideration	**16,100**	7,100	—
Other, net	**465**	728	194
Changes in operating assets and liabilities, net of effects of acquisitions:			
Receivables, net	**(4,375)**	(32,397)	(16,786)
Inventory	**(18,155)**	(46,921)	(44,350)
Prepaid expenses	**(409)**	(481)	(1,468)
Income taxes payable (refundable)	**(2,258)**	3,136	1,212
Accounts payable	**(9,099)**	(2,406)	10,626
Accrued expenses and other	**(15,111)**	348	1,984
Federal and state excise taxes payable	**3,107**	(2,375)	(2,365)
Other, net	**(881)**	1,486	829
Net cash provided by operating activities	**102,278**	83,783	88,936
Cash Flows from Investing Activities			
Additions to property, plant, and equipment	**(71,181)**	(55,267)	(45,323)
Purchase of business, net of cash acquired	**—**	(103,712)	—
Contributions to equity method investments	**—**	—	(2,810)
Other, net	**(377)**	(263)	320
Net cash used in investing activities	**(71,558)**	(159,242)	(47,813)
Cash Flows from Financing Activities			
Payment of dividends and dividend equivalents	**(10,630)**	(10,675)	(10,646)
Repurchase of Common Stock	**(48,773)**	(801)	(715)
Proceeds from long-term debt	**125,000**	105,000	—
Principal payments on long-term debt	**(89,400)**	(47,600)	(3,403)
Net cash provided by (used in) financing activities	**(23,803)**	45,924	(14,764)
Effect of exchange rate changes on cash and cash equivalents	**(32)**	34	(38)
Increase (decrease) in cash and cash equivalents	**6,885**	(29,501)	26,321
Cash and cash equivalents, beginning of year	**18,388**	47,889	21,568
Cash and cash equivalents, end of year	**$ 25,273**	$ 18,388	$ 47,889

See Accompanying Notes to Consolidated Financial Statements

MGP INGREDIENTS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Dollars in thousands)

	Capital Stock Preferred	Issued Common	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-Controlling Interest	Total
Balance, December 31, 2021	$ 4	$ 6,715	$ 315,802	$ 344,237	$ 354	$ (22,357)	$ (490)	$ 644,265
Comprehensive income (loss):								
Net income (loss)	—	—	—	109,462	—	—	(590)	108,872
Other comprehensive loss	—	—	—	—	(658)	—	—	(658)
Dividends and dividend equivalents of $0.48 per common share and per restricted stock unit, net of estimated forfeitures	—	—	—	(10,638)	—	—	—	(10,638)
Share-based compensation	—	—	4,518	—	—	—	—	4,518
Stock shares awarded, forfeited or vested	—	—	(1,481)	—	—	1,481	—	—
Stock shares repurchased	—	—	—	—	—	(715)	—	(715)
Balance, December 31, 2022	4	6,715	318,839	443,061	(304)	(21,591)	(1,080)	745,644
Comprehensive income (loss):								
Net income (loss)	—	—	—	107,475	—	—	(345)	107,130
Other comprehensive loss	—	—	—	—	(93)	—	—	(93)
Dividends and dividend equivalents of $0.48 per common share and per restricted stock unit, net of estimated forfeitures	—	—	—	(10,653)	—	—	—	(10,653)
Share-based compensation	—	—	7,840	—	—	—	—	7,840
Stock shares awarded, forfeited or vested	—	—	(1,226)	—	—	1,226	—	—
Stock shares repurchased	—	—	—	—	—	(801)	—	(801)
Balance, December 31, 2023	4	6,715	325,453	539,883	(397)	(21,166)	(1,425)	849,067
Comprehensive income (loss):								
Net income (loss)	—	—	—	**34,663**	—	—	**(198)**	**34,465**
Other comprehensive loss	—	—	—	—	**(261)**	—	—	**(261)**
Dividends and dividend equivalents of $0.48 per common share and per restricted stock unit, net of estimated forfeitures	—	—	—	**(10,617)**	—	—	—	**(10,617)**
Share-based compensation	—	—	**9,072**	—	—	—	—	**9,072**
Stock shares awarded, forfeited or vested	—	—	**(2,330)**	—	—	**2,330**	—	—
Stock shares repurchased	—	—	—	—	—	**(49,183)**	—	**(49,183)**
Balance, December 31, 2024	**$ 4**	**$ 6,715**	**$ 332,195**	**$ 563,929**	**$ (658)**	**$ (68,019)**	**$ (1,623)**	**$ 832,543**

See Accompanying Notes to Consolidated Financial Statements

(Dollars in thousands, unless otherwise noted)

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company. MGP Ingredients, Inc. ("MGP," or the "Company") 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. 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 ingredient 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.

Principles of Consolidation. The 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. Certain amounts in the 2022 and 2023 consolidated financial statements have been reclassified to conform to the 2024 presentation.

Use of Estimates. The financial reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP"). The preparation of 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 consolidated 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.

Properties, Depreciation, and Amortization. Property, plant, and equipment are typically stated at cost. Additions, including those that increase the life or utility of an asset, are capitalized and all properties are depreciated over their estimated remaining useful lives. Depreciation and amortization are computed using the straight line method over the following estimated useful lives:

Buildings and improvements[(a)]	10 – 35 years
Machinery and equipment	3 – 10 years
Office furniture and equipment	5 – 10 years
Computer equipment and software	3 – 5 years
Motor vehicles	5 years

(a) Leasehold improvements are the shorter of economic useful life or life of the lease

Maintenance costs are expensed as incurred. The cost of property, plant, and equipment sold, retired, or otherwise disposed of, as well as related accumulated depreciation and amortization, are eliminated from the property accounts with related gains and losses reflected in the Consolidated Statements of Income. The Company capitalizes interest costs associated with significant construction projects. Total interest incurred for 2024, 2023, and 2022 is noted below:

	Year Ended December 31,		
	2024	2023	2022
Interest costs charged to expense	**$ 8,439**	$ 6,647	$ 5,451
Plus: Interest cost capitalized	**2,031**	2,349	866
Total	**$ 10,470**	$ 8,996	$ 6,317

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 that 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 by the Company 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 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 the following bill and hold criteria have been 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 service 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 includes 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.

Impairment of Long-Lived Assets. The Company reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying amount of the asset group may not be fully recoverable. The Company determines the carrying amount of the asset group using the future projected cash flows as well as quantitative and qualitative factors. An impairment loss is recognized when the carrying value exceeds the fair value of the asset group. See Note 6, Closure of the Atchison Distillery, for more information.

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 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 period, 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 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 other indefinite-lived intangible assets to its respective reporting units. All goodwill and indefinite-lived intangible assets included in the Consolidated Balance Sheet are related to the Branded Spirits reporting unit. 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. See Note 5, Goodwill and other Intangible Assets for more information.

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 $249,672 and $194,440 at December 31, 2024 and 2023, respectively. The financial statement carrying value (net of unamortized loan fees) was $323,541 and $287,249 at December 31, 2024 and 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 4, Business Combination, for more information.

Fair value disclosure for deferred compensation plan investments is included in Note 12, Employee Benefit Plans.

Derivative Instruments. Certain commodities the Company uses in its production process, or input costs, expose it to market price risk due to volatility in the prices for those commodities. Through the Company's grain supply contracts, its wheat flour supply contract, and its natural gas contracts, it purchases grain, wheat flour, and natural gas, respectively, for delivery from one to 24 months into the future at negotiated fixed prices. The Company has determined that the firm commitments to purchase grain, wheat flour, and natural gas under the terms of its supply contracts meet the normal purchases and sales exception as defined under ASC 815, *Derivatives and Hedging*, because the quantities involved are for amounts to be consumed within the normal expected production process.

Equity Method Investments. The Company holds 50 percent interest 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. At December 31, 2024 and 2023, the investment in LMX was $7,024 and $5,197, respectively, which is recorded in investment in joint ventures on the Consolidated Balance Sheets. During the years ended December 31, 2024 and 2023, the Company recorded a gain of $1,827 and a loss of $337 from equity method investments, respectively, which is recorded in other income (expense), net on the Consolidated Statements of Income.

Recently Adopted Accounting Standard Updates. ASU 2023-07, *Improvements to Reportable Segment Disclosures*, which requires companies to disclose significant segment expenses provided to the chief operating decision maker ("CODM") and a description of other segment items. Additionally, 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. This ASU is required to be applied retrospectively to all prior periods presented in the consolidated financial statements. The Company adopted ASU 2023-07 in 2024 and applied the amendment retrospectively to all periods presented in the Company's consolidated financial statements. See Note 14, Operating Segments, for more information.

Recently Issued Accounting Pronouncements. 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 U.S. 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 consolidated financial statements. The Company is currently evaluating the impact to the Company's consolidated financial statements.

ASU 2024-03, *Disaggregation of Income Statement Expenses,* requires disaggregated disclosures in the notes to the consolidated financial statements of certain categories of expenses that are included in expense line items on the Consolidated Statement of Income. This ASU is effective for annual periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, 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 consolidated financial statements. The Company is currently evaluating the impact to the Company's consolidated financial statements.

ASU 2024-04, *Induced Conversions of Convertible Debt Instruments,* clarifies the requirement for determining whether certain settlements of convertible debt instruments should be accounted for as induced conversions or extinguishments. This ASU is effective for annual periods beginning after December 15, 2025. Early adoption is permitted and can be applied either on a prospective basis or retrospective basis. The Company is currently evaluating the impact of this ASU to the Company's consolidated financial statements, however the Company does not anticipate this guidance having a material impact to the consolidated financial statements.

The other recent accounting pronouncements issued by the Financial Accounting Standards Board ("FASB") are not expected to have a significant impact on the Company's consolidated financial statements and related disclosures.

NOTE 2: OTHER BALANCE SHEET CAPTIONS

Inventory.

	December 31, 2024	December 31, 2023
Finished goods	$ **43,952**	$ 55,463
Barreled distillate (bourbons and other whiskeys)	**283,119**	250,183
Raw materials	**25,491**	28,825
Work in process	**1,673**	1,691
Maintenance materials	**8,591**	8,355
Other	**2,118**	2,336
Total	$ **364,944**	$ 346,853

Property, plant, and equipment, net.

	December 31, 2024	December 31, 2023
Land, buildings, and improvements	$ **211,129**	$ 188,521
Transportation equipment	**905**	844
Machinery and equipment	**280,783**	261,354
Construction in progress	**69,897**	38,927
Property, plant, and equipment, at cost	**562,714**	489,646
Less accumulated depreciation and amortization	**(246,042)**	(227,343)
Property, plant, and equipment, net	$ **316,672**	$ 262,303

Accrued expenses and other.

	December 31, 2024	December 31, 2023
Employee benefit plans	$ **467**	$ 5,140
Salaries and wages	**5,712**	16,637
Property taxes	**916**	2,062
Current operating lease liabilities	**4,157**	3,318
Other	**3,104**	4,704
Total	$ **14,356**	$ 31,861

NOTE 3: 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 are 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 service).

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

	Year Ended December 31, 2024	2023	2022
Distilling Solutions			
Brown goods	$ **265,873**	$ 289,191	$ 229,523
Warehouse services	**33,430**	28,632	23,598
White goods and other co-products	**32,901**	133,031	175,357
Total Distilling Solutions	**332,204**	450,854	428,478
Branded Spirits			
Premium plus	**110,991**	105,465	84,730
Mid	**63,454**	75,676	82,530
Value	**42,100**	47,907	47,395
Other	**24,271**	24,885	23,284
Total Branded Spirits	**240,816**	253,933	237,939
Ingredient Solutions			
Specialty wheat starches	**76,005**	66,050	62,567
Specialty wheat proteins	**41,768**	48,291	39,313
Commodity wheat starch	**12,351**	16,413	14,023
Commodity wheat protein	**481**	982	38
Total Ingredient Solutions	**130,605**	131,736	115,941
Total Sales	$ **703,625**	$ 836,523	$ 782,358

NOTE 4: BUSINESS COMBINATION

Acquisition of Penelope

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 7, 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 was accounted for in accordance with U.S. federal tax law. Indefinite-lived intangible assets and goodwill are deductible for U.S. income tax purposes.

Purchase Price Allocation. The Acquisition was accounted for as a business combination in accordance with FASB 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 expected to be 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, which have an estimated fair value of $34,000, and definite-lived intangible assets, distributor relationships, which have 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 consolidated financial statements since the date of the Acquisition, June 1, 2023. The operating results and pro forma results are not disclosed due to the immaterial impact to the Company's Consolidated Statements of Income.

During the years ended December 31, 2024 and 2023, the Company incurred $116 and $2,060, respectively, of costs related to the Acquisition, which are included in selling, general, and administrative expenses on the 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 years ended December 31, 2024 and 2023, there was a $16,100 and $7,100 adjustment, respectively, to the fair value measurement of the contingent consideration obligation, which was included in the change in fair value of contingent consideration on the 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 5: GOODWILL AND OTHER INTANGIBLE ASSETS

Definite-Lived Intangible Assets. The Company acquired definite-lived intangible assets in connection with various acquisitions of businesses prior to 2024. The distributor relationships have a carrying value of $55,461, net of accumulated amortization of $9,639. The distributor relationships have a useful life of 20 years. The amortization expense for the years ended December 31, 2024 and 2023 was $3,255 and $2,761, respectively. The weighted average remaining amortization period at December 31, 2024 for definite-lived intangible assets is 17.1 years.

As of December 31, 2024, the expected future amortization expense related to definite-lived intangibles assets are as follows:

2025	$	3,255
2026		3,255
2027		3,255
2028		3,255
2029		3,255
Thereafter		39,186
Total	$	55,461

Goodwill. The Company records goodwill in connection with various acquisitions of businesses and allocates the goodwill to its respective reporting units. The Company tests 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 amount exceeds fair value, an impairment of goodwill is recognized and allocated to the reporting units.

During the fourth quarter, the Company experienced a decrease in stock price and market capitalization as well as experienced the effects of the softening alcohol industry which contributed to declines in current year consolidated results and forecasted outlook. Based on these factors, the Company performed a quantitative assessment of goodwill. The Company engaged a third party valuation specialist to assist in comparing the fair value of the Branded Spirits reporting unit to the respective carrying value. The estimate of fair value of the Company's reporting unit was calculated using equal weighting of the income approach that utilized the discounted cash flow method and the market approach that utilized the guideline public company method. Estimates in the determination of fair value of the reporting unit through the income approach were based on (i) discount rates based on the reporting unit's weighed average cost of capital, (ii) future expected cash flows including revenue and operating margin projections, and (iii) long-term growth rates based on inflation forecasts, industry growth, and long-term economic growth potential. The market approach compares enterprise values and historical and projected results of public companies that reflect economic conditions and risks that are similar to the reporting unit to calculate an estimated enterprise value. These assumptions are based on historical trends as well as the projections and assumptions used in the Company's budget and long-range plans. These assumptions reflect the Company's estimates of future economic and competitive conditions which can be affected by several factors such as inflation, business valuations in the market, the economy, and market competition. Any changes in these assumptions may affect the Company's fair value estimate and the results of an impairment test.

Based on the results of the Company's impairment analysis, the Company recorded an impairment charge of $73,755 to adjust the carrying amount of the Branded Spirits reporting unit to fair value. This goodwill impairment is included as a component of operating income in the Consolidated Statement of Income for the year ended December 31, 2024 and as a reduction of goodwill in the Consolidated Balance sheet as of December 31, 2024.

Changes in carrying amount of goodwill by business segment were as follows:

	Distilling Solutions	Branded Spirits	Ingredient Solutions	Total
Balance at December 31, 2022[(a)]	$ —	$ 226,294	$ —	$ 226,294
Acquisitions	—	95,250	—	95,250
Balance at December 31, 2023[(a)]	—	321,544	—	321,544
Impairment	—	(73,755)	—	(73,755)
Balance at December 31, 2024	**$ —**	**$ 247,789**	**$ —**	**$ 247,789**

(a) There was no accumulated impairment losses recorded at December 31, 2023 and 2022.

Indefinite-Lived Intangible Assets. The Company records indefinite-lived intangible assets in connection with various acquisitions of businesses and allocates the indefinite-lived intangible assets to its respective reporting units. During the fourth quarter 2024, in connection with the assessment of the same events and circumstances impacting the Branded Spirit reporting unit, the Company performed a quantitative impairment test of its indefinite-lived assets. The Company values its indefinite-lived intangible assets under the income approach using a relief-from-royalty method, which assumes the value of the asset is the sum of the discounted cash flows of the amount that would be paid by a hypothetical market participant had they not owned the asset and instead licensed it from another company. When estimating the fair value, the Company made certain assumptions for its future revenue projections, market royalty rates, and discount rates. These assumptions reflect the Company's estimates of future economic and competitive conditions which consider many factors including macroeconomic conditions, industry growth rates, and competition. These factors are subject to change as a result of changing market conditions. The most sensitive assumption used in the analysis was a 10 percent discount rate.

The results of the assessment that the estimated fair values for the indefinite-lived intangible assets exceed its carrying value and no impairment loss was recognized for indefinite-lived intangible assets. The carrying amount of trade name indefinite-lived intangible assets, which relates to the Branded Spirit segment, was $212,990 at both December 31, 2024 and 2023.

As of December 31, 2024, the fair value of the Company's indefinite-lived trade names exceeded the respective carrying values by a range of 10 percent to 20 percent. While the indefinite-lived trade names were not determined to be impaired, if these brands do not perform as projected or if market factors utilized in the impairment analysis deteriorate, including unfavorable changes in the weighted average cost of capital, these changes could materially affect the expected cash flows, and such impacts could potentially result in a material non-cash impairment charge.

NOTE 6: CLOSURE OF THE ATCHISON FACILITY

On July 13, 2023, the Company announced the decision by its Board of Directors to approve the closure of the Company's distillery located in Atchison, Kansas (the "Atchison Distillery"). The Atchison Distillery ceased operations in December 2023. The decision to close the Atchison Distillery is consistent with the Company's plan to address profitability headwinds associated with its GNS and industrial alcohol products within the Distilling Solutions segment. As a result of the decision to close the Atchison Distillery, the Company, with the assistance of a third-party valuation specialist, completed a fair value analysis of the assets associated with the Atchison Distillery during the year ended December 31, 2023. The fair value of the assets associated with the Atchison Distillery were determined using a combination of the cost and market approach. During the year ended December 31, 2023, the Company recorded a $17,112 impairment of assets, which was recorded in impairment of long-lived assets and other on the Consolidated Statement of Income. The impaired assets were recorded within the Distilling Solution segment.

Additionally, for the years ended December 31, 2024 and 2023, the Company recorded $137 and $2,279, respectively, of expenses related to severance costs, inventory write offs, contract termination fees, consulting fees, and other miscellaneous expenses, which were recorded in impairment of long-lived assets and other on the Consolidated Statement of Income.

NOTE 7: CORPORATE BORROWINGS

Indebtedness Outstanding. The following table presents the Company's outstanding indebtedness:

	December 31,	
Description[(a)]	**2024**	**2023**
Credit Agreement - Revolver, 5.52% (variable rate) due 2026	**$ 105,000**	$ 63,000
Convertible Note, 1.88% (fixed rate) due 2041	**201,250**	201,250
Note Purchase Agreement		
Series A Senior Secured Notes, 3.53% (fixed rate) due 2027	**8,800**	12,000
Senior Secured Notes, 3.80% (fixed rate) due 2029	**14,400**	17,600
Total indebtedness outstanding	**329,450**	293,850
Less unamortized loan fees[(b)]	**(5,909)**	(6,601)
Total indebtedness outstanding, net	**323,541**	287,249
Less current maturities of long-term debt	**(6,400)**	(6,400)
Long-term debt	**$ 317,141**	$ 280,849

(a) Interest rates are as of December 31, 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 ("Wells Fargo Bank"), which provided for a $300,000 revolving credit facility. On May 14, 2021, the Company amended the Credit Agreement to extend the term 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 matures on May 14, 2026. The Credit Agreement is secured by substantially all assets, excluding real property.

The Credit Agreement includes certain requirements and covenants, with which the Company was in compliance at December 31, 2024. The Company incurred no new loan fees related to the Credit Agreement during 2024. The unamortized balance of total loan fees related to the Credit Agreement was $471 at December 31, 2024. The unamortized loan fees are being amortized over the life of the Credit Agreement.

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 December 31, 2024, the Company had $105,000 outstanding borrowings under the Credit Agreement, leaving $295,000 available. The interest rate for the borrowings of the Credit Agreement at December 31, 2024 was 5.52%.

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. The Series A Senior Secured Notes bear interest at a rate of 3.53 percent per year. During 2019, the Company issued $20,000 of additional Senior Secured Notes with a maturity date of April 30, 2029. The Senior Secured Notes bear interest at a rate of 3.80 percent per year. As of December 31, 2024, the Company had $8,800 of Series A Senior Secured Notes and $14,400 of additional Senior Secured Notes outstanding under the Note Purchase Agreement, leaving $226,800 available of under the Note Purchase Agreement.

The Company did not capitalize any new loan fees related to the Note Purchase Agreement during 2024. The unamortized balance of total loan fees related to the Note Purchase Agreement was $52 at December 31, 2024 and is being amortized over the life of the Note Purchase Agreement. The Note Purchase Agreement is secured by substantially all assets, excluding real property. The Note Purchase Agreement includes certain requirements and covenants, with which the Company was in compliance at December 31, 2024.

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 total aggregate principal amount includes $26,250 aggregate principal amount of 2041 Notes purchased by the initial purchasers in the offering pursuant to their exercise in full of their option to purchase additional notes under the purchase agreement for the offering. 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 ("Maturity Date") 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.

The Company incurred no new loan fees related to the 2041 Notes during 2024. The unamortized balance of total loan fees related to the 2041 Notes was $5,386 at December 31, 2024 and is being amortized over the life of the 2041 Notes.

The initial conversion rate for the 2041 Notes is 10.3911 shares of Common Stock per $1 principal amount of the 2041 Notes. Prior to the Maturity Date, holders may convert at their option only in the following circumstances:

- During any calendar quarter commencing after the quarter ending March 31, 2022, if the closing sale price of Common Stock for at least 20 trading days in the period of 30 consecutive trading days is more than 130% of the conversion price;
- during the five consecutive business days following any ten consecutive trading day period in which the trading price per $1 principal amount of the notes for each trading day was less than 98% of the product of the closing sale price of Common Stock on such trading day and the conversion rate on such trading day;
- upon the occurrence of specified corporate events, as defined in the Indenture;
- if the Company calls the notes for redemption; or
- during the period July 15, 2026 ending close of business day immediately preceding November 20, 2026 or the period July 15, 2041 and close of business day immediately preceding the Maturity Date.

Debt Maturities. Aggregate amount of maturities for long-term debt as of December 31, 2024 are as follows:

2025	$ 6,400
2026	111,400
2027	5,600
2028	3,200
2029	1,600
Thereafter	201,250
Total	$ 329,450

NOTE 8: INCOME TAXES

Income tax expense is composed of the following:

	Year Ended December 31,		
	2024	**2023**	**2022**
Current:			
Federal	**$ 28,234**	$ 32,296	$ 26,107
State	**5,269**	5,926	4,438
Foreign	**131**	330	(223)
	33,634	38,552	30,322
Deferred:			
Federal	**625**	(4,100)	2,870
State	**(238)**	120	(1,821)
Foreign	**(44)**	44	(71)
	343	(3,936)	978
Total	**$ 33,977**	$ 34,616	$ 31,300

Income tax expense also included tax expense allocated to comprehensive income for 2024, 2023, and 2022 of $16, $172, and $33, respectively (see the Consolidated Statements of Comprehensive Income).

A reconciliation of income tax expense at the normal statutory federal rate to income tax expense included in the accompanying Consolidated Statements of Income is below:

	Year Ended December 31,		
	2024	**2023**	**2022**
"Expected" provision at federal statutory rate	**$ 14,373**	$ 29,895	$ 29,442
State income taxes, net	**5,865**	6,545	6,446
Foreign income taxes	**131**	330	(223)
Change in valuation allowance	**(965)**	1,135	416
Nondeductible goodwill impairment	**15,489**	—	—
Share-based compensation	**(362)**	(288)	(34)
Federal and state tax credits	**(2,078)**	(1,685)	(3,506)
Other	**1,524**	(1,316)	(1,241)
Income tax expense	**$ 33,977**	$ 34,616	$ 31,300
Effective tax rate	**49.6 %**	24.4 %	22.3 %

The tax effects of temporary differences giving rise to deferred income taxes shown on the Consolidated Balance Sheets are as follows:

	December 31, 2024	December 31, 2023
Deferred income tax assets:		
Share-based compensation	$ 3,511	$ 4,453
U.S. state and foreign tax credit carryforwards	3,426	3,350
Mexico and U.S. state loss carryforwards	3,165	3,890
Inventories	2,726	2,656
Operating lease liabilities	4,120	3,740
Deferred compensation	935	848
Section 174 timing difference	1,554	2,032
Contingent Consideration	5,939	1,817
Other	2,462	2,462
Gross deferred income tax assets	27,838	25,248
Less: valuation allowance	(2,243)	(3,208)
Net deferred income tax assets	25,595	22,040
Deferred income tax liabilities:		
Property, plant and equipment	(23,813)	(24,084)
Intangibles	(50,518)	(48,460)
Inventory	(1,165)	(2,007)
Operating lease right-of-use assets	(3,978)	(3,577)
Convertible Senior Note	(7,146)	(4,716)
Other	(2,405)	(2,267)
Gross deferred income tax liabilities	(89,025)	(85,111)
Net deferred income tax liability	$ (63,430)	$ (63,071)

A schedule of the change in valuation allowance is as follows:

Balance at December 31, 2022	$ 2,073
Increase	1,135
Balance at December 31, 2023	3,208
Decrease	(965)
Balance at December 31, 2024	**$ 2,243**

As of December 31, 2024, the Company's total valuation allowance of $2,243 related to net operating loss in U.S. states and foreign countries in which it is not "more likely than not" to create enough taxable income to fully utilize the carryforwards before expiration of the carryforward periods and certain foreign tax credit carryforwards. As of December 31, 2023, the Company's total valuation allowance of $3,208, related to net operating loss in U.S. states and foreign countries in which it is not "more likely than not" to create enough taxable income to fully utilize the carryforwards before expiration of the carryforward periods.

As of December 31, 2024 and 2023, the Company had $18,422 and $23,590 in gross U.S. state net operating loss carryforwards, respectively. Due to varying U.S. state carryforward periods, the state net operating loss carryforwards will primarily expire in varying years between calendar years 2025 and 2045. As of December 31, 2024 and 2023, the Company had gross U.S. state tax credit carryforwards of $4,336 and $3,890, respectively. U.S. state credits, if not used to offset income tax expense in their respective jurisdictions, will expire in varying years between 2025 and 2041.

The Company treats accrued interest and penalties related to tax liabilities, if any, as a component of income tax expense. During 2024, 2023, and 2022, the Company's activity in accrued interest and penalties was not significant.

The following is a reconciliation of the total amount of unrecognized tax benefits (excluding interest and penalties) for 2024, 2023, and 2022:

	Year Ended December 31, 2024	2023	2022
Beginning of year balance	$ 424	$ 156	$ 113
Additions based on prior year tax positions	—	83	75
Additions based on current year tax positions	—	245	2
Reduction for prior year tax positions	(235)	(60)	(34)
End of year balance	$ 189	$ 424	$ 156

For each period presented, substantially all of the amount of unrecognized benefits (excluding interest and penalties) would impact the effective tax rate, if recognized. The Company reasonably expects that the amount of unrecognized tax benefit will not change significantly over the next 12 months.

The Company is not under any U.S. federal, state or foreign income tax audits. For U.S. federal tax purpose, all tax years after 2020 remain open to examination. Amounts paid for income tax in foreign jurisdictions are not material to the consolidated financial statements. In addition, the Company is subject to examination for its state tax returns for years 2020, and forward, with the exception of certain net operating losses and credit carryforwards originating in years prior to 2020 that remain subject to adjustment.

NOTE 9: EQUITY AND EPS

Capital Stock. Common stockholders are entitled to elect four of the nine members of the Company's Board of Directors, while Preferred stockholders are entitled to elect the remaining five members. All directors are elected annually for a one year term. Stockholders who own 10 percent or more of the outstanding Common Stock or Preferred Stock have the right to call a special meeting of stockholders. Common stockholders are not entitled to vote with respect to a merger, dissolution, lease, exchange or sale of substantially all of the Company's assets, or on an amendment to the Articles of Incorporation, unless such action would increase or decrease the authorized shares or par value of the Common Stock or Preferred Stock, or change the powers, preferences or special rights of the Common Stock or Preferred Stock so as to affect the Common stockholders adversely. Generally, Common stockholders and Preferred stockholders vote as separate classes on all other matters requiring shareholder approval.

EPS. The following table presents the computations of basic and diluted EPS:

	Year Ended December 31, 2024	2023	2022
Operations:			
Net income[(a)]	**$ 34,465**	$ 107,130	$ 108,872
Net loss attributable to noncontrolling interest	**198**	345	590
Income attributable to participating securities (unvested shares and units) [(b)]	**(373)**	(1,074)	(871)
Net income used in EPS calculation	**$ 34,290**	$ 106,401	$ 108,591
Share information:			
Basic weighted average common shares[(c)]	**22,015,439**	22,059,816	22,002,990
Diluted weighted average common shares[(d)]	**22,015,439**	22,173,918	22,053,966
Basic EPS	**$ 1.56**	$ 4.82	$ 4.94
Diluted EPS	**$ 1.56**	$ 4.80	$ 4.92

(a) Net income attributable to all stockholders.
(b) Participating securities included 243,007, 226,410, and 177,398 unvested restricted stock units ("RSUs") for the years ended December 31, 2024, 2023, and 2022, respectively.
(c) Under the two class method, basic weighted average common shares exclude outstanding 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 year end exceeds the conversion price of $96.24 per share. There was no dilutive impact for the year ended December 31, 2024.

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 year ended December 31, 2024, the Company repurchased 886,936 shares of Common Stock for approximately $46,588. As of December 31, 2024, there were approximately $53,412 remaining under the share repurchase program.

Shares Outstanding Activity. The following table presents the Company's share activity:

	Shares Outstanding: Preferred Stock	Common Stock
Balance at December 31, 2022	437	21,994,042
Issuance of Common Stock	—	30,507
Repurchase of Common Stock	—	(8,436)
Balance at December 31, 2023	437	22,016,113
Issuance of Common Stock	—	91,051
Repurchase of Common Stock [(a)]	—	(912,457)
Balance at December 31, 2024	437	21,194,707

(a) 886,936 shares were repurchased during the year end December 31, 2024, pursuant to the Company's share repurchase program. The remaining shares repurchased were related to the tax withholding on equity-based compensation.

Dividends and Dividend Equivalents. The following table presents the Company's dividend and dividend equivalent information:

Dividend and Dividend Equivalent Information (per Share and Unit)

Declaration date	Record date	Payment date	Declared	Paid	Dividend payment	Dividend equivalent payment[(a)(b)]	Total payment[(b)]
2024							
February 22	March 15	March 29	**$ 0.12**	**$ 0.12**	**$ 2,641**	**$ 31**	**$ 2,672**
May 2	May 17	May 31	**0.12**	**0.12**	**2,642**	**30**	**2,672**
August 1	August 16	August 30	**0.12**	**0.12**	**2,639**	**30**	**2,669**
October 31	November 15	November 29	**0.12**	**0.12**	**2,588**	**29**	**2,617**
			$ 0.48	**$ 0.48**	**$ 10,510**	**$ 120**	**$ 10,630**
2023							
February 23	March 10	March 24	$ 0.12	$ 0.12	$ 2,640	$ 29	$ 2,669
May 4	May 19	June 2	0.12	0.12	2,641	27	2,668
August 3	August 18	September 1	0.12	0.12	2,642	27	2,669
November 2	November 17	December 1	0.12	0.12	2,642	27	2,669
			$ 0.48	$ 0.48	$ 10,565	$ 110	$ 10,675
2022							
February 22	March 11	March 25	$ 0.12	$ 0.12	$ 2,638	$ 23	$ 2,661
May 5	May 20	June 3	0.12	0.12	2,638	23	2,661
August 4	August 19	September 2	0.12	0.12	2,639	23	2,662
November 3	November 18	December 2	0.12	0.12	2,639	23	2,662
			$ 0.48	$ 0.48	$ 10,554	$ 92	$ 10,646

(a) Dividend equivalent payments on unvested participating securities (see Note 12, Employee Benefit Plans).
(b) Includes estimated forfeitures.

NOTE 10: LEASES

The Company has operating leases for railcars, computer equipment, office spaces, warehouse facilities, a distribution facility, fulfillment center, and certain equipment. The Company has no finance leases. Leases with terms of twelve months or less are not recorded on the Company's Consolidated Balance Sheets. The Company recognizes lease expense for these leases on a straight-line basis over the lease term. Lease components are accounted for separately from non-lease components, such as common-area maintenance, based on the relative, observable stand-alone prices of the components.

The Company's leases have remaining lease terms of less than one year to nine years, some of which may include options to extend the lease. Options to renew the Company's leases were not considered when assessing the value of the right-of-use assets because the Company is not reasonably certain that it will assert the options to renew the leases. As most of the Company's leases do not provide an implicit rate, the Company uses its estimated incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

The following table provides supplemental balance sheet classification information related to leases:

Leases	Balance Sheet Classification	December 31, 2024	December 31, 2023
Assets			
Operating	Operating lease right-of-use-assets, net	$ **15,540**	$ 13,975
Total leased assets		$ **15,540**	$ 13,975
Liabilities			
Current Operating	Accrued expenses	$ **4,157**	$ 3,318
Noncurrent Operating	Long-term operating lease liabilities	**11,940**	11,292
Total operating lease liability		$ **16,097**	$ 14,610

The following table presents the components of lease costs:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating lease costs	$ **3,623**	$ 4,364
Short-term lease costs	**383**	446
Net lease costs[(a)]	$ **4,006**	$ 4,810

(a) Recorded as a component of operating income on the Company's Consolidated Statements of Income.

The following table presents supplemental cash flow and non-cash activity related to lease information:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ **3,612**	$ 4,116
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	$ **6,661**	$ 4,100

The following table presents weighted average discount rate and remaining lease term:

	December 31, 2024	December 31, 2023
Weighted average discount rate		
Operating leases	**4.43 %**	2.95 %
Weighted average remaining lease term		
Operating leases	**4.4 years**	5.1 years

As of December 31, 2024, the future payments under operating leases having initial terms of one year or more were as follows:

2025	$ 4,777
2026	4,210
2027	3,966
2028	2,775
2029	552
Thereafter	1,611
Total lease payments	17,891
Less interest	(1,794)
Total operating lease liability	$ **16,097**

NOTE 11: COMMITMENTS AND CONTINGENCIES

Commitments. The Company is in the process of completing several projects that have been financed using industrial revenue bonds in the state of Kentucky. Traditionally, industrial revenue bonds have been used as an economic development tool in the state to attract desirable businesses, including business in the bourbon industry, and have allowed a 15 to 40 year real property tax abatement on the Company's renovated and newly-constructed warehouse buildings and distilleries in Kentucky. As of December 31, 2024, approximately $50,000 of the Company's facilities in Nelson County Kentucky and approximately $39,300 of the Company's facilities in Williamstown Kentucky were financed with industrial revenue bonds. The city then leased the facilities back to the Company under a capital lease, the terms of which provide for the payment of basic rent in an amount sufficient to pay principal and interest on the bonds. The Company's obligation to pay rent under the lease is in the same amount and due on the same date as the obligation to pay debt service on the bonds which the Company holds. The lease permits the Company to present the bonds at any time for cancellation, upon which our obligation to pay basic rent would be canceled. At the bonds' maturity the facilities will revert to the Company without costs. If the Company were to present the bonds for cancellation prior to maturity, a nominal fee could be incurred. The Company may not be able to use industrial revenue bonds in the future due to legislative, regulatory, and related changes in the state of Kentucky.

The Company recorded the land and building assets as property, plant, and equipment, net, on its Consolidated Balance Sheets under a capital lease. The lease payment on the facilities is sufficient to pay principal and interest on the bonds. Because the Company owns all of the outstanding bonds, has a legal right to set-off, and intends to set-off the corresponding lease and interest payment, the Company netted the capital lease obligation with the bond asset and, in turn, reflected no amount for the obligation or the corresponding asset on its Consolidated Balance Sheets at December 31, 2024 and 2023.

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

On December 16, 2024, a putative securities class action, captioned Operating Engineers Construction Industry Miscellaneous Pension Fund v. MGP Ingredients, Inc. et al., was filed in the United States District Court for the Southern District of New York against the Company, two of its former Chief Executive Officers and its current Interim Chief Executive Officer and Chief Financial Officer (the "Operating Engineers Action"). The Operating Engineers Action was brought on behalf of a putative class who acquired publicly traded MGP common stock between May 4, 2023 and October 30, 2024. On February 13, 2025, a second putative securities class action, captioned Bronstein v. MGP Ingredients, Inc. et al., was filed in the United States District Court for the Southern District of New York against the same defendants (the "Bronstein Action"). The Bronstein Action was brought on behalf of a putative class who acquired publicly traded MGP securities between May 4, 2023 and October 30, 2024. Both actions assert securities fraud claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, in connection with statements made in the Company's quarterly earnings releases and on earnings calls during the alleged class period. Motions have been filed to consolidate the actions together with Lead Plaintiff applications. The Company believes there are substantial defenses to the claims asserted and intends to defend the lawsuits vigorously.

On January 23, 2025, a putative derivative lawsuit captioned Sebald v. Colo, et al., Case No. 2:25-cv-02034, was filed in the United States District Court for the District of Kansas against two of the Company's former Chief Executive Officers, its current Interim Chief Executive Officer and Chief Financial Officer, and the members of its Board of Directors. The Company is a "Nominal Defendant" in the lawsuit, which reflects the fact that the lawsuit is maintained by the named plaintiff on behalf of the Company and that the plaintiff seeks damages on the Company's behalf. The complaint alleges, among other things, that the defendants breached their fiduciary duties and violated federal securities laws by causing the Company to make false and/or misleading statements and/or omissions in public filings during the class period alleged in the securities actions. It also alleges breaches of fiduciary duties by failing to maintain internal controls, seeking shareholder approval of an equity incentive plan, and causing the Company to repurchase its own stock at artificially inflated prices. The complaint brings additional claims for unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets and seeks indemnity and contribution from the named current and former officers. The Company believes there are substantial defenses to the claims asserted and intends to defend the lawsuit vigorously.

NOTE 12: EMPLOYEE BENEFIT PLANS

401(k) Plans. The Company has established 401(k) plans covering all U.S. employees after certain eligibility requirements are met. Amounts charged to operations for employer contributions related to the plans totaled $2,836, $2,810, and $2,517 for 2024, 2023, and 2022, respectively.

Post-Employment Benefits. The Company sponsors life insurance coverage as well as medical benefits, including prescription drug coverage, to certain retired employees and their spouses. In 2014, the Company made a change to the plan to terminate post-employment health care and life insurance benefits for retirees and employees, except for a specified grandfathered group. As of December 31, 2024 the total current and non-current benefit obligations are immaterial.

Share-Based Compensation Plans. As of December 31, 2024, the Company was authorized to issue 40,000,000 shares of Common Stock and had a treasury share balance of 1,930,459 at December 31, 2024.

The Company had two active share-based compensation plans, the 2014 Equity Incentive Plan as amended (the "2014 Plan") and the 2014 Non-Employee Director Equity Incentive Plan (the "Directors' 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 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 for non-employee directors and certain consultants and advisors. The 2024 Plan provides that vesting occurs pursuant to the time period specified in the particular award agreement approved for that issuance of RSUs. As of December 31, 2024, 1,323,614 shares remain available for issuance under the 2024 Plan.

Compensation expense related to RSU awards is based on the market price of the stock on the date the Board of Directors communicates the approved award and is amortized over the vesting period of the restricted stock award. The Consolidated Statements of Income for 2024, 2023, and 2022 reflect total share-based compensation costs and director fees for awarded grants of $4,016, $5,425, and $3,487, respectively, related to these plans.

For long-term incentive awards to be granted in the form of RSUs in 2025 based on 2024 results, the Human Resources and Compensation Committee ("HRCC") of the Company's Board of Directors determined that the grants would have performance conditions that would be based on the same performance metrics as the Short-Term Incentive Plan (the "STI Plan"). The performance metrics are adjusted operating income, adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA"), and adjusted EPS. Because the 2024 performance metrics were not met, there was no amortization of the estimated dollar pool of RSUs to be awarded based on 2024 results, as such there was no share-based compensation costs for grants to be awarded on the Consolidated Statement of Income for the year ended December 31, 2024. The Consolidated Statements of Income for 2023 and 2022 reflect share-based compensation costs for grants to be awarded of $5,187, and $2,018, respectively.

RSUs. The following table presents the summary of unvested RSUs under the Company's share-based compensation plans for 2024, 2023, and 2022:

	Year Ended December 31,					
	2024		2023		2022	
	Units	Weighted Average Grant-Date Fair Value	Units	Weighted Average Grant-Date Fair Value	Units	Weighted Average Grant-Date Fair Value
Unvested balance at beginning of year	**226,410**	**$ 77.56**	179,538	$ 65.11	167,994	$ 61.07
Granted	**115,411**	**84.90**	71,728	96.87	69,492	78.08
Forfeited	**(16,872)**	**86.88**	(2,264)	81.76	(28,542)	61.11
Vested	**(81,942)**	**66.04**	(22,592)	39.47	(29,406)	76.59
Unvested balance at end of year	**243,007**	**$ 84.29**	226,410	$ 77.56	179,538	$ 65.11

During 2024, 2023, and 2022, the total grant date fair value of RSU awards vested was $5,411, $892, and $2,252, respectively. As of December 31, 2024, there was $3,085 of total estimated unrecognized compensation costs (net of estimated forfeitures) related to granted RSU awards. These costs are expected to be recognized over a weighted average period of approximately 1.2 years.

Upon their vesting, the Company purchased restricted stock and RSUs from employees to cover associated withholding taxes. Total treasury stock purchases added 25,521 shares for $2,185 in 2024; 8,437 shares for $801 in 2023; and 9,031 shares for $715 in 2022.

Annual Cash Incentive Plan. Pursuant to the STI Plan, short-term incentive compensation is dependent on the achievement of certain performance metrics, which are established by the HRCC. The degree of achievement of each financial performance metric for each plan year is calculated in accordance with the STI Plan. These calculations are approved by the HRCC, which may adjust results to eliminate unusual items. For 2024, 2023, and 2022, the financial performance metrics were adjusted operating income, adjusted EBITDA, and adjusted EPS. The HRCC also approves the amount of short-term incentive compensation paid for the plan year to officers and employees eligible to participate under the STI Plan. Additionally, certain employees within the Branded Spirits segment participate in incentive plans that are based on performance metrics, including the number of depleted cases and gross profit. Amounts expensed under the STI Plan totaled $13,443, and $13,370 for 2023, and 2022, respectively. There were no amounts expensed under the STI Plan for 2024.

Deferred Compensation Plan. The Company established an unfunded Executive Deferred Compensation Plan (the "EDC Plan") effective as of 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 this plan will change in conjunction with the performance of the participants' investments, along with contributions to and withdrawals from the plan. Realized and unrealized gains (losses) on the EDC plan investments were insignificant and were included as a component of operating income in the Company's Consolidated Statements of Income, because the Company's deferred compensation investments consist of mutual funds that are considered trading securities.

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. The current portion of the EDC Plan deferrals is comprised of estimated amounts to be paid within one year depending on timing of planned disbursements. At December 31, 2024 and 2023, the EDC Plan investments were $3,653 and $2,916, respectively, which were recorded in other assets on the Company's Consolidated Balance Sheets. The EDC Plan current liabilities were $1,520 and $74 at December 31, 2024 and 2023, respectively, and were included in accrued expenses and other on the Company's Consolidated Balance Sheets. The EDC Plan non-current liabilities were $2,132 and $3,314 as of December 31, 2024 and 2023, respectively, which were recorded in Other non-current liabilities on the Company's Consolidated Balance Sheets.

NOTE 13: CONCENTRATIONS AND RELATED PARTIES

Significant customers. For 2024, one customer of the Branded Spirits segment accounted for approximately 13 percent of consolidated sales and one customer of the Ingredient Solutions segment accounted for approximately 12 percent of consolidated sales. For 2023, the Company had sales to one customer that accounted for approximately 11 percent of consolidated sales, respectively. For 2022, the Company had no sales to an individual customer that accounted for more than 10 percent of consolidated sales. During the years 2024, 2023, and 2022, the Company's ten largest customers accounted for approximately 53 percent, 44 percent, and 38 percent of consolidated sales, respectively.

Significant suppliers. For 2024, the Company had purchases from two suppliers that approximated 25 percent of consolidated purchases. In addition, the Company's ten largest suppliers, accounted for approximately 57 percent of consolidated purchases.

For 2023, the Company had purchases from two grain suppliers that approximated 20 percent of consolidated purchases. In addition, the Company's ten largest suppliers accounted for approximately 51 percent of consolidated purchases.

For 2022, the Company had purchases from two grain suppliers that approximated 23 percent of consolidated purchases. In addition, the Company's ten largest suppliers accounted for approximately 49 percent of consolidated purchases.

Related Parties. For the years ended December 31, 2024, 2023, and 2022 the Company purchased $26,345, $41,520, and $37,274, respectively, of finished goods from LMX and bulk beverage alcohol from the other 50 percent owner of DGL. The Company holds 50 percent interest in DGL and Agricola, which is accounted for as equity method investments. See Note 1, Nature of Operations and Summary of Significant Accounting Policies.

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' valuation; therefore, the transaction is deemed to have been conducted at an arm's length.

NOTE 14: OPERATING SEGMENTS

At December 31, 2024, the Company had three segments: Distilling Solutions, Branded Spirits, and Ingredient Solutions. The Company's operating segments are based on the financial information the chief operating decision maker uses to allocate resources and evaluate performance of the business. During the year ended December 31, 2024, the chief operating decision maker was the Company's Chief Executive Officer. 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 income for each segment is based on sales less identifiable operating expenses. The CODM used the operating income to evaluate the segment profitability and to assess the actual results compared to the budget. Non-direct selling, general, and administrative expenses ("SG&A"), non-direct advertising and promotion expense, interest expense, and other general miscellaneous expenses are classified as Corporate. Receivables, inventories, and equipment have been identified with the segments to which they relate. All other assets are considered as Corporate.

The following tables present summarized financial information for each segment:

	Year Ended December 31, 2024				
	Distilling Solutions	Branded Spirits	Ingredient Solutions	Corporate	Total
Sales[(a)]	$ 332,204	$ 240,816	$ 130,605	$ —	$ 703,625
Cost of Goods Sold	190,277	122,620	104,411	—	417,308
Gross Profit	141,927	118,196	26,194	—	286,317
Advertising and promotion expense	1,352	36,909	1,714	533	40,508
SG&A expense	2,970	39,711	3,949	34,761	81,391
Impairment of long-lived assets and other	137	—	—	—	137
Goodwill impairment	—	73,755	—	—	73,755
Change in fair value of contingent consideration	—	16,100	—	—	16,100
Operating income	$ 137,468	$ (48,279)	$ 20,531	$ (35,294)	$ 74,426
Depreciation and amortization	$ 7,893	$ 8,035	$ 4,711	$ 1,350	$ 21,989

	Year Ended December 31, 2023				
	Distilling Solutions	Branded Spirits	Ingredient Solutions	Corporate	Total
Sales[(a)]	$ 450,854	$ 253,933	$ 131,736	$ —	$ 836,523
Cost of Goods Sold	305,890	141,152	84,769	—	531,811
Gross Profit	144,964	112,781	46,967	—	304,712
Advertising and promotion expense	1,127	34,463	2,400	223	38,213
SG&A expense	2,301	37,389	3,838	47,867	91,395
Impairment of long-lived assets and other	19,391	—	—	—	19,391
Change in fair value of contingent consideration	—	7,100	—	—	7,100
Operating income	$ 122,145	$ 33,829	$ 40,729	$ (48,090)	$ 148,613
Depreciation and amortization	$ 11,833	$ 6,952	$ 2,574	$ 754	$ 22,113

	Year Ended December 31, 2022				
	Distilling Solutions	Branded Spirits	Ingredient Solutions	Corporate	Total
Sales[(a)]	$ 428,478	$ 237,939	$ 115,941	$ —	$ 782,358
Cost of Goods Sold	302,196	142,418	84,438	—	529,052
Gross Profit	126,282	95,521	31,503	—	253,306
Advertising and promotion expense	959	27,341	1,180	234	29,714
SG&A expense	3,672	34,847	2,791	33,317	74,627
Operating income	$ 121,651	$ 33,333	$ 27,532	$ (33,551)	$ 148,965
Depreciation and amortization	$ 11,641	$ 5,909	$ 2,473	$ 1,432	$ 21,455

(a) Sales from foreign sources totaled $36,240, $49,822, and $56,719 for the years ended December 31, 2024, 2023, and 2022, respectively, and is largely derived from the United Kingdom, Japan, Canada, Mexico, and Australia. The balance of total sales is from domestic sources.

The following table allocates assets to each segment as of:

	December 31,	
	2024	2023
Identifiable Assets		
Distilling Solutions	**$ 382,432**	$ 369,241
Branded Spirits	**862,458**	910,633
Ingredient Solutions	**132,003**	88,846
Corporate	**28,892**	23,628
Total[(a)]	**$ 1,405,785**	$ 1,392,348

(a) As of December 31, 2024 and 2023, the Company had $4,042 and $3,524, respectively, of long-lived assets located in Northern Ireland.

NOTE 15: SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended December 31,		
	2024	2023	2022
Non-cash investing and financing activities:			
Purchase of property, plant, and equipment in accounts payable	**$ 17,590**	$ 15,610	$ 9,768
Additional cash payment information:			
Interest paid	**10,569**	9,241	5,952
Income taxes paid	**36,068**	35,144	29,052

See Note 10, Leases for operating lease supplemental cash flow information.

NOTE 16: SUBSEQUENT EVENTS

Dividend Declaration. On February 26, 2025, 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 March 28, 2025, to stockholders of record and RSU holders as of March 14, 2025.

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our Interim Chief Executive Officer and Chief Financial Officer has 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")) as of December 31, 2024. Based on that evaluation, the Interim Chief Executive Officer and Chief Financial Officer has concluded that our current disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including our Interim Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

REPORT ON INTERNAL CONTROLS

Management's Report on Internal Control Over Financial Reporting and our independent registered public accounting firm's attestation report on our internal control over financial reporting can be found under *Item 8. Financial Statements and Supplementary Data*.

CHANGES IN INTERNAL CONTROLS

There have been no changes in the our internal control over financial reporting required by Exchange Act Rule 13a-15 that occurred during 2024 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Director and Officer Trading Arrangements. On December 3, 2024, Karen L. Seaberg, a member of our Board of Directors, amended a Rule 10b5-1 trading plan she had previously entered into, which provides for the sale of up to $8,735 in net proceeds from the sale of Common Stock until May 31, 2025. On December 3, 2024, Lori S. Mingus, a member of our Board of Directors, amended a Rule 10b5-1 trading plan she had previously entered into, which provides for the sale of up to $643 in net proceeds from the sale of Common Stock until May 31, 2025. In each case, the amendment revised the price terms of the Rule 10b5-1 trading plan.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated by reference to the information under *Part I—Item 1—Information about our Executive Officers* in this Report and under *Board of Directors—Board Nominees for Election*; *Corporate Governance —Director Nomination Process*; *Corporate Governance—Audit Committee*; and *Delinquent Section 16(a) Reports* of the Proxy Statement.

The Company has adopted an insider trading policy governing the purchase, sale, and other dispositions of the Company's securities by the Company's directors, officers, employees, and other covered persons. The Company does not transact in its own securities if it is aware of material non-public information about the Company. The Company believes that its insider trading policy and its procedures for transacting it is own securities are reasonably designed to promote compliance with insider trading laws, rules, and regulations, and any listing standards applicable to the Company. A copy of the insider trading policy is filed as Exhibit 19 to this Report.

The Company has adopted a code of conduct (ethics) that applies to all its employees, including the principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. A current copy is available on the Company's website at www.mgpingredients.com. The Company intends to disclose any changes in, or waivers from, this code of conduct by posting such information on the same website or by filing a Current Report on Form 8-K, in each case to the extent such disclosure is required by applicable rules.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference to the information under *Corporate Governance—Compensation Committee Interlocks and Insider Participation; Compensation Discussion and Analysis*; *Human Resources and Compensation Committee Report*; *Compensation Tables; Chief Executive Officer Pay Ratio;* and *Director Compensation* of the Proxy Statement.

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

Incorporated by reference to the information under *Principal Stockholders* and *Compensation Tables —Equity Plan Information* of the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Incorporated by reference to the information under *Corporate Governance—Board Role, Independence, Board and Committee Meetings, and Attendance* and *Related Transactions* of the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated by reference to the information under *Audit Matters* of the Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following financial statements are filed as part of this Report:

- Management's Report on Internal Control over Financial Reporting.
- Report of Independent Registered Public Accounting Firm on the Consolidated Financial Statements and Internal Control over Financial Reporting (Audit Firm: KPMG LLP, Kansas City, Missouri Audit Firm ID 185).
- Consolidated Statements of Income – Years Ended December 31, 2024, 2023, and 2022.
- Consolidated Statements of Comprehensive Income – Years Ended December 31, 2024, 2023, and 2022.
- Consolidated Balance Sheets - December 31, 2024 and 2023.
- Consolidated Statements of Cash Flows – Years Ended December 31, 2024, 2023, and 2022.
- Consolidated Statements of Changes in Stockholders' Equity – Years Ended December 31, 2024, 2023, and 2022.
- Notes to Consolidated Financial Statements - Years Ended December 31, 2024, 2023, and 2022.

(b) Financial Statement Schedules:

We have omitted all other schedules for which provision is made in the applicable accounting regulations of the SEC either because they are not required under the related instructions, because the information required is included in the consolidated financial statements and notes thereto, or because they do not apply.

(c) The exhibits required by Item 601 of Regulation S-K are set forth in the Exhibit Index below.

EXHIBIT LIST

2.1	Agreement and Plan of Merger, dated as of January 22, 2021, by and among MGP Ingredients, Inc., London HoldCo, Inc., Luxco Group Holdings, Inc., LRD Holdings LLC, LDL Holdings DE, LLC, KY Limestone Holdings LLC, upon signing a joinder agreement, the shareholders of London HoldCo, Inc., and Donn Lux, as Sellers' Representative (Incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed January 25, 2021)
2.2	Joinder to the Agreement and Plan of Merger, dated January 23, 2021, by certain joining Shareholders (Incorporated by reference to Exhibit 2.2 of the Company's Current Report on Form 8-K filed January 25, 2021)
3.1.1	Amended Articles of Incorporation of MGP Ingredients, Inc. (Incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed January 5, 2012)
3.1.2	Certificate of Amendment to Articles of Incorporation of MGP Ingredients, Inc., dated May 22, 2014 (Incorporated by reference to Exhibit A of the Company's Proxy Statement on Schedule 14A filed April 21, 2014)
3.2	Amended and Restated Bylaws of MGP Ingredients, Inc., dated September 26, 2024 (Incorporated by reference to Exhibit 3.2 of Amendment No. 1 to the Company's Current Report on Form 8-K/A filed September 30, 2024)
4.1	Credit Agreement between MGP Ingredients, Inc. and Wells Fargo Bank, National Association, dated February 14, 2020 (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed February 18, 2020)
4.2	Amendment No. 1 to Credit Agreement between MGP Ingredients, Inc. and Wells Fargo Bank, National Association, dated January 25, 2021 (Incorporated by reference to Exhibit 4.3 of the Company's Annual Report on Form 10-K filed February 25, 2021)
4.3	Amendment No. 2 to Credit Agreement between MGP Ingredients, Inc. and Wells Fargo Bank, National Association, dated May 14, 2021 (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed May 20, 2021)
4.4	Amendment No. 3 to Credit Agreement between MGP Ingredients, Inc. and Wells Fargo Bank, National Association, dated August 31, 2022 (Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q filed November 3, 2022)
4.5	Note Purchase and Private Shelf Agreement between MGP Ingredients, Inc., PGIM, Inc., and certain purchasers affiliated with PGIM, Inc., dated August 23, 2017 (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on August 24, 2017)
4.6	Amendment to Note Purchase and Private Shelf Agreement between MGP Ingredients, Inc., PGIM, Inc., and certain purchasers affiliated with PGIM, Inc., dated February 14, 2020 (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed February 18, 2020)
4.7	Second Amendment to Note Purchase and Private Shelf Agreement between MGP Ingredients, Inc. and certain noteholders affiliated with PGIM, Inc., dated September 30, 2020 (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed October 2, 2020)
4.8	Third Amendment to Note Purchase and Private Shelf Agreement between MGP Ingredients, Inc. and certain noteholders affiliated with PGIM, Inc., dated January 25, 2021 (Incorporated by reference to Exhibit 4.7 of the Company's Annual Report on Form 10-K filed February 25, 2021)
4.9	Fourth Amendment to Note Purchase and Private Shelf Agreement between MGP Ingredients, Inc. and certain noteholders affiliated with PGIM, Inc., dated May 14, 2021 ((Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed May 20, 2021)
4.10	Fifth Amendment to Note Purchase and Private Shelf Agreement, dated August 31, 2023, among MGP Ingredients, Inc. and certain note holders affiliated with PGIM, Inc. (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed September 6, 2023)
4.11	Notice of Shelf Notes Upsize Authorization, dated July 29, 2021 between PGIM, Inc. and MGP Ingredients, Inc. (Incorporated by reference to Exhibit 10.8 of the Company's Quarterly Report on Form 10-Q filed August 4, 2021)
4.12	Indenture, dated November 16, 2021, among MGP Ingredients, Inc., the subsidiary guarantors and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed November 16, 2021)
4.13	Form of 1.875% Convertible Senior Note due 2041 (included as Exhibit A to Exhibit 4.12 above)
4.14	Description of Registrant's Securities (incorporated by reference to the Exhibit 4.13 of the Company's Annual Report on Form 10-K filed February 23, 2023)
10.1+	The MGP Ingredients, Inc. Short-Term Incentive Plan (as Amended and Restated) (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q filed November 3, 2022)
10.2+	MGP Ingredients, Inc. 2014 Non-Employee Director Equity Incentive Plan (Incorporated by reference to Exhibit C of the Company's Proxy Statement on Schedule 14A filed April 21, 2014)
10.3+	MGP Ingredients, Inc. 2014 Equity Incentive Plan (as amended and restated) (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed May 20, 2016)
10.4+	MGP Ingredients, Inc. 2024 Equity Incentive Plan (Incorporated by reference to Appendix A of the Company's Proxy Statement on Schedule 14A filed April 9, 2024)
10.5+	Compensation Claw Back Policy (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed December 12, 2011)

10.6+	MGPI Processing, Inc. Executive Deferred Compensation Plan (Incorporated by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K filed February 27, 2019)
10.7+	Employment Agreement between David J. Colo and MGP Ingredients, Inc. entered into February 7, 2020 (Incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed February 11, 2020)
10.8+	Employment Agreement between David Bratcher and MGP Ingredients, Inc. dated October 31, 2023 (Incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed November 2, 2023)
10.9+	Retirement and Transition Agreement between David J. Colo and MGP Ingredients, Inc. dated October 31, 2023 (Incorporated by reference to Exhibit 10.2 of the Company’s Current Report on Form 8-K filed November 2, 2023)
10.10	Shareholders Agreement, dated as of April 1, 2021, by and among MGP Ingredients, Inc. and certain shareholders of MGP Ingredients, Inc. (Incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed April 1, 2021)
10.11	Registration Rights Agreement, dated as of April 1, 2021, by and among MGP Ingredients, Inc. and certain shareholders of MGP Ingredients, Inc. (Incorporated by reference to Exhibit 10.2 of the Company’s Current Report on Form 8-K filed April 1, 2021)
10.12	Net Lease, dated as of April 1, 2021, by and among Kemper-Themis, L.L.C., Luxco, Inc. and Donn Lux (Incorporated by reference to Exhibit 10.3 of the Company’s Current Report on Form 8-K filed April 1, 2021)
10.13	Noncompetition and Nonsolicitation Agreement dated January 22, 2021 between Donn S. Lux and MGP Ingredients, Inc. (Incorporated by reference to Exhibit 10.5 of the Company’s Quarterly Report on Form 10-Q filed August 4, 2021)
10.14+	Amended and Restated Executive Severance Plan dated May 25, 2022 (Incorporated by reference to Exhibit 10.1 of the Company’s Quarterly Report on Form 10-Q filed August 4, 2022)
10.15+	Form of Agreement as to Award of Restricted Stock Units Granted Under the 2014 Equity Incentive Plan (Incorporated by reference to Exhibit 10.4 of the Company’s Quarterly Report on Form 10-Q filed May 5, 2021)
10.16+	Form of Agreement as to Award of Restricted Stock Units Granted Under the 2014 Equity Incentive Plan (cliff vesting)(Incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed December 20, 2022)
10.17+	Form of Agreement as to Award of Restricted Stock Units Granted Under the 2014 Equity Incentive Plan (3-year pro rata vesting)(Incorporated by reference to Exhibit 10.2 of the Company’s Current Report on Form 8-K filed December 20, 2022)
10.18+	Form of Amendment to Restricted Stock Unit Award Agreement (Incorporated by reference to Exhibit 10.3 of the Company’s Current Report on Form 8-K filed December 20, 2022)
10.19 +*	Form of Agreement as to Award of Restricted Stock Units Granted Under the 2014 Equity Incentive Plan (3-year pro rata vesting) (Incorporated by reference to Exhibit 10.19 of the Company's Annual Report on Form 10-K filed February 2,2024)
10.20+	Form of Restricted Stock Unit Award Agreement under the 2024 Equity Incentive Plan (Incorporated by reference to Exhibit 10.3 of the Company’s Current Report on Form 8-K filed December 20, 2024)
10.21+	Letter agreement relating to additional severance benefits, dated June 27, 2022, between the Company and David Bratcher (Incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed June 30, 2022)
10.22+	Transition Agreement, dated December 19, 2024, between the Company and David Bratcher (Incorporated by reference to Exhibit 10.2 of the Company’s Current Report on Form 8-K filed December 20, 2024)
10.23+	Interim Service Agreement, dated December 19, 2024, between the Company and Brandon Gall (Incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed December 20, 2024)
10.24+	Transition Agreement, dated April 23, 2024, between the Company and Curtis Landherr (Incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed April 26, 2024)
19	Insider Trading Policy
21*	Subsidiaries of the Company
23.1*	Consent of KPMG, LLP, Independent Registered Public Accounting Firm
24*	Powers of Attorney executed by all officers and directors of the Company who have signed this report on Form 10-K (Incorporated by reference to the signature pages of this report)
31*	Interim CEO and CFO Certification pursuant to Rule 13a-14(a)
32**	Interim CEO and CFO Certification furnished pursuant to Rule 13a-14(b) and 18 U.S.C. 1350
97	Compensation Clawback Policy for Section 16 Officers (Incorporated by reference to Exhibit 97 of the Company’s Annual Report on From 10-K filed on February 23, 2024)

101	The following financial information from MGP Ingredients, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language) includes: (i) Consolidated Balance Sheets as of December 31, 2024 and December 31, 2023, and (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Stockholders’ Equity, (v) Consolidated Statements of Cash Flows (and in the case of (ii), (iii), (iv) and (v)) for the years ended December 31, 2024, December 31, 2023, and December 31, 2022, and (vi) the Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File - formatted in iXBRL (Inline Extensible Business Reporting Language) and contained in Exhibit 101

+ Management contract or compensatory plan or arrangement
* Filed herewith
** Furnished herewith

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MGP INGREDIENTS, INC.

Date: February 26, 2025	By	/s/ Brandon M. Gall
		Brandon M. Gall, Interim President and Chief Executive Officer; Vice President, Finance and Chief Financial Officer

POWER OF ATTORNEY

Know all people by these presents, that each person whose signature appears below constitutes and appoints Brandon M. Gall and Kathleen Molamphy, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any amendments to this annual report on Form 10-K, and to file the same, with all exhibits thereto, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he or she might or could do in person, hereby confirming all that said attorneys-in-fact and agents or either of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities indicated on February 26, 2025.

Name	Title	Date
/s/ Brandon M. Gall		
Brandon M. Gall	Interim President and Chief Executive Officer (Principal Executive Officer); Vice President, Finance and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 26, 2025
/s/ Neha J. Clark		
Neha J. Clark	Director	February 26, 2025
/s/ Thomas A. Gerke		
Thomas A. Gerke	Director	February 26, 2025
/s/ Donn Lux		
Donn Lux	Director	February 26, 2025
/s/ Preet H. Michelson		
Preet H. Michelson	Director	February 26, 2025
/s/ Lori L.S. Mingus		
Lori L.S. Mingus	Director	February 26, 2025
/s/ Kevin S. Rauckman		
Kevin S. Rauckman	Director	February 26, 2025
/s/ Karen Seaberg		
Karen Seaberg	Director	February 26, 2025
/s/ Todd B. Siwak		
Todd B. Siwak	Director	February 26, 2025

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Appendix

RECONCILIATION OF SELECTED GAPP MEASURES TO ADJUSTED NON-GAAP MEASURES

For the year ended December 31, 2024

(UNAUDITED) (in thousands, except per share amounts)

Net Income	$	34,465
Interest expense		8,439
Income tax expense		33,977
Depreciation and amortization		21,989
Share based compensation		3,188
Equity method investment gain		(1,827)
Impairment of long-lived assets and other		137
Goodwill impairment		73,755
Fair value of contingent consideration		16,100
Business acquisition costs		116
Executive transition costs		4,075
Unusual items costs		2,081
Adjusted EBITDA	$	196,495

Total debt	$	323,541
Cash and cash equivalents		25,273
Net debt	$	298,268
Net debt leverage ratio[a]		1.5

Reported GAAP Basic and Diluted EPS	$ 1.56
Goodwill impairment	3.31
Impairment of long-lived assets and other	0.01
Fair value of contingent consideration	0.55
Business acquisition costs	—
Executive transition costs	0.14
Unusual items costs	.07
Adjusted Non-GAAP Basic and Diluted EPS	$ 5.64

[a] Net leverage ratio defined as net debt divided by adjusted EBITDA

The non-GAAP adjusted EBITDA measure is defined as earnings before interest expense, income tax expense, depreciation and amortization, share based compensation, equity method investment gain, impairment of long-lived assets and other, goodwill impairment, fair value of contingent consideration, business acquisition costs, executive transition costs, and unusual items costs.

INVESTOR INFORMATION

Corporate Headquarters
MGP Ingredients, Inc.
Cray Business Plaza
100 Commercial Street, P.O. Box 130
Atchison, Kansas 66002-0130
913.367.1480
mgpingredients.com

Independent Accountants
KPMG LLP
Kansas City, Missouri

Transfer Agent
Equiniti Trust Company
Shareowner Services
1110 Center Pointe Curve, Suite 101
Mendota Heights, Minnesota 55120
800.468.9716
For change of address, lost dividends, or lost stock certificates, write or call the above and address your inquiry to: Shareowner Services.

Common Stock
The common stock of MGP Ingredients is listed on the NASDAQ Global Select Market and trades under the symbol MGPI.

Annual Meeting
The annual meeting of stockholders will be held via webcast at 1:00 p.m. (CT), May 20, 2025.

Form 10-K Report
MGP Ingredients' Annual Report on Form 10-K and other company SEC filings can be accessed on our website, mgpingredients.com, in the "Investors" section.

Investor Inquiries
Amit Sharma
amit.sharma@mgpingredients.com

Media Inquiries
Byrne PR
Patrick Barry
patrick@byrnepr.net

Equal Opportunity
MGP Ingredients believes that a diverse workforce is required to successfully compete in today's global markets. The company provides equal employment opportunities without regard to sex, race, age, disability, religion, national origin, color, or any other basis protected by law.

FORWARD-LOOKING STATEMENTS

This annual report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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, performance of MGP Ingredients, Inc. (the "Company"), 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 and any effects of industry dynamics and market conditions; 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; any inability to successfully complete our capital projects or fund capital expenditures or any 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; 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; litigation or legal proceedings; limited rights of common stockholders and antitakeover provisions in our governing documents; the impact of issuing shares of our common stock; 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 and make any share repurchases; 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, 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.


EVERCLEAR
190 PROOF
GRAIN ALCOHOL
DOS PRIMOS
TEQUILA BLANCO
Blood Oath
QUIET MAN
SINGLE MALT IRISH WHISKEY
Saint Brendan's
IRISH CREAM
LIQUEUR
DAVIESS COUNTY
MINOR CASE
RYE WHISKEY
PENELOPE
BOURBON
REMUS
STRAIGHT BOURBON WHISKEY
REBEL
100
KENTUCKY STRAIGHT BOURBON WHISKEY
YELLOWSTONE
BOURBON WHISKEY
El Mayor
TEQUILA
BLANCO
EZRA BROOKS
99
PROOF
KENTUCKY STRAIGHT BOURBON WHISKEY



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