

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 29, 2023

MGP Ingredients, Inc.

(Exact name of registrant as specified in its charter)

Kansas
(State or other jurisdiction
of incorporation)

0-17196
(Commission
File Number)

45-4082531
(IRS Employer
Identification No.)

**Cray Business Plaza
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)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, no par value	MGPI	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02. Results of Operations and Financial Condition.

On November 2, 2023, MGP Ingredients, Inc. (the "Company") issued a press release relating to financial results for the third quarter 2023, which ended September 30, 2023. A copy of the press release is being furnished as Exhibit 99.1 and is incorporated herein by reference.

The information contained in this Item 2.02, including Exhibit 99.1, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent expressly set forth by specific reference in such filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On November 2, 2023, the Company announced that its Chief Executive Officer and President, David J. Colo, will retire from his executive officer positions and as a member of the Company's Board of Directors (the "Board") on December 31, 2023. Upon his retirement, David S. Bratcher, the Company's Chief Operating Officer and President of Branded Spirits, will assume the role of Chief Executive Officer and President (the "CEO"). In order to ensure a smooth transition, Mr. Colo will remain with the Company as an employee in a senior advisor, non-officer capacity through April 30, 2023. The Company will seek to have Mr. Bratcher elected as a Class B director of the Company effective January 1, 2024.

Mr. Bratcher, age 55, has served as the Company's Chief Operating Officer since July 2021 and President of Branded Spirits for the Company since the merger with Luxco, Inc. ("Luxco") on April 2021, prior to which he was President of Luxco from 2013 to April 2021.

In connection with this CEO succession, the Company entered into an Employment Agreement with Mr. Bratcher on October 31, 2023 and a Retirement and Transition Agreement with Mr. Colo on October 31, 2023. A summary of the material terms and conditions of these agreements is set forth below.

Employment Agreement with Mr. Bratcher

Base Salary. Mr. Bratcher will receive a base salary of \$625,000 per year. Mr. Bratcher's base salary will be reviewed annually by the Human Resources and Compensation Committee of the Board (the "Compensation Committee") in accordance with the performance evaluation practices of the Company, but it may not be decreased without Mr. Bratcher's consent.

Short-Term Incentive. For 2024, Mr. Bratcher's target short-term incentive ("STI") award pursuant to the Company's Short-Term Incentive Plan (the "STI Plan") for the attainment of the Company's 2024 performance measures will be 100% of his base salary. The amount and timing of payments under the STI Plan will be at the discretion of the Compensation Committee based on the attainment by the Company of quantitative performance measures set by the Board and qualitative goals for Mr. Bratcher determined by the Compensation Committee. The terms and conditions of the STI Plan for future years will be reviewed and established annually by the Compensation Committee.

Long-term Incentive. Mr. Bratcher will be eligible to participate in the Company's long-term equity incentive ("LTI") program for each fiscal year during which he is employed under the Employment Agreement, with an award for each year during its term as determined by the Compensation Committee. For the LTI award for the performance year 2024, Mr. Bratcher's total target LTI award will have a value equal to 170% of his base salary. The terms and conditions of the LTI awards for future years in the Term will be reviewed and established annually by the Compensation Committee.

Personal Benefits. Mr. Bratcher will retain his existing automobile allowance of \$1,500 per month and gas allowance in accordance with applicable Company policy. The Company also agreed to reimburse Mr. Bratcher for up to \$10,000 of his legal fees incurred in connection with negotiating and drafting his Employment Agreement.

Severance. In the event that Mr. Bratcher's employment terminates for any reason other than death or disability after the end of a fiscal year but before payment of his STI award for that prior fiscal year, he will be entitled to receive his STI payout. In the event that Mr. Bratcher's employment terminates for reasons other than cause or for good reason, each as defined in the Employment Agreement, he will be entitled to receive (i) two years of base salary continuation, (ii) a pro rata STI award based on actual performance for the performance year in which the termination occurs, (iii) a pro-rata LTI award based on actual performance for the performance year in which termination occurs, and (iv) the full-year STI and LTI awards for any completed performance year unpaid as of the date of termination. In addition, except in the event of a termination by the Company for cause, all of Mr. Bratcher's outstanding restricted stock units that are then unvested will continue to vest on their normal schedule. Payment of any of the foregoing benefits is conditioned upon Mr. Bratcher signing and not rescinding a release in favor of the Company. Upon a termination for disability or death, Mr. Bratcher or his estate will receive the full-year award for any completed year unpaid as of the date of termination and a pro-rata STI payment for the year in which the termination occurs based on actual results and, in the case of termination due to disability, subject to Mr. Bratcher signing and not rescinding a release in favor of the Company.

The Employment Agreement also contains restrictive covenants regarding confidentiality and prohibitions on the soliciting of employees and interference with business relationships.

Retirement and Transition Agreement with Mr. Colo

Mr. Colo's employment under his Employment Agreement dated March 16, 2020 will terminate on the close of business on December 31, 2023 in connection with his retirement as CEO. Mr. Colo will remain an employee in a senior advisor, non-officer capacity to facilitate the CEO transition through April 30, 2024. He will continue to receive his same current base salary during the transition term, but will not be entitled to an STI or LTI award for the portion of the fiscal 2024 performance year while he remains employed.

The foregoing descriptions of the Employment Agreement and the Retirement and Transition Agreement are qualified by reference to the full text of the agreements, which are filed as Exhibits 10.1 and 10.2, respectively, with this Current Report on Form 8-K.

Attached as Exhibit 99.2 is a press release announcing the CEO transition.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	Employment Agreement between David Bratcher and MGP Ingredients, Inc. dated as of October 31, 2023
10.2	Retirement and Transition Agreement between David J. Colo and MGP Ingredients, Inc. dated as of October 31, 2023
99.1	Press release dated November 2, 2023
99.2	Press release dated November 2, 2023 announcing CEO retirement and succession plan
104	The cover page from this Current Report on Form 8-K, formatted in iXBRL (Inline Extensible Business Reporting Language)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MGP INGREDIENTS, INC.

Date: November 2, 2023

By: /s/ Brandon M. Gall
Brandon M. Gall, Vice President, Finance and Chief Financial Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”) is entered into and to be effective as of October 31, 2023, by and between David Bratcher, an individual (the “Executive”) and MGP Ingredients, Inc., a Kansas corporation (the “Company”). The Executive and the Company are sometimes referred to herein collectively as the “Parties” or individually as a “Party.”

WHEREAS, the Executive currently serves as the Company’s Chief Operating Officer and President of Branded Spirits and is a party to that certain letter agreement dated June 27, 2022 between the Executive and the Company (the “Existing Letter Agreement”);

WHEREAS, Company desires to employ the Executive in a new role on the terms and conditions set forth herein to serve as (i) its President and Chief Executive Officer upon the retirement of David Colo, and (ii) a member of the Company’s Board of Directors, each effective as of January 1, 2024; and

WHEREAS, the Executive desires to be employed by the Company on such terms and conditions as set forth in this Employment Agreement;

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the parties agree as follows:

1. **Term.** The Executive’s employment hereunder shall be effective as of January 1, 2024 (the “Effective Date”) and shall continue until terminated pursuant to Section 6 (the “Term”).

2. **Position and Responsibilities.**

(a) The Executive shall continue to serve in his current Chief Operating Officer and President of Brands roles until the Effective Date. Starting January 1, 2024, the Executive shall serve as President and Chief Executive Officer of the Company and in any other positions that the Company’s Board of Directors (the “Board”) shall direct. The Executive will have the duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of presidents, and chief executive officers in publicly-traded and NASDAQ listed United States-based companies of similar size, and such other duties, authorities and responsibilities as the Board designates from time to time that are not inconsistent with the Executive’s positions. The Executive will report to, and be subject to direction of, the Board.

(b) During the Term of this Agreement, the Executive shall devote his best efforts to the business and affairs of the Company and shall devote all of his business time to perform the duties hereunder. Notwithstanding the foregoing, with the prior approval of the Board, the Executive may devote a reasonable portion of his time to serve on boards of directors, boards of managers or boards of trustees, or committees thereof, of companies or organizations involving no conflict of interest with the interests of the Company; provided, however, that Executive shall be limited to only one other board of director position involving a for-profit company. The Executive shall comply in all material respects with all reasonable policies of the Company as are from time to

time in effect and applicable to the Executive positions, including all policies concerning anti-harassment/anti-discrimination or conflicts of interest.

3. **Board Membership.** The Board will seek approval by the Company's preferred shareholders to elect Executive to serve as a Class B member of the Company's Board of Directors effective as of January 1, 2024; provided that the foregoing shall not be required to the extent prohibited by law or regulatory requirements.

4. **Geographic Base.** The Executive shall be permitted to remain based at the Company's corporate office in the St. Louis metropolitan area or, should Executive choose at his sole option, at the Company's executive office in the Kansas City metropolitan area, and shall maintain his residence in one of those locales. If the Executive decides to base his primary office in the Company's Kansas City office, a relocation package will be offered to the Executive, including reasonable moving expenses as well as assistance with real estate sale and purchase fees will be tailored to the Executive's particular circumstances in accordance with the Company's then-applicable relocation policy. Regardless of where the Executive chooses to maintain his office base, the Executive will be expected to travel on a periodic and ongoing basis as needed for the performance of his duties, and the Executive will spend necessary and sufficient time in the Company's Kansas City office to perform his duties, in each case consistent with this Agreement, and will be reimbursed for lodging and meal expenses in accordance with Section 5(d) of this Agreement.

5. **Compensation.**

(a) **Base Compensation.** The gross base salary of the Executive for 2024 shall be an annual rate of \$625,000 per year (the "Base Compensation"). The Base Compensation shall be paid in equal weekly payments or at such other times and in such other installments as are paid to other executives of the Company. The Base Compensation will be reviewed annually by the Human Resources and Compensation Committee of the Board (the "Compensation Committee") in accordance with the performance evaluation practices of the Company, but may not be decreased without the consent of the Executive.

(b) **Short-Term Incentives.** For 2024, the Executive's target short-term incentive ("STI") award (meaning, the cash bonus to be paid out in early 2025 based on performance during fiscal 2024) pursuant to the Company's Short-Term Incentive Plan (the "STI Plan") for the attainment of the Company's 2024 performance measures will be 100% of Base Compensation. For the sake of clarity, the Executive's 2023 STI award (meaning, the cash bonus to be paid out in early 2024 based on performance during fiscal 2023) has a target of 60% of Executive's base compensation of \$500,000 that was in effect for his position as Chief Operating Officer in 2023. The amount and timing of payments under the STI Plan will be at the discretion of the Compensation Committee (i) based on the attainment by the Company of quantitative performance measures and qualitative goals for the Executive determined by the Compensation Committee, and (ii) subject to satisfaction of conditions established by the Compensation Committee. The terms and conditions of the STI Plan for all years in the Term will be reviewed and established annually by the Compensation Committee.

(c) Long-Term Incentives. The Executive will be eligible to participate in the Company's long-term equity incentive ("LTI") program for each fiscal year during which Executive is employed under this Agreement, with an award for each year during the Term as determined by the Compensation Committee. For the 2024 LTI award (meaning, the award to be granted in restricted stock units ("RSUs") in early 2025 based on performance during fiscal 2024), the Executive's total target LTI award(s) will have a value equal to 170% of Base Compensation. For the sake of clarity, the Executive's 2023 LTI award (meaning, the award to be granted in RSUs in early 2024 based on performance during fiscal 2023) has a target value equal to 100% of Executive's base compensation of \$500,000 that was in effect for his position as Chief Operating Officer in 2023.

Any and all awards made to the Executive in his prior positions under his Existing Letter Agreement or otherwise shall remain in place and subject to the vesting terms and schedule applicable to such prior awards, including the terms set forth in the Existing Letter Agreement or any applicable award agreements. Any and all awards made to the Executive during the Term shall be subject to the terms of such award agreements and this Agreement, and the Existing Letter Agreement shall have no application to such awards.

The terms and conditions of the LTI awards for all years in the Term will be reviewed and established annually by the Compensation Committee.

(d) Expenses. The Executive shall be reimbursed, in accordance with and subject to the Company's expense reimbursement policies and procedures, for all reasonable expenses incurred by the Executive in performing services under this Agreement. The Executive will submit appropriate receipts, invoices and other evidence of expenditures as required by Company policy.

(e) Retirement. The Executive will be eligible for any matching contributions the Company provides under Company's 401(k) plan consistent with contributions provided to other executive officers as determined by the Company from time to time.

(f) Welfare Benefits. During the Term, the Company shall provide the Executive and his family with benefits generally provided to its other executive officers under its welfare benefit plans, practices, policies and programs (including health, prescription, dental, disability, life and other insurance plans).

(g) Life and Disability Insurance. The Executive will be entitled to receive a group life insurance policy and long-term disability insurance, in each case consistent with benefits provided to other executive officers of the Company.

(h) Vacation. Executive shall be entitled to twenty-five (25) days paid annual vacation, in accordance with the Company's policies and provided that such vacation times do not substantially interfere with the performance of his duties hereunder.

(i) Automobile Allowance. The Executive will be entitled to an allowance for a vehicle of a taxable amount of \$1,500 per month (with an aggregate annual amount of

\$18,000), and the Executive shall be entitled to a gas allowance in accordance with applicable Company policy.

(i) Legal Fees Incurred in Negotiating the Agreement. The Company shall promptly pay to the Executive or reimburse Executive for the Executive's reasonable legal fees incurred in negotiating and drafting this Agreement up to a maximum of \$10,000.

6. Termination of Employment.

(a) By the Company with or without Cause. The Company may, at any time, in its sole discretion, terminate the Executive's employment upon written notice with or without Cause. For purposes of this Agreement, the term "Cause" means:

(i) commission by the Executive of an act that is materially detrimental to the Company or any direct or indirect subsidiary of the Company (each, an "Affiliate"), which act constitutes gross negligence or willful misconduct by Executive in the performance of the Executive's material duties to the Company or any Affiliate;

(ii) commission by the Executive of any act of fraud, misappropriation, or embezzlement, or any act of dishonesty or breach of trust resulting in or intending to result in the Executive's personal gain or enrichment at the expense of the Company or any Affiliate;

(iii) commission by the Executive of any act that causes, or is reasonably likely to cause, material reputation harm to the Company or any Affiliate, as reasonably determined by the Board;

(iv) the Executive being convicted of or pleading guilty to any felony or any other crime involving moral turpitude;

(v) the Executive's material violation of any Company code of conduct or policy concerning anti-harassment/anti-discrimination or conflicts of interest, or the material violation by the Executive of Section 2 of this Agreement which violation, if curable, is not satisfactorily cured by the Executive, as reasonably determined by the Board, within thirty (30) days after receipt by the Executive of written notice from the Company of such alleged violation; or

(vi) violation by the Executive of Section 7, Section 8 or Section 9 of this Agreement which violation, if curable, is not satisfactorily cured by the Executive, as reasonably determined by the Board, within thirty (30) days after receipt by the Executive of written notice from the Company of such violation.

(b) By the Executive for Good Reason. The Executive may terminate his employment for "Good Reason" by providing not less than thirty (30) days' advance written notice of such termination to the Company due to any of the following events (with such notice specifying the basis for Executive having Good Reason to terminate Executive's employment) and the Company fails to effect a correction, revocation or cure

of such event within such period: (i) any material breach of this Agreement by the Company, including the failure to pay Executive any amount to which he is entitled under this Agreement; (ii) any material reduction in the Executive's position, authority or responsibilities, including the assignment to Executive of any duties that are materially and adversely inconsistent with those assigned to him herein; or (iii) any reduction in Executive's Base Compensation, any reduction in the annual short-term incentive opportunity below 100% of Executive's Base Compensation or any reduction in the annual long-term incentive opportunity below 170% of Executive's Base Compensation unless in any case such reduction is part of an across-the-board reduction for all "officers" of the Company within the meaning of Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended, and the percentage reduction for the Executive is no greater than the average percentage reduction for other senior executives of the Company.

(c) Death or Disability. If the Executive's employment is terminated because of the Executive's death, the termination of this Agreement will be effective immediately. If the Company determines in good faith that Disability of the Executive has occurred, the Company may provide the Executive written notice of termination. The term "Disability" means the Executive's absence from or inability to perform the Executive's material duties and responsibilities with the Company for one hundred thirty (130) business days in any consecutive twelve- (12-) month period as a result of incapacity due to mental or physical illness or injury. If, within thirty (30) days of such notice of termination, the Executive does not return to full-time performance of responsibilities, the Executive's employment will terminate automatically. If the Executive returns to full-time performance within thirty (30) days, such notice of termination will be cancelled and void hereunder. Any question as to the existence of the Executive's Disability as to which the Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to the Executive and the Company. If the Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and the Executive shall be final and conclusive for all purposes of this Agreement.

(d) Severance.

(i) Upon a termination of the Executive's employment (other than by reason of death or Disability which is addressed in Section 6(d)(ii)), subject to the satisfaction of the Release Condition described in Section 6(f) below, the Executive will be entitled to receive:

(A) payment of the Executive's accrued and unpaid Base Compensation through the date of termination, the Executive's accrued and unused vacation days with respect to the year of termination as of the date of termination, and reimbursement of incurred and unreimbursed expenses under Section 5(e) within thirty (30) days following the date of termination (collectively, the amounts in this subsection (A), the "Accrued Obligations");

(B) any STI award earned with respect to a fiscal year ending prior to the date of such termination but unpaid as of such date, payable at

the same time in the year of termination as such payment would be made if the Executive continued to be employed by the Company (the “Prior Year STI Award”);

(C) unless the Executive was terminated for Cause or the Executive terminated his employment other than for Good Reason, any LTI award with respect to a performance and fiscal year ending prior to the date of such termination but unpaid as of such date, shall be granted in (i) RSUs at the same time in the year of termination as such RSU grant would be made if the Executive continued to be employed by the Company, or (ii) if so determined by the Committee, a right to receive cash having an equivalent value to the shares that would have been issued upon vesting of the RSUs referred to in (i) and paying out at the same times and in the same proportions that the shares covered by the RSUs would have vested;

(D) unless the Executive was terminated for Cause or the Executive terminated his employment other than for Good Reason, an amount equal to the product of two (2) times the Executive’s Base Compensation, which shall be paid in equal installments on the dates on which Executive’s Base Compensation would otherwise have been paid in accordance with the Company’s normal payroll dates in effect as of the date of Executive’s termination of employment as if Executive’s employment had continued for such period, provided that the delay of the payment of any such amounts pending satisfaction of the Release Condition described in Section 6(f) below shall be accumulated and paid on the Company’s first such scheduled payroll date following satisfaction of the Release Condition; provided further that if any initial installment could be paid in one of two different calendar years based on the timing of the satisfaction of the Release Condition then such first installment shall be paid in the second calendar year;

(E) unless the Executive was terminated for Cause or the Executive terminated his employment other than for Good Reason, any STI award related to the year in which the termination occurs calculated based on actual performance through the end of the applicable performance period and prorated for the number of days of the Executive’s employment in the year in which the termination occurs, payable in a single lump sum at the same time as such payment would be made if the Executive continued to be employed by the Company (the “Pro-Rata Bonus”). The Pro-Rata Bonus shall supersede any conflicting provisions in the STI Plan;

(F) unless the Executive was terminated for Cause or the Executive terminated his employment other than for Good Reason, and so long as an equity award has not yet been granted to Executive for performance in the year in which the termination occurs, an LTI award shall be made for the service of the Executive during the portion of the year in which the termination occurs (the “Pro-Rata LTI Award”), which Pro-Rata LTI Award shall be issued in (i) RSUs equal to the product of (x) the number of RSUs that would be included in a LTI award if he had served for the entire year in which the termination

occurred, times (y) a fraction, with the numerator being the number of days of the Executive's employment in the year in which the termination occurs and the denominator being 365, which shall be granted at the same time as such award would be made if the Executive continued to be employed by the Company, or (ii) if so determined by the Committee, a right to receive cash having an equivalent value to the shares that would have been issued upon vesting of the RSUs referred to in (i) and paying out at the same times and in the same proportions that the shares covered by the RSUs would have vested. The Pro-Rata LTI Award shall supersede any conflicting provision in the LTI program. For example, if the Executive is terminated without Cause or the Executive terminates his employment for Good Reason on January 31, 2025 and no equity award has yet been granted to the Executive for LTI performance year 2024 or 2025, the Executive shall receive a full year RSU in accordance with Section 6(d)(i)(C) above and the Pro-Rated LTI Award (for 31/365th of the year) for performance year 2025 in accordance with this Section 6(d)(i)(F);

(G) unless the Executive was terminated for Cause, all RSUs that have been granted to Executive (including those referenced in Sections 6(d)(i)(C) and 6(d)(i)(F)), but that have not vested as of the date of termination of employment, will remain outstanding and shall vest in the Executive to the same extent as if his employment with the Company had continued through the expiration of the latest vesting period of the last RSUs awarded to him (the date of expiration of such last scheduled vesting period (including the expiration of the last scheduled vesting period irrespective of whether the Committee determines to make a cash payment under either Sections 6(d)(i)(C) or 6(d)(i)(F)) is referred to herein as the "Final Vesting Date"). The foregoing vesting provision shall supersede any conflicting provisions in any Agreement as to Award of RSUs that would otherwise require forfeiture of RSUs that were not vested as of the date of termination of employment; and

(H) any other amounts or benefits due to the Executive under Section 5(g) of this Agreement or otherwise in accordance with the Company's benefit, fringe benefit plans, programs or policies, payable at such times and otherwise in accordance with the terms and conditions such arrangements (the "Other Benefits").

(ii) Upon a termination of employment due to the Executive's death or Disability, the Executive or a representative of the Executive shall be entitled to the Accrued Obligations, the Other Benefits, the Prior Year STI Award, and the Pro-Rata Bonus. The foregoing provision shall supersede any conflicting provisions in the STI Plan.

(c) Resignations. Upon any termination of the Executive's employment with the Company for any reason, the Executive agrees to promptly resign as a director of the Company and its Affiliates and from any other offices, directorships, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, the Company and its Affiliates. The Executive shall promptly execute any further documentation thereof as

requested by the Company and, if the Executive is to receive any payments from the Company, execution of such further documentation shall be a condition thereof.

(f) Release Condition. Executive agrees that Executive shall be entitled to the amounts and benefits set forth in Sections 6(d)(i)(B), Sections 6(d)(i)(C), 6(d)(i)(D), 6(d)(i)(E), 6(d)(i)(F), 6(d)(i)(G), and (in the case of a termination due to Disability) 6(d)(ii) (other than the Accrued Obligations, the Other Benefits, and the Prior Year STI Award) only if (i) Executive executes a release of all claims against the Company (other than indemnity claims the Executive may have against the Company that arise under the Company's Bylaws, the director and officer insurance policies or any applicable indemnification agreement between the Company and the Executive, if any) in such reasonable form as the Company may reasonably prescribe and has not materially breached, as of the date of termination, Section 7 of this Agreement and does not materially breach such provisions at any time during the period for which such payments are to be made or vesting of RSUs is to take place, and (ii) such release becomes effective and irrevocable following the date of Executive's termination of employment and no later than the end of the expiration of the rescission period identified in such release ("Release Condition"). If the Executive materially breaches Section 7 of this Agreement, the Company shall have no obligation to make any severance, other payment, or provide any benefit under this Agreement during the period in which such amounts are otherwise payable or such benefits are otherwise to be provided, but only to the extent such that the value of such foregone severance, other payment, or other benefits does not exceed the actual damages sustained by the Company with respect to such material breach.

(g) No Duplication of Benefits. Any termination payments made and benefits provided under this Agreement to the Executive shall be in lieu of any other severance payments or benefits for which the Executive may be eligible under any of the plans, policies or programs of the Company or under the Worker Adjustment Retraining Notification Act of 1988 or any similar state statute or regulation. In the event any plan or grant provides for better treatment as to equity on a termination of employment than that provided herein, such better provision shall apply.

7. **Restrictions**. The Executive agrees that (i) he will possess and will continue to possess as a result of his services under this Agreement certain confidential and proprietary information regarding the Company, its business and its business plans and (ii) the use of any such confidential and proprietary information in a business or activity which competes with the Company would adversely affect the business and the Company's assets and provide the competing business with an unfair advantage over the Company. Accordingly, the parties wish to restrict the Executive's use and disclosure of such information and his ability to compete unfairly or enable others to compete unfairly with the Company. The Executive agrees to comply with the terms of this Section 7, all of which are reasonable and necessary to protect the confidential or proprietary business information and trade secrets of the Company and to prevent any unfair advantage from being conferred upon a competing business of the Company, as set forth below:

(a) Non-Hiring and Non-Solicitation of Employee. During the Term, and for a period ending on the Final Vesting Date (as defined in Section 6(d)(i)(G)), the Executive may not directly or indirectly (i) recruit, solicit, or otherwise induce any employee of the Company or any of its Affiliates to leave the employment of the Company or any of its

Affiliate or to become an employee of or otherwise be associated with the Executive or any company or business with which the Executive is or may become associated; or (ii) hire any employee of the Company or any of its Affiliates as an employee or otherwise in any company or business with which the Executive is or may become associated. Notwithstanding the foregoing, the restrictions in this Section 7(a) shall not apply with regard to (i) general solicitations that are not specifically directed to employees of the Company or its Affiliates (but the restrictions shall still apply to the hiring of any employee who responds to such general solicitation), (ii) serving as a reference at the request of any employee or (iii) actions taken in the good faith performance of the Executive's duties for and/or for the benefit of the Company and/or its Affiliates. The running of the restriction period contained in this Section 7(a) will be suspended and shall not apply during any period of violation and/or any period of time during which litigation to enforce this covenant is pending, but only to the extent the Company prevails in such litigation. The Company hereby provides the following notice to the Executive, the contents of which supersedes any contrary provisions of this Agreement:

Pursuant to the Defend Trade Secrets Act of 2016, the Parties understand that an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

(b) Non-Interference with Business Relations. During the Term and thereafter (except in the case of clause (ii) which shall continue for a period ending on the Final Vesting Date (as defined in Section 6(d)(i)(G))) (regardless of the circumstances of such termination and the length of this Agreement), the Executive agrees that he shall not, directly or indirectly, (i) do anything to discredit or otherwise injure the reputation or goodwill of the Company or its Affiliates, (ii) without the written consent of the Company, solicit, induce or attempt to solicit or induce any customer or any person or entity known by Executive or which would be reasonably known by Executive to be an employee, independent contractor or other professional or business relation of the Company (or any Affiliate) to cease doing business, or change the amount or terms of business, with the Company (or any Affiliate), or (iii) in any way interfere with the Company's (or any Affiliate's) relationship with any customer, employee, independent contractor, or other professional or business relation of the Company or Affiliate. For purposes hereof, a customer of the Company shall be defined as any person or entity who has purchased any goods or services from the Company (or any Affiliate) during the one (1) year period preceding termination of Executive's employment in an amount equal to or greater than \$5,000,000 in the aggregate.

(c) Confidential Information. The Executive recognizes that the business interests of the Company and its Affiliates require the fullest practical protection and

confidential treatment of all information, not generally known within the relevant trade group or by the public, including all Work Product (as defined below), business and marketing plans, training materials, promotional materials, illustrations, designs, plans, data bases, sources of supply, customer lists, vendor lists, market surveys and/or analyses, supplier and contractor lists, trade secrets, distillation processes, procedures and techniques, mash bills, and all other valuable or unique information and techniques acquired, developed or used by the Company or its Affiliates relating to the business, operations, suppliers, employees and customers of the Company or its Affiliates, regardless of whether such information is in writing, on computer disk or disk drive or in any other form (hereinafter collectively termed "Protected Information"). The Executive expressly acknowledges and agrees that the Protected Information constitutes trade secrets and/or confidential and proprietary business information of the Company (or its Affiliates, or its customers or suppliers, as the case may be). Protected Information shall not include information which is or becomes publicly known, through no breach of this Section 7 by the Executive. The Executive acknowledges that Protected Information is essential to the success of the business of the Company and its Affiliates, and it is the policy of the Company and its Affiliates to maintain as secret and confidential the Protected Information, which gives the Company or its Affiliates a competitive advantage over those who do not know the Protected Information is expressly and implicitly protected by the Company and its Affiliates from unauthorized disclosure. Accordingly, the Executive agrees to take all reasonable steps to hold such Protected Information in a fiduciary capacity, to keep secret and to treat confidentially, and not to permit any other person or entity to, directly or indirectly, appropriate, divulge, disclose or otherwise disseminate to any other person or entity nor use in any manner for him or any other person's or entity's purposes or benefit any Protected Information, and not to use or aid others in using any such Protected Information in competition with the Company or any Affiliate except (i) in furtherance of the performance of his duties to the Company or its Affiliates, whether under this Agreement or otherwise, or (ii) to the extent that disclosure is required by law. Executive shall not be in breach of this section in the event of disclosure, if such disclosure occurs through no action or fault of his own, or arises out of the willful, illegal or negligent actions of another individual or entity not under his control. This obligation of non-disclosure of information shall survive this Agreement and shall continue to exist for so long as such information remains Protected Information.

(d) Reasonableness of Restrictions. The Executive acknowledges and agrees that, given the nature of the business of the Company, and the Company's proposed business plans, the restrictions imposed upon the Executive by this Section 7 and the purposes for such restrictions are reasonable and are designed to protect the trade secrets, confidential and proprietary business information and the future success of the Company and its Affiliates without unduly restricting the Executive's future employment. If, at the time of enforcement of this Section 7, a court shall hold that any of the duration, scope or geographic restrictions stated herein are unreasonable under circumstances then existing, the parties agree (and shall stipulate, if necessary, in an appropriate pleading) that the maximum duration, scope or geographic area reasonable under such circumstances shall be substituted for the stated duration, scope or geographic area. The Executive acknowledges and agrees that in the event of his breach of any provision of this Section 7, the Company and its Affiliates will suffer irreparable harm and, accordingly, the Executive agrees that the Company's right to terminate this Agreement for Cause pursuant to Section 7(a) does not reflect the Company's damages on account of such breach, shall not be the Company's exclusive remedy, and that

the Company shall be entitled to exercise any other remedies available to it at law or in equity, including injunctive relief or other equitable remedies. In the event of any breach of the provisions of this Section 7, the Executive further agrees that the time periods set forth in this Section 7 shall be extended by the period of such breach.

(e) Nondisparagement. During the Term and for two (2) years thereafter (the "Restricted Period"), the Executive agrees not to, with intent to damage, disparage or encourage or induce others to disparage the Company or its Affiliates or their respective officers, directors, employees or other service providers as of the date of termination of the Executive's employment (the "Company Parties"). For purposes of this Section 7(e), the term "disparage" includes, comments or statements to the press, to the employees of the Company, or its Affiliates or to any individual or entity with whom the Company or its Affiliates has a business relationship (including any vendor, supplier, customer or distributor), or any public statement, that in each case is intended to, or can be reasonably expected to, damage any of the Company Parties in more than a de minimis manner. Notwithstanding the foregoing, nothing in this Section 7(e) shall prevent the Executive from (i) making any truthful statement to the extent, but only to the extent (A) necessary with respect to any litigation, arbitration or mediation involving this Agreement, including the enforcement of this Agreement, in the forum in which such litigation, arbitration or mediation properly takes place or (B) required by law, legal process or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with apparent jurisdiction over the Executive, (ii) making normal competitive statements during any period after the termination of the Executive's employment, (iii) making any statements in the good faith performance of the Executive's duties to Company or its Affiliates, and (iv) rebutting any statements made by the Company or its Affiliates or their respective officers, directors, employees or other service providers.

(f) Documents and Processes, etc. Any information or innovations related to the business conducted by the Company or its Affiliates during the Term, including inventions, improvements, methods, technology, programs, customer lists, reports, distribution records, brochures, instructions, manuals, processes, etc., which are, during the Term, conceived, developed, or improved upon by the Executive for use by the Company or any of its Affiliates, alone or in conjunction with other employees, managers or consultants (collectively called "Work Product"), shall be the exclusive property of the Company or the applicable Affiliate, and during and after termination of this Agreement for any reason whatsoever, and the Executive shall not use, duplicate, reveal or take with him any such Work Product or other materials of the Company or any Affiliate other than in furtherance of the performance of his duties to the Company or any Affiliate, whether under this Agreement or otherwise. To the extent that any such Work Product is not a work made for hire, the Executive hereby assigns to the Company or the applicable Affiliate all rights in such material. The Executive agrees to execute any documents at any time reasonably required by the Company in connection with the registration of copyright, patent application or other perfection of the ownership of the Work Product by the Company or the applicable Affiliate.

(g) Survival. No reference in this Agreement to expiration or termination of this Agreement means expiration or termination of this Section 7. The parties agree that Section 7 shall survive the expiration of the Term or earlier termination of this Agreement for whatever reason, except as otherwise expressly set forth hereunder.

8. **Cooperation.** During the Term and thereafter, the Executive agrees to reasonably assist and cooperate with the Company and/or any Affiliate (and their outside counsel) at mutually convenient times and places in connection with the defense or prosecution of any claim that may be made or threatened against or by the Company or any Affiliate, or in connection with any ongoing or future investigation or dispute or claim of any kind involving the Company or any Affiliate, including any proceeding before any arbitral, administrative, judicial, legislative, or other regulatory body or agency, including preparing for and testifying in any proceeding to the extent such claims, investigations or proceedings materially relate to services performed or required to be performed by the Executive, or pertinent knowledge possessed by the Executive, in each case, other than any such proceeding in which the Executive and the Company and/or its Affiliates are adverse parties to one another or are reasonably likely to be or which relate to matters exclusively related to the period after termination of the Executive's employment with the Company. Upon presentment to the Company of appropriate documentation, the Company will pay directly or reimburse the Executive for the reasonable out-of-pocket expenses incurred as a result of such cooperation.

9. **Non-Contravention; No Conflict.** The Executive represents and warrants that the Executive is not a party to any agreement or restrictive covenant preventing him from performance of the services required under this Agreement. The Executive is not aware of any situation creating or appearing to create a conflict of interest between the Executive and the Company or any Affiliate. To the extent that the Executive is a party to any confidentiality or nondisclosure agreement, the Executive agrees to comply with all such agreements and to not use any confidential trade secret information of any third party while employed by the Company.

10. **Clawback.** Notwithstanding any other provision of this Agreement to the contrary, all compensation provided for herein is subject to recovery by the Company pursuant to any compensation recovery policy adopted by the Board or the Compensation Committee at any time, as amended from time to time, including any such policy adopted in response to the requirements of Section 10D of the Exchange Act, the SEC's final rules thereunder (Listing Standards for Recovery of Erroneously Awarded Compensation, 87 Fed. Reg. 73076-73142), and any applicable listing rules or other rules and regulations implementing the foregoing or as otherwise required by law.

11. **Section 409A.** It is intended that this Agreement will comply with, or be exempt from, Section 409A of the Code and any regulations and guidelines promulgated thereunder (collectively, "Section 409A"), to the extent the Agreement is subject thereto, and the Agreement shall be interpreted on a basis consistent with such intent. Notwithstanding any provision to the contrary in this Agreement, if the Executive is deemed on the date of the Executive's "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) with the Company to be a "specified employee" (within the meaning of Treas. Reg. Section 1.409A-1(i)), then with regard to any payment or benefit that is considered non-qualified deferred compensation under Section 409A payable on account of a "separation from service" that is required to be delayed pursuant to Section 409A(a)(2)(B) of the Code (after taking into account any applicable exceptions to such requirement), such payment or benefit shall be made or provided on the date that is the earlier of (i) the expiration of the six- (6-) month period measured from the date of the Executive's "separation from service," or (ii) the date of the Executive's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 12 (whether they would have otherwise been payable in a single sum or in

installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. Notwithstanding any provision of this Agreement to the contrary, for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment, references to the Executive's "termination of employment" (and corollary terms) with the Company shall be construed to refer to Executive's "separation from service" (within the meaning of Treas. Reg. Section 409A-1(h)) with the Company.

12. **IRC § 280G: Best Net Protection.** In the event that the severance payments, distributions or benefits to be made by the Company to or for the benefit of the Executive (whether paid, payable, distributed, distributable or provided pursuant to the terms of this Agreement, under some other plan, agreement, or arrangement, or otherwise) ("Payments") (i) constitute "parachute payments" within the meaning of Code Section 280G and (ii) but for this Section 12 would be subject to the excise tax imposed by Code Section 4999 (the "Excise Tax"), then the Payments to the Executive shall be either: (a) delivered in full, or (b) delivered after reducing the Payments \$1 below the safe harbor limit (as described in Code Section 280G(b)(2)(A)(ii)) which would result in no portion of the Payments being subject to the Excise Tax. The choice between (a) and (b) shall depend upon whichever of the foregoing amounts, taking into account the applicable federal, state, and local income taxes and the Excise Tax, results in the receipt by the Executive, on an after-tax basis, of the greater amount, notwithstanding that all or some portion of the Payments may be taxable under Code Section 4999. In the event that the Payments are required to be reduced by this Section 12, any amount payable pursuant to Sections 6(d)(i)(D) – (G) shall be reduced, first by reducing all Payments being made pursuant to Section 6(d)(i)(D) through Section 6(d)(i)(F) that do not constitute "nonqualified deferred compensation" within the meaning of Code Section 409A (in the order designated by the Executive), second, by reducing all Payments other than those made pursuant to Section 6(d)(i)(D) through Section 6(d)(i)(F) that do not constitute "nonqualified deferred compensation" within the meaning of Code Section 409A (in the order designated by the Executive), and third, reducing all Payments that constitute "nonqualified deferred compensation" within the meaning of Code Section 409A, with the latest of such scheduled payments being reduced first. The Company's accounting firm shall make all determinations required by this Section 12, and the Company and the Executive shall cooperate with each other and the accounting firm and shall provide necessary information so that the accounting firm may make all such determinations. The Company shall pay all of the fees of the accounting firm for services performed by the accounting firm as contemplated in this Section 12.

13. Miscellaneous.

(a) Survival. Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive to the extent necessary to carry out the intentions of the parties under this Agreement.

(b) Withholding Taxes. From any payments due hereunder to the Executive from the Company, there will be withheld amounts as required by law to satisfy liabilities for federal, state, and local taxes and withholdings. In addition, the Company agrees that except as would violate applicable securities law, (i) the Executive shall be permitted to sell Shares in order to satisfy any such taxes and withholding obligations and

(ii) any minimum required tax withholding obligations on the Executive's equity compensation awards in respect of Shares may be satisfied by reducing the number of Shares otherwise payable under such award by an amount of such Shares having a fair market value equal to the amount of such tax withholding obligations.

(c) Amendment. This Agreement may only be amended or modified by an instrument in writing signed by each of the parties hereto. No failure or delay on the part of either party to this Agreement in the exercise of any power or right, and no course of dealing between the parties hereto, shall operate as a waiver of such power or right, nor shall any single or partial exercise of any power or right preclude any further or other exercise thereof or the exercise of any other power or right. The remedies provided for herein are cumulative and not exclusive of any remedies which may be available to either party at law or in equity. Any waiver of any provision of this Agreement, and any consent to any departure by either party from the terms of any provision hereof, shall be effective only in the specific instance and for the specific purpose for which given. Nothing contained in this Agreement and no action or waiver by any party hereto shall be construed to permit any violation of any other provision of this Agreement or any other document or operate as a waiver by such party of any of his or its rights under any other provision of this Agreement or any other document.

(d) Assignment. This Agreement is binding upon and will inure to the benefit of the Executive and the Executive's heirs, executors, assigns and administrators or the Executive's estate and property and the Company and their successors and permitted assigns. The Executive may not assign or transfer to others the obligation to perform the Executive's duties hereunder. The Company may not assign this Agreement other than to a successor to all or substantially all of its business and then only upon such assignee's delivery to the Executive of a written assumption of this Agreement; provided, however, that the Company may assign this Agreement to an Affiliate with the Executive's consent, in which case, after such assignment, the "Company" means the Affiliate to which this Agreement has been assigned.

(e) Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon personal delivery to the party to be notified, the following business day after deposit with a reputable overnight courier service or three (3) business days after deposit with the United States Post Office, by registered or certified mail, postage prepaid and addressed to the party to be notified at the address indicated below, or at such other address as such party may designate by ten (10) days' advance written notice to the other party. In addition, a courtesy copy of any notice required or permitted under this Agreement shall be sent via e-mail to the e-mail address of the party below last communicated to the other parties. The delivery of an e-mail courtesy copy of any such notice shall not affect when the notice shall be deemed effective given, which shall be determined solely by delivery of the hard copy as specified in this Section 13(e).

- (i) If to Company, to:
MGP Ingredients, Inc.
100 Commercial Street, Box 130
Atchison, Kansas 66002

Attention: Board of Directors

With a copy to:

MGP Ingredients, Inc.
11550 Ash Street, Suite 350
Leawood, KS 66211
Attention: Chief Legal Officer

- (ii) If to the Executive, to:
David Bratcher

With a copy to:
Edwin C. Ernst, IV
Ernst Law Firm, LLC
13321 North Outer Forty Rd., Ste. 600
Chesterfield, MO 63017

(f) Binding Effect. This Agreement shall be binding upon, and inure to the benefit and be the obligation of the Company, its successors or assigns, as well as the Executive, his legal representatives, heirs and successors.

(g) Severability: Construction. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held by a court of competent jurisdiction to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement. Use of the word “including” shall not be limited by the terms following such word. All references to singular or plural terms shall mean the other where appropriate. The term “Affiliate” shall refer to subsidiaries of the Company now existing or hereafter formed or acquired.

(h) Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall together constitute one and the same document.

(j) Choice of Law. This Agreement shall be governed by, and construed in accordance with, the internal laws (as opposed to conflict of law provisions) of the State of Kansas.

(k) Expenses. In the event of any litigation between the parties relating to this Agreement and their rights hereunder, the prevailing party shall be entitled to recover all reasonable litigation costs and reasonable attorneys' fees and expenses from the non-prevailing party (limited to one counsel for such party and one local counsel, if appropriate).

(l) Entire Agreement. Effective as of the Effective Date, this Agreement, together with any outstanding award agreements, as such outstanding award agreements are amended by the Existing Letter Agreement, including, for the avoidance of doubt, any covenants against solicitation of customers or other restrictive covenants included in any such outstanding award agreements, sets forth the entire understanding of the parties regarding the Executive's employment with the Company, and replaces and supersedes any other previous understandings, agreements, discussions, letters or representations between such parties, written or oral, that may have related in any way to the subject matter hereof and any other employment offers or term sheets dated as of or prior to the date hereof, including without limitation the letter agreement dated January 15, 2021 between the Executive and the Company.

IN WITNESS WHEREOF, this Agreement has been executed by the Company and the Executive as of the date first above written.

COMPANY:
MGP INGREDIENTS, INC.

/s/ Karen Seaberg
Name: Karen Seaberg
Its: Board Chair

EXECUTIVE:

/s/ David Bratcher

Name: David Bratcher



MGP Ingredients, Inc.
Cray Business Plaza
100 Commercial St., P.O. Box 130
Atchison, Kansas 66002-0130
800.255.0302
www.mgpingredients.com

October 31, 2023

David Colo

Re: Retirement and Transition Agreement

Dear Dave,

This letter confirms receipt of the notice you provided on October 31, 2023 to the MGP Ingredients, Inc. (the “Company”) Board of Directors of your intention to retire from your position as President and Chief Executive Officer effective close of business December 31, 2023.

First of all, on behalf of the entire Board of Directors, we thank you for your service as our President and Chief Executive Officer and congratulate you on your upcoming retirement!

This letter agreement (hereafter the “Transition Agreement”) documents the terms of your continued employment with the Company effective as of January 1, 2024 (the “Transition Effective Date”). You agree that your employment with the Company pursuant to the Employment Agreement dated effective March 16, 2020, by and between you and the Company (the “Employment Agreement”), will end effective as of December 31, 2023 (the “Employment Agreement Termination Date”); provided, however, you acknowledge and agree that all commitments and obligations you have under the Employment Agreement that remain in effect during your continued employment with the Company and that survive the termination of your employment with the Company, including but not limited to the restrictions and obligations set forth in Sections 7 and 8 of the Employment Agreement (the “Continuing Obligations”), shall remain in full force and effect during and following the Transition Term (as defined below). As of the Transition Effective Date, your continued employment with the Company will be pursuant to this Transition Agreement.

The term of this Transition Agreement shall be for the period commencing on the Transition Effective Date and ending on April 30, 2024 (the “Transition Term”). For avoidance of doubt, you acknowledge and agree that you are not entitled to receive, and will not receive, any severance pay or benefits under the Employment Agreement or under any other Company plan or program related to your retirement or your ultimate separation from employment with the Company, except as provided in your equity award agreements or your right to vesting of RSUs in accordance with Section 6(d)(i)(G) of the Employment Agreement. However, for the sake of clarity, as a continuing employee through the Transition Term, you will remain eligible to receive payment of your 2023 STI award for performance in fiscal 2023 that will be paid in early 2024 and the grant to you of restricted stock units in early 2024 for your LTI award for performance year 2023, but you will not receive an STI award or LTI award for the 2024 performance year.

You agree that during the Transition Term you will remain employed by the Company in a senior advisor, non-officer capacity and make yourself reasonably available to the Company, on an as needed basis as reasonably requested by the Company’s Chief Executive Officer or any member of the Board of Directors, to respond to questions and otherwise reasonably assist with matters involving the Company from time to time in furtherance of the Company’s CEO transition (the

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“Transition Services”). The Company will pay you, as sole compensation for your continued employment during the Transition Term, a monthly salary of \$70,333, less applicable withholdings (the “Transition Salary”), which will be paid to you in installments in accordance with the Company’s standard payroll schedule during the Transition Term. During the Transition Term, you will continue to be eligible for employee benefits provided to Company employees, subject to the terms and conditions of the applicable employee benefit plans and programs.

You agree that during the Transition Term you shall have no business relationships, employment relationships or consulting obligations in conflict or interfere with your Continuing Obligations or your performance of obligations to the Company as set forth herein.

Consistent with your ongoing obligations under the Employment Agreement, you agree that during the Transition Term and thereafter you will take all reasonable steps to keep secret and to treat confidentially, and not to permit any other person or entity to, directly or indirectly, appropriate, divulge, disclose or otherwise disseminate to any other person or entity, nor use in any manner for yourself or any other person’s or entity’s purposes or benefit, any information that qualifies as Protected Information (as defined in the Employment Agreement), and not to use or aid others in using any such Protected Information for any purpose except: (1) in furtherance of the performance of the Services, or (2) to the extent that disclosure is required by law.

During the Transition Term, you shall have no authority or right, express or implied, to assume or create any obligation or responsibility on behalf of the Company or to bind the Company in any manner without the express authorization of the Company, and you agree not to represent the contrary, either expressly or implicitly, to anyone.

This Transition Agreement shall be governed by, and construed in accordance with, the internal laws (as opposed to conflict of law provisions) of the State of Kansas.

This Transition Agreement contains the entire agreement and understanding between the Company and you with respect to your continued employment with the Company following the Transition Effective Date. This Transition Agreement may not be modified or amended except in a written amendment signed by you and an authorized representative of the Company.



Sincerely,

/s/ Karen Seaberg

Karen Seaberg
Board Chair

Acknowledgment and Acceptance:

By signing below, I accept and agree to the terms and conditions of this Transition Agreement as set forth above.

/s/ David J. Colo
David Colo

Date: 10/31/2023

Creating Better Solutions...Naturally



Cray Business Plaza
100 Commercial St., P.O. Box 130
Atchison, Kansas 66002-0130
913.367.1480
mgpingredients.com

NEWS RELEASE

MGP INGREDIENTS REPORTS STRONG THIRD QUARTER 2023 RESULTS

*Consolidated gross profit increased 24%;
Continued gross margin expansion across all business segments;
Increases full year guidance*

ATCHISON, Kan., November 2, 2023 - MGP Ingredients, Inc. (Nasdaq: MGPI), a leading provider of distilled spirits, branded spirits, and food ingredient solutions, today reported results for the third quarter ended September 30, 2023.

2023 third quarter consolidated results compared to 2022 third quarter:

- Sales increased 5% to \$211.6 million.
- Gross profit increased 24% to \$73.4 million, representing 34.7% of sales.
- Operating income decreased 41% to \$19.8 million and net income decreased 45% to \$13.1 million, primarily due to the impairment of assets and other one-time expenses of \$18.3 million related to the planned Atchison distillery closure as well as the increase in fair value of contingent consideration of \$4.2 million related to the Penelope acquisition.
- Adjusted operating income increased 26% to \$42.7 million and adjusted net income increased 28% to \$30.2 million.
- Adjusted EBITDA increased 24% to \$48.1 million.
- Basic earnings per common share ("EPS") decreased to \$0.59 per share from \$1.07 per share and diluted EPS decreased to \$0.58 per share from \$1.06 per share, primarily due to the impairment of assets and other one-time expenses related to the planned Atchison distillery closure as well as the increase in fair value of contingent consideration related to the Penelope acquisition.
- Adjusted basic EPS increased to \$1.36 per share from \$1.07 per share and adjusted diluted EPS increased to \$1.34 per share from \$1.06 per share.

"We are very pleased with our continued momentum this quarter, which has again yielded strong results across each of our business segments," said David Colo, president and CEO of MGP Ingredients. "Sales of brown goods grew 28% from the prior year period, driven by strong demand for our new distillate and aged whiskey. The closure of the Atchison white goods and industrial alcohol distillery, which is consistent with our long-term strategic objectives, remains on track. Within our Branded Spirits segment, sales of our premium plus brands grew 33% from the prior year period, which led to additional gross margin expansion for the segment. Our Ingredient Solutions business once again generated record results during the quarter and continued to benefit from consumer preference toward high protein, low net carb diets. We remain committed to executing against our strategy and believe our continued strong performance underscores the strength of our business model."

Distilling Solutions

In the third quarter 2023, sales for the Distilling Solutions segment increased 3% to \$111.9 million year-over-year, driven by strong quarterly sales of brown goods, up 28% versus the prior year period. Gross profit

increased to \$33.3 million or 29.8% of segment sales, compared to \$25.9 million or 23.9% of segment sales in the third quarter 2022.

Branded Spirits

For the third quarter 2023, sales for the Branded Spirits segment increased 6% to \$66.8 million, led by sales of premium plus brands, which increased 33% to \$30.8 million. Gross profit increased to \$29.0 million, or 43.5% of segment sales, compared to \$25.1 million, or 39.9% of segment sales in the third quarter 2022.

Ingredient Solutions

In the third quarter 2023, sales in the Ingredient Solutions segment increased 11% to \$33.0 million versus the prior-year period. Gross profit increased to \$11.1 million, or 33.8% of segment sales, compared to \$8.1 million, or 27.1% of segment sales in the third quarter 2022.

Other

Advertising and promotion expenses for the third quarter 2023 increased \$2.2 million to \$9.5 million as compared to the third quarter 2022.

Corporate selling, general and administrative ("SG&A") expenses for the third quarter 2023 increased \$3.7 million to \$21.6 million as compared to the third quarter 2022.

During the third quarter, the impairment of assets and other one-time expenses totaled \$18.3 million related to the planned closure of the Atchison distillery, and the change in fair value of the contingent consideration totaled \$4.2 million related to the Penelope acquisition.

The corporate effective tax rate for the third quarter 2023 was 25.0%, compared with 24.2% from the third quarter 2022.

2023 Outlook

MGP is offering the following revised consolidated guidance for fiscal 2023:

- Sales are projected to be in the range of \$815 million to \$835 million.
- Adjusted EBITDA is expected to be in the range of \$192 million to \$197 million.
- Adjusted basic EPS is forecasted to be in the \$5.50 to \$5.65 range, with basic weighted average shares outstanding expected to be approximately 22.1 million at year end.

Conference Call and Webcast Information

MGP Ingredients will host a conference call for analysts and institutional investors at 10 a.m. ET today to discuss these results and current business trends. The conference call and webcast will be available via:

Webcast: ir.mgpingredients.com on the Events & Presentations page
Conference Call: 844-308-6398 (domestic) or 412-717-9605 (international)

About MGP Ingredients, Inc.

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

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

MGP's branded spirits portfolio covers a wide spectrum of brands in every segment, including iconic brands from Luxco, which was founded in 1958 by the Lux Family. Luxco is a leading producer, supplier, importer, and bottler of beverage alcohol products. Our branded spirits mission is to meet the needs and exceed the expectations of consumers, associates, and business partners. Luxco's award-winning spirits portfolio includes well-known brands from four distilleries: Bardstown, Kentucky-based Lux Row Distillers, home of Ezra Brooks, Rebel, Blood Oath, David Nicholson and Daviess County; Lebanon, Kentucky-based Limestone Branch Distillery, maker of Yellowstone Kentucky Straight Bourbon Whiskey, Minor Case Straight Rye Whiskey and Bowling & Burch Gin; Jalisco, Mexico-based Destiladora González Lux, producer of 100% agave tequilas, El Mayor, Exotico and Dos Primos; and the historic Ross & Squibb Distillery in Lawrenceburg, Indiana, where Penelope Bourbon, Remus Straight Bourbon Whiskey and Rossville Union Straight Rye Whiskey are produced. The innovative and high-quality brand portfolio also includes Everclear Grain Alcohol, Pearl Vodka, Green Hat Gin, Saint Brendan's Irish Cream, The Quiet Man Irish Whiskey, and other well-recognized brands.

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

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

Cautionary Note Regarding Forward-Looking Statements

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation statements about the strategy and strategic objectives of MGP Ingredients, Inc. (the "Company" or "MGP"), its business model strength, and the Company's 2023 outlook, including its expectations for sales, adjusted EBITDA, adjusted basic EPS, and shares outstanding. Forward looking statements are usually identified by or are associated with words such as "intend," "plan," "believe," "estimate," "expect," "anticipate," "project," "forecast," "hopeful," "should," "may," "will," "could," "encouraged," "opportunities," "potential," and similar terminology. These forward-looking statements reflect management's current beliefs and estimates of future economic circumstances, industry conditions, Company performance, Company financial results, and Company financial condition and are not guarantees of future performance.

All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. Factors that could cause actual results to differ materially from our expectations include without limitation any effects of disruptions in our operations or a catastrophic event at our facilities; commodity price fluctuations; the effectiveness or execution of our strategic plan; our reliance on a limited number of suppliers; climate change and legal, regulatory or market measures to address climate change; product recalls or other product liability claims; damage to our reputation or that of any of our key customers or their brands; adverse public opinion about any of our specialty ingredients; warehouse expansion issues; our reliance on fewer, more profitable customer relationships; commercial, political, and financial risks; regulation and taxation requirements; tariffs, trade relations, and trade policies; labeling or warning requirements or limitations on the availability of our products; anti-corruption laws, trade sanctions and restrictions; changes in consumer preferences and purchases and our ability to anticipate or react to those changes; changes in public opinion about alcohol; our reliance on our distributors to distribute our branded spirits within their territories; failure to secure and maintain listings in control states; changes in excise taxes, incentives and customs duties; class action or other litigation; the availability and cost of raw materials, product ingredients, energy resources, or labor; global supply chain challenges; inflation; the ongoing military conflict between Ukraine and Russia; our ability to protect our intellectual property rights and defend against alleged intellectual property rights infringement claims; our dual-class stock structure and governing document provisions; our reliance on key information technology systems, networks, processes, associated sites, or service providers; acquisitions and potential future acquisitions; our ability to compete and competitive market conditions; work disruptions or stoppages; our reliance on key management personnel; covenants and other provisions in our credit arrangements; interest rate increases; pandemics or other health crises; and our planned closure of our Atchison, Kansas distillery. 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, 2022 and its Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2023, as well as the Company's other SEC filings. The Company undertakes no obligation to update any forward-looking statements or information in this press release, except as required by law.

Non-GAAP Financial Measures

In addition to reporting financial information in accordance with U.S. GAAP, the Company provides certain non-GAAP financial measures that are not in accordance with, or alternatives for, GAAP. In addition to the comparable GAAP measures, the Company has disclosed adjusted operating income, adjusted income before income taxes, adjusted net income, adjusted MGP earnings, adjusted EBITDA and adjusted basic and diluted EPS, as well as guidance for adjusted EBITDA and adjusted basic EPS. The presentation of these non-GAAP financial measures should be reviewed in conjunction with operating income, income before income taxes, net income, net income used in earnings per common share calculation, and basic and diluted EPS computed in accordance with U.S. GAAP and should not be considered a substitute for the GAAP measure. We believe that the non-GAAP measures provide useful information to investors regarding the Company's performance and overall results of operations. In addition, management uses these non-GAAP measures in conjunction with GAAP measures when evaluating the Company's operating results compared to prior periods on a consistent basis, assessing financial trends, and for forecasting purposes. Non-GAAP financial measures may not provide information that is directly comparable to other companies, even if similar terms are used to identify such measures. The attached schedules provide a full reconciliation of historical non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure. Full year 2023 guidance measures of adjusted EBITDA and adjusted basic EPS are provided on a non-GAAP basis without a reconciliation to the most directly comparable GAAP measures because the Company is unable to predict with a reasonable degree of certainty certain items contained in the GAAP measures without unreasonable efforts. Such items include without limitation, acquisition related expenses, restructuring and related expenses, and other items not reflective of the Company's ongoing operations.

For More Information

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MGP INGREDIENTS, INC.
OPERATING INCOME ROLLFORWARD
(Dollars in thousands)

Operating income, quarter versus quarter	Operating Income	Change
Operating income for the quarter ended September 30, 2022	\$ 33,864	
Increase in gross profit - Distilling Solutions segment	7,363	22 %
Increase in gross profit - Branded Spirits segment	3,973	12 pp ^(a)
Increase in gross profit - Ingredient Solutions segment	3,064	9 pp
Increase in advertising and promotion expenses	(2,226)	(7) pp
Increase in SG&A expenses	(3,665)	(11) pp
Impairment of long-lived assets and other	(18,334)	(54) pp
Change in fair value of contingent consideration	(4,200)	(12) pp
Operating income for the quarter ended September 30, 2023	\$ 19,839	(41) %

Operating income, year to date versus year to date	Operating Income	Change
Operating income for the year to date ended September 30, 2022	\$ 119,250	
Increase in gross profit - Distilling Solutions segment	10,356	9 %
Increase in gross profit - Ingredient Solutions segment	10,291	9 pp ^(a)
Increase in gross profit - Branded Spirits segment	8,827	7 pp
Increase in advertising and promotion expenses	(7,029)	(6) pp
Increase in SG&A expenses	(13,620)	(11) pp
Impairment of long-lived assets and other	(18,334)	(15) pp
Change in fair value of contingent consideration	(4,200)	(4) pp
Operating income for the year to date ended September 30, 2023	\$ 105,541	(11) %

^(a) Percentage points ("pp").

MGP INGREDIENTS, INC.
EARNINGS PER COMMON SHARE (“EPS”) ROLLFORWARD

Change in EPS, quarter versus quarter

	EPS	Change
Basic EPS for the quarter ended September 30, 2022	\$ 1.07	
Change in operating income ^(b)	(0.48)	(45) %
Change in other income (expense), net ^(b)	0.05	5 pp ^(a)
Change in interest expense, net ^(b)	(0.03)	(3) pp
Change in effective tax rate	(0.02)	(2) pp
Basic EPS for the quarter ended September 30, 2023	\$ 0.59	(45) %
Impact of dilutive shares outstanding	(0.01)	(1) pp
Diluted EPS for the quarter ended September 30, 2023	\$ 0.58	(46) %

Change in EPS, year to date versus year to date

	EPS	Change
Basic EPS for the year to date ended September 30, 2022	\$ 3.91	
Change in operating income ^(b)	(0.47)	(12) %
Change in other income (expense), net ^(b)	0.08	2 pp ^(a)
Change in effective tax rate	(0.08)	(2) pp
Change in weighted average shares outstanding	(0.01)	— pp
Basic EPS for the year to date ended September 30, 2023	\$ 3.43	(12) %
Impact of dilutive shares outstanding	(0.02)	(1) pp
Diluted EPS for the year to date ended September 30, 2023	\$ 3.41	(13) %

(a) Percentage points (“pp”).

(b) Items are net of tax based on the effective tax rate for the base year (2022).

MGP INGREDIENTS, INC.
SALES BY OPERATING SEGMENT
(Dollars in thousands)

DISTILLING SOLUTIONS SALES

	Quarter Ended September 30,		Quarter versus Quarter Sales Change Increase/(Decrease)	
	2023	2022	\$ Change	% Change
	Brown goods	\$ 73,409	\$ 57,423	\$ 15,986
White goods	14,429	20,469	(6,040)	(30)
Premium beverage alcohol	87,838	77,892	9,946	13
Industrial alcohol	9,407	10,761	(1,354)	(13)
Food grade alcohol	97,245	88,653	8,592	10
Fuel grade alcohol	1,509	3,713	(2,204)	(59)
Distillers feed and related co-products	5,746	9,943	(4,197)	(42)
Warehouse services	7,353	6,335	1,018	16
Total Distilling Solutions	\$ 111,853	\$ 108,644	\$ 3,209	3 %

BRANDED SPIRITS SALES

	Quarter Ended September 30,		Quarter versus Quarter Sales Change Increase/(Decrease)	
	2023	2022	\$ Change	% Change
	Ultra premium	\$ 20,107	\$ 13,804	\$ 6,303
Super premium	3,637	3,350	287	9
Premium	7,099	6,013	1,086	18
Premium plus	30,843	23,167	7,676	33
Mid	17,650	20,834	(3,184)	(15)
Value	11,049	12,097	(1,048)	(9)
Other	7,277	6,663	614	9
Total Branded Spirits	\$ 66,819	\$ 62,761	\$ 4,058	6 %

INGREDIENT SOLUTIONS SALES

	Quarter Ended September 30,		Quarter versus Quarter Sales Change Increase / (Decrease)	
	2023	2022	\$ Change	% Change
	Specialty wheat starches	\$ 17,196	\$ 16,241	\$ 955
Specialty wheat proteins	11,440	9,697	1,743	18
Commodity wheat starches	4,226	3,803	423	11
Commodity wheat proteins	90	—	90	N/A
Total Ingredient Solutions	\$ 32,952	\$ 29,741	\$ 3,211	11 %

MGP INGREDIENTS, INC.
SALES BY OPERATING SEGMENT

DISTILLING SOLUTIONS SALES

	Year to Date Ended September 30,		Year to Date versus Year to Date Sales Change Increase/(Decrease)	
	2023	2022	\$ Change	% Change
	Brown goods	\$ 214,857	\$ 175,899	\$ 38,958
White goods	47,199	57,996	(10,797)	(19)
Premium beverage alcohol	262,056	233,895	28,161	12
Industrial alcohol	29,911	35,141	(5,230)	(15)
Food grade alcohol	291,967	269,036	22,931	9
Fuel grade alcohol	5,963	10,307	(4,344)	(42)
Distillers feed and related co-products	23,053	30,127	(7,074)	(23)
Warehouse services	20,958	17,821	3,137	18
Total Distilling Solutions	\$ 341,941	\$ 327,291	\$ 14,650	4 %

BRANDED SPIRITS SALES

	Year to Date Ended September 30,		Year to Date versus Year to Date Sales Change Increase/(Decrease)	
	2023	2022	\$ Change	% Change
	Ultra premium	\$ 43,594	\$ 35,836	\$ 7,758
Super premium	9,614	9,522	92	1
Premium	20,144	17,928	2,216	12
Premium plus	73,352	63,286	10,066	16
Mid	55,575	63,408	(7,833)	(12)
Value	36,048	36,304	(256)	(1)
Other	16,343	14,080	2,263	16
Total Branded Spirits	\$ 181,318	\$ 177,078	\$ 4,240	2 %

INGREDIENT SOLUTIONS SALES

	Year to Date Ended September 30,		Year to Date versus Year to Date Sales Change Increase/(Decrease)	
	2023	2022	\$ Change	% Change
	Specialty wheat starches	\$ 48,977	\$ 47,445	\$ 1,532
Specialty wheat proteins	35,918	29,225	6,693	23
Commodity wheat starches	12,870	10,286	2,584	25
Commodity wheat proteins	611	38	573	1,508
Total Ingredient Solutions	\$ 98,376	\$ 86,994	\$ 11,382	13 %

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

	Quarter Ended September 30,		Year to Date Ended September 30,	
	2023	2022	2023	2022
Sales	\$ 211,624	\$ 201,146	\$ 621,635	\$ 591,363
Cost of sales	138,176	142,098	402,068	401,270
Gross profit	73,448	59,048	219,567	190,093
Advertising and promotion expenses	9,505	7,279	25,877	18,848
Selling, general, and administrative expenses	21,570	17,905	65,615	51,995
Impairment of long-lived assets and other	18,334	—	18,334	—
Change in fair value of contingent consideration	4,200	—	4,200	—
Operating income	19,839	33,864	105,541	119,250
Interest expense, net	(2,353)	(1,350)	(4,630)	(4,491)
Other income (expense), net	(25)	(1,353)	5	(2,361)
Income before income taxes	17,461	31,161	100,916	112,398
Income tax expense	4,373	7,533	24,832	26,037
Net income	13,088	23,628	76,084	86,361
Net loss attributable to noncontrolling interest	123	180	324	444
Net income attributable to MGP Ingredients, Inc.	13,211	23,808	76,408	86,805
Income attributable to participating securities	(129)	(188)	(760)	(688)
Net income used in earnings per common share calculation	\$ 13,082	\$ 23,620	\$ 75,648	\$ 86,117
Weighted average common shares				
Basic	22,066,159	22,008,381	22,056,270	22,000,026
Diluted	22,381,516	22,228,814	22,207,031	22,000,026
Earnings per common share				
Basic	\$ 0.59	\$ 1.07	\$ 3.43	\$ 3.91
Diluted	\$ 0.58	\$ 1.06	\$ 3.41	\$ 3.91

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

	September 30, 2023	December 31, 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 28,030	\$ 47,889
Receivables, net	126,692	109,267
Inventory	342,401	289,722
Prepaid expenses	4,600	2,957
Refundable income taxes	2,193	4,327
Total Current Assets	503,916	454,162
Property, plant, and equipment	465,746	450,800
Less accumulated depreciation and amortization	(222,497)	(215,168)
Property, Plant, and Equipment, net	243,249	235,632
Operating lease right-of-use assets, net	15,551	15,042
Investment in joint ventures	5,343	5,534
Intangible assets, net	272,520	216,768
Goodwill	321,544	226,294
Other assets	4,242	4,779
TOTAL ASSETS	\$ 1,366,365	\$ 1,158,211
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 6,400	\$ 5,600
Accounts payable	54,403	66,432
Federal and state excise taxes payable	2,719	4,627
Accrued expenses and other	26,586	28,716
Total Current Liabilities	90,108	105,375
Long-term debt, less current maturities	114,812	29,510
Convertible senior notes	195,465	195,225
Long-term operating lease liabilities	12,606	11,622
Contingent consideration	66,300	—
Other noncurrent liabilities	3,888	3,723
Deferred income taxes	65,000	67,112
Total Liabilities	548,179	412,567
Total equity	818,186	745,644
TOTAL LIABILITIES AND TOTAL EQUITY	\$ 1,366,365	\$ 1,158,211

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

	Year to Date Ended September 30,	
	2023	2022
Cash Flows from Operating Activities		
Net income	\$ 76,084	\$ 86,361
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,272	16,257
Impairment of long-lived assets and other	18,334	—
Share-based compensation	5,651	3,086
Equity method investment loss	191	1,036
Deferred income taxes, including change in valuation allowance	(2,112)	(302)
Change in fair value of contingent consideration	4,200	—
Other, net	376	426
Changes in operating assets and liabilities, net of effects of acquisition:		
Receivables, net	(14,980)	(15,582)
Inventory	(42,015)	(30,599)
Prepaid expenses	(1,517)	1,165
Income taxes payable (refundable)	2,134	(1,006)
Accounts payable	(10,069)	12,613
Accrued expenses and other	(2,471)	1,220
Federal and state excise taxes payable	(1,908)	(2,279)
Other, net	435	(143)
Net cash provided by operating activities	48,605	72,253
Cash Flows from Investing Activities		
Additions to property, plant, and equipment	(42,062)	(29,217)
Purchase of business, net of cash acquired	(103,712)	—
Contributions to equity method investment	—	(2,232)
Other, net	(916)	(315)
Net cash used in investing activities	(146,690)	(31,764)
Cash Flows from Financing Activities		
Payment of dividends and dividend equivalents	(8,006)	(7,984)
Purchase of treasury stock	(801)	(714)
Proceeds from long-term debt	105,000	—
Principal payments on long-term debt	(18,000)	(2,603)
Net cash provided by (used in) financing activities	78,193	(11,301)
Effect of exchange rate changes on cash and cash equivalents	33	(82)
Increase (decrease) in cash and cash equivalents	(19,859)	29,106
Cash and cash equivalents, beginning of period	47,889	21,568
Cash and cash equivalents, end of period	\$ 28,030	\$ 50,674

MGP INGREDIENTS, INC.
RECONCILIATION OF SELECTED GAAP MEASURES TO ADJUSTED NON-GAAP MEASURES (UNAUDITED)
(in thousands)

	Quarter Ended September 30, 2023					
	Operating Income	Income before Income Taxes	Net Income ^(b)	MGP Earnings ^(a)	Basic EPS	Diluted EPS
Reported GAAP Results	\$ 19,839	\$ 17,461	\$ 13,088	\$ 13,082	\$ 0.59	\$ 0.58
Adjusted to remove:						
Impairment of long-lived assets and other ^(c)	18,334	18,334	13,750	13,750	0.62	0.61
Fair value of contingent consideration ^(d)	4,200	4,200	3,150	3,150	0.14	0.14
Business acquisition costs ^(e)	314	314	235	235	0.01	0.01
Adjusted Non-GAAP results	<u>\$ 42,687</u>	<u>\$ 40,309</u>	<u>\$ 30,223</u>	<u>\$ 30,217</u>	<u>\$ 1.36</u>	<u>\$ 1.34</u>
	Quarter Ended September 30, 2022					
	Operating Income	Income before Income Taxes	Net Income	MGP Earnings ^(a)	Basic EPS	Diluted EPS
Reported GAAP Results	\$ 33,864	\$ 31,161	\$ 23,628	\$ 23,620	\$ 1.07	\$ 1.06
Adjusted to remove:						
No adjustments for the period	—	—	—	—	—	—
Adjusted Non-GAAP results	<u>\$ 33,864</u>	<u>\$ 31,161</u>	<u>\$ 23,628</u>	<u>\$ 23,620</u>	<u>\$ 1.07</u>	<u>\$ 1.06</u>
	Year to Date Ended September 30, 2023					
	Operating Income	Income before Income Taxes	Net Income ^(b)	MGP Earnings ^(a)	Basic EPS	Diluted EPS
Reported GAAP Results	\$ 105,541	\$ 100,916	\$ 76,084	\$ 75,648	\$ 3.43	\$ 3.41
Adjusted to remove:						
Impairment of long-lived assets and other ^(c)	18,334	18,334	13,824	13,824	0.63	0.62
Fair value of contingent consideration ^(d)	4,200	4,200	3,167	3,167	0.14	0.14
Business acquisition costs ^(e)	1,814	1,814	1,368	1,368	0.06	0.06
Adjusted Non-GAAP results	<u>\$ 129,889</u>	<u>\$ 125,264</u>	<u>\$ 94,443</u>	<u>\$ 94,007</u>	<u>\$ 4.26</u>	<u>\$ 4.23</u>
	Year to Date Ended September 30, 2022					
	Operating Income	Income before Income Taxes	Net Income	MGP Earnings ^(a)	Basic and Diluted EPS	
Reported GAAP Results	\$ 119,250	\$ 112,398	\$ 86,361	\$ 86,117	\$ 3.91	
Adjusted to remove:						
No adjustments for the period	—	—	—	—	—	—
Adjusted Non-GAAP results	<u>\$ 119,250</u>	<u>\$ 112,398</u>	<u>\$ 86,361</u>	<u>\$ 86,117</u>	<u>\$ 3.91</u>	

- (a) MGP Earnings is defined as "Net income used in Earnings Per Common Share calculation."
(b) The tax rate used for non-GAAP items for the quarter and year to date ended September 30, 2023 was 25.0% and 24.6%, respectively.
(c) The impairment of long-lived assets and other relates to the planned closure of the Atchison Distillery, which included \$17,112 of impairment of assets as well as \$1,222 of expenses related to severance costs, contract termination fees, and consulting fees. Impairment of long-lived assets and other are included in the Consolidated Statement of Income as a component of operating income and relates to the Distilling Solutions segment.
(d) Fair value of contingent consideration relates to the quarterly adjustment of the contingent consideration related to the acquisition of Penelope Bourbon LLC. It is included in the Consolidated Statement of Income as a component of operating income and relates to the Branded Spirits segment.
(e) Business acquisition costs are included in the Consolidated Statement of Income within the selling, general, and administrative line item and include transaction and integration costs associated with the acquisition of Penelope Bourbon LLC.

MGP INGREDIENTS, INC.
RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA (UNAUDITED)
(in thousands)

	Quarter Ended September 30,		Year to Date Ended September 30,	
	2023	2022	2023	2022
Net Income	\$ 13,088	\$ 23,628	\$ 76,084	\$ 86,361
Interest expense	2,353	1,350	4,630	4,491
Income tax expense	4,373	7,533	24,832	26,037
Depreciation and amortization	5,782	5,333	16,272	16,257
Equity method investment loss (income)	(388)	856	191	1,036
Impairment of long-lived assets and other	18,334	—	18,334	—
Fair value of contingent consideration	4,200	—	4,200	—
Business acquisition costs	314	—	1,814	—
Adjusted EBITDA	\$ 48,056	\$ 38,700	\$ 146,357	\$ 134,182

The non-GAAP adjusted EBITDA measure is defined as earnings before interest expense, income tax expense, depreciation and amortization, equity method investment loss (income), impairment of long-lived assets and other, fair value of contingent consideration, and business acquisition costs. See "Reconciliation of selected GAAP measure to adjusted non-GAAP measures" for further details.

MGP INGREDIENTS, INC.
DILUTIVE SHARES OUTSTANDING CALCULATION (UNAUDITED)

	Quarter Ended September 30,		Year to Date Ended September 30,	
	2023	2022	2023	2022
Principal amount of the bonds	\$ 201,250,000	\$ 201,250,000	\$ 201,250,000	\$ 201,250,000
Par value	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Number of bonds outstanding (a)	201,250	201,250	201,250	201,250
Initial conversion rate	10.3911	10.3911	10.3911	10.3911
Conversion price	\$ 96.23620	\$ 96.23620	\$ 96.23620	\$ 96.23620
Average share price (b)	\$ 113.32587	\$ 107.44873	\$ 103.71316	\$ 94.08909
Impact of conversion (c)	\$ 236,988,065	\$ 224,697,738	\$ 216,885,881	\$ —
Cash paid for principal	(201,250,000)	(201,250,000)	(201,250,000)	(201,250,000)
Conversion premium	\$ 35,738,065	\$ 23,447,738	\$ 15,635,881	\$ —
Average share price	\$ 113.32587	\$ 107.44873	\$ 103.71316	\$ 94.08909
Conversion premium in shares (d) (e)	315,357	218,223	150,761	—

- (a) Number of bonds outstanding is calculated by taking the principal amount of the bonds divided by the par value.
- (b) Average share price is calculated by taking the average of the daily closing share price for the period. If the average share price is less than the conversion price of \$96.23620 per share, the impact to EPS is anti-dilutive and therefore the shares were excluded from the diluted EPS calculation.
- (c) Impact of conversion is calculated by taking the number of bonds outstanding multiplied by the initial conversion rate multiplied by the average share price. If the average share price is less than the conversion price then the impact of conversion is zero.
- (d) The impacts of the Convertible Senior Notes were included in the diluted weighted average common shares outstanding if the impact was dilutive. The Convertible Senior Notes would only have a dilutive impact if the average market price per share during the quarter and year to date period exceeds the conversion price of \$96.23620 per share.
- (e) Conversion premium in shares is calculated by taking the conversion premium divided by the average share price. If the average share price is less than the conversion price, then the conversion premium in shares is zero.

MGP INGREDIENTS, INC.**Purchase Accounting - Summary of Preliminary Fair Value Step Up**

(UNAUDITED)

(in thousands)

The acquisition of Penelope Bourbon LLC, which closed on June 1, 2023, was accounted for as a business combination in accordance with Accounting Standard Codification 805, Business Combinations, and as such, assets acquired, liabilities assumed, and consideration transferred were recorded at their estimated fair values on the acquisition date. The fair value of the assets and liabilities are based upon a preliminary assessment of fair value and may change as valuations for certain tangible assets, intangible assets, and contingent liabilities are finalized and the associated income tax impacts are determined. The Company expects to finalize the purchase price allocation as soon as practicable, but no longer than one year from the acquisition date. The table below reflects the summary for distributor relationships preliminary purchase price accounting step up to fair value, the related amortization period, and the Income Statement caption within which the adjustment is included.

	Step Up Value	Amortization Period	Income Statement Caption	Income Statement Impact	
				Quarter Ended September 30, 2023	Year to Date Ended September 30, 2023
Definite-lived intangible asset - Distributor relationships	\$ 23,700	20 years	SG&A	\$ 303	\$ 395

MGP INGREDIENTS, INC.
Impact of the Planned Closure of the Atchison Distillery
Segment Operating Results and Pro-Forma Results
Year to Date Ended September 30, 2023
(UNAUDITED) (in thousands)

Distilling Solutions				
	Year to Date Ended September 30, 2023		Increase/(Decrease)	
	As Reported ^(a)	Pro-Forma ^(b)	\$ Change	% Change
Brown Goods	\$ 214,857	\$ 214,857	\$ —	— %
White Goods	47,199	11,378	(35,821)	(76)
Premium beverage alcohol	262,056	226,235	(35,821)	(14)
Industrial alcohol	29,911	—	(29,911)	(100)
Food grade alcohol	291,967	226,235	(65,732)	(23)
Fuel grade alcohol	5,963	16	(5,947)	(100)
Distillers feed and related co-products	23,053	7,749	(15,304)	(66)
Warehouse services	20,958	20,958	—	—
Total Sales	\$ 341,941	\$ 254,958	\$ (86,983)	(25) %
Gross profit	\$ 104,986	\$ 112,547	\$ 7,561	7 %
Gross margin %	30.7 %	44.1 %		13.4 pp^(c)
Ingredient Solutions				
	Year to Date Ended September 30, 2023		Increase/(Decrease)	
	As Reported ^(a)	Pro-Forma ^(b)	\$ Change	% Change
Specialty wheat starches	\$ 48,977	\$ 48,977	\$ —	— %
Specialty wheat proteins	35,918	35,918	—	—
Commodity wheat starches	12,870	12,870	—	—
Commodity wheat proteins	611	611	—	—
Total Sales	\$ 98,376	\$ 98,376	\$ —	— %
Gross profit	\$ 34,945	\$ 29,812	\$ (5,133) ^(d)	(15) %
Gross margin %	35.5 %	30.3 %		(5.2) pp^(c)
Consolidated				
	Year to Date Ended September 30, 2023		Increase/(Decrease)	
	As Reported ^(a)	Pro-Forma ^(b)	\$ Change	% Change
Sales	\$ 621,635	\$ 534,652	\$ (86,983)	(14) %
Gross profit	\$ 219,567	\$ 221,995	\$ 2,428	1 %
Gross margin %	35.3 %	41.5 %		6.2 pp^(c)

(a) Represents actual results of the Company for the year to date ended September 30, 2023, as reported in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023.

(b) Represents the Company's results for the year to date ended September 30, 2023 excluding results associated with the Company's Atchison, Kansas distillery. These are pro-forma unaudited financial results and are preliminary. In some circumstances, white goods, industrial alcohol, fuel grade alcohol, and at times certain co-products are produced at the Company's Lawrenceburg, Indiana distillery. The pro-forma financial results assume the loss of the waste starch slurry credit and no gain or loss on the disposal. The results of the Branded Spirits segment for the year to date ended September 30, 2023 would not have been impacted by a closure of the Atchison, Kansas distillery.

(c) Percentage points ("pp").

(d) The reduction in gross profit for the Ingredient Solutions segment is the result of increased cost of goods sold from no longer receiving an intercompany credit for the waste starch slurry by-product purchased by the adjoined Atchison, Kansas distillery. The value of the intercompany credit is derived from the value of corn which has fluctuated over time.

MGP INGREDIENTS, INC.
Impact of the Planned Closure of the Atchison Distillery
Segment Operating Results and Pro-Forma Results
Year Ended December 31, 2022
(UNAUDITED) (in thousands)

	Distilling Solutions			
	Year Ended December 31, 2022		Increase/(Decrease)	
	As Reported ^(a)	Pro-Forma ^(b)	\$ Change	% Change
Brown Goods	\$ 229,523	\$ 229,523	\$ —	— %
White Goods	74,510	24,110	(50,400)	(68)
Premium beverage alcohol	304,033	253,633	(50,400)	(17)
Industrial alcohol	46,812	907	(45,905)	(98)
Food grade alcohol	350,845	254,540	(96,305)	(27)
Fuel grade alcohol	13,681	41	(13,640)	(100)
Distillers feed and related co-products	40,354	9,477	(30,877)	(77)
Warehouse services	23,598	23,598	—	—
Total Sales	\$ 428,478	\$ 287,656	\$ (140,822)	(33) %
Gross profit	\$ 126,282	\$ 132,388	\$ 6,106	5 %
Gross margin %	29.5 %	46.0 %		16.5 pp^(c)

	Ingredient Solutions			
	Year Ended December 31, 2022		Increase/(Decrease)	
	As Reported ^(a)	Pro-Forma ^(b)	\$ Change	% Change
Specialty wheat starches	\$ 62,567	\$ 62,567	\$ —	— %
Specialty wheat proteins	39,313	39,313	—	—
Commodity wheat starches	14,023	14,023	—	—
Commodity wheat proteins	38	38	—	—
Total Sales	\$ 115,941	\$ 115,941	\$ —	— %
Gross profit	\$ 31,503	\$ 26,017	\$ (5,486) ^(d)	(17) %
Gross margin %	27.2 %	22.4 %		(4.8) pp^(c)

	Consolidated			
	Year Ended December 31, 2022		Increase/(Decrease)	
	As Reported ^(a)	Pro-Forma ^(b)	\$ Change	% Change
Sales	\$ 782,358	\$ 641,536	\$ (140,822)	(18) %
Gross profit	\$ 253,306	\$ 253,926	\$ 620	— %
Gross margin %	32.4 %	39.6 %		7.2 pp^(c)

(a) Represents actual results of the Company for the year ended December 31, 2022, as reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

(b) Represents the Company's results for the year ended December 31, 2022 excluding results associated with the Company's Atchison, Kansas distillery. These are pro-forma unaudited financial results and are preliminary. In some circumstances, white goods, industrial alcohol, fuel grade alcohol, and at times certain co-products are produced at the Company's Lawrenceburg, Indiana distillery. The pro-forma financial results assume the loss of the waste starch slurry credit and no gain or loss on the disposal. The results of the Branded Spirits segment for the year ended December 31, 2022 would not have been impacted by a closure of the Atchison, Kansas distillery.

(c) Percentage points ("pp").

(d) The reduction in gross profit for the Ingredient Solutions segment is the result of increased cost of goods sold from no longer receiving an intercompany credit for the waste starch slurry by-product purchased by the adjoined Atchison, Kansas distillery. The value of the intercompany credit is derived from the value of corn which has fluctuated over time.



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NEWS RELEASE

MGP INGREDIENTS ANNOUNCES CEO RETIREMENT AND SUCCESSION PLAN

David Colo to retire at year end;

David Bratcher promoted to CEO and President as of January 1, 2024

ATCHISON, Kan., November 2, 2023 - MGP Ingredients, Inc. (Nasdaq: MGPI), a leading provider of distilled spirits, branded spirits, and food ingredient solutions, announced today that David Colo will retire from his role as Chief Executive Officer and President of MGP, effective December 31, 2023. The Board of Directors has elected David Bratcher, MGP's Chief Operating Officer and President of Branded Spirits, as its next Chief Executive Officer and President, effective January 1, 2024. Mr. Colo will remain with MGP through April 2024, serving in an advisory role to facilitate a smooth transition.

Mr. Colo will also resign from the Board of Directors effective December 31, 2023, and the Board has nominated Mr. Bratcher for election as a Class B director effective January 1, 2024, subject to preferred stockholder approval.

Colo and Bratcher have worked closely together for more than two years since the successful merger and integration of MGP with branded spirits company Luxco, Inc. Since becoming the CEO and President of MGP in May 2020, Colo has led the Company through consistent growth and record results, while also establishing a strong foundation for future sustainable growth. Bratcher's appointment is a reflection of the Company's deliberate succession planning.

Bratcher is a longtime beverage alcohol industry veteran and executive. He joined MGP following the Company's April 2021 merger with Luxco, Inc. and since then has served as COO and President of Branded Spirits, roles in which he has worked hand in hand with Colo and the rest of the MGP management team to manage the overall MGP business, as well as directly overseeing the Company's extensive and award-winning branded spirits portfolio. Prior to the 2021 Luxco merger, Bratcher served in several leadership roles at Luxco since 1998, including serving as Luxco's President since 2013. Before joining Luxco, Bratcher served in financial and operational roles for a number of consumer product companies, including international spirits company Allied Domecq, the second-largest spirits company in the world at the time.

"It has been a privilege to work with the Board of MGP and a talented and passionate group of employees throughout the Company, altogether who have achieved significant results in a number of areas the past few years," said David Colo, president and CEO of MGP Ingredients. "I have worked closely with David Bratcher during the past couple of years and we are fortunate to have such a talented and capable leader to be the next CEO of MGP."

Karen Seaberg, Chairman of the Board of MGP, expressed thanks for Colo's leadership. "On behalf of the Board of Directors, our employees, and MGP's stockholders, I express my deep gratitude to David for his success in leading the Company as well as for his service as an MGP Board member since 2015."

"As we prepared for Colo's retirement, the Board unanimously agreed that David Bratcher was well suited to lead MGP," continued Seaberg. "Our deliberate succession planning process has enabled us to ensure a seamless transition. The Board is confident that David's leadership will positively impact our employees, customers, and stockholders into the future."

"The time I have spent with David over the last couple of years has been an invaluable experience for me. What David, the MGP Board, and all the employees have accomplished during his tenure is nothing short of impressive," said David Bratcher. "I am extremely grateful to become MGP's next CEO and look forward to working with the MGP Board and all our employees in challenging ourselves to continue moving the business forward."

About MGP Ingredients, Inc.

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

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

MGP's branded spirits portfolio covers a wide spectrum of brands in every segment, including iconic brands from Luxco, which was founded in 1958 by the Lux Family. Luxco is a leading producer, supplier, importer, and bottler of beverage alcohol products. Our branded spirits mission is to meet the needs and exceed the expectations of consumers, associates, and business partners. Luxco's award-winning spirits portfolio includes well-known brands from four distilleries: Bardstown, Kentucky-based Lux Row Distillers, home of Ezra Brooks, Rebel, Blood Oath, David Nicholson and Daviess County; Lebanon, Kentucky-based Limestone Branch Distillery, maker of Yellowstone Kentucky Straight Bourbon Whiskey, Minor Case Straight Rye Whiskey and Bowling & Burch Gin; Jalisco, Mexico-based Destiladora González Lux, producer of 100% agave tequilas, El Mayor, Exotico and Dos Primos; and the historic Ross & Squibb Distillery in Lawrenceburg, Indiana, where Penelope Bourbon, Remus Straight Bourbon Whiskey and Rossville Union Straight Rye Whiskey are produced. The innovative and high-quality brand portfolio also includes Everclear Grain Alcohol, Pearl Vodka, Green Hat Gin, Saint Brendan's Irish Cream, The Quiet Man Irish Whiskey, and other well-recognized brands.

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

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

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