Forward Looking Statements

This presentation contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things, future operating and financial performance, product development, market position, business strategy and objectives. These statements use words, and variations of words, such as “will,” “expect,” “next,” “project,” “potential,” “continue,” “expand,” and “grow.” Other examples of forward looking statements may include, but are not limited to, (i) projections of revenues, income or loss, earnings or losses per share, capital expenditures, dividends, capital structure and other financial items, (ii) statements of Company plans and objectives, including the introduction of new products, or estimates or predictions of actions by customers, suppliers, competitors or regulatory authorities, (iii) statements of future economic performance, and (iv) statements of assumptions underlying other statements and statements about Lifeway or its business. You are cautioned not to rely on these forward-looking statements. These statements are based on current expectations of future events and thus are inherently subject to uncertainty. If underlying assumptions prove inaccurate or known or unknown risks or uncertainties materialize, actual results could vary materially from the expectations and projections of Lifeway Foods, Inc. (“Lifeway” or the “Company”). These risks, uncertainties, and other factors include: price competition; the decisions of customers or consumers; the actions of competitors; changes in the pricing of commodities; the effects of government regulation; possible delays in the introduction of new products; and customer acceptance of products and services. A further list and description of these risks, uncertainties, and other factors can be found in Lifeway’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, and the Company’s subsequent filings with the SEC. Copies of these filings are available online at https://www.sec.gov, http://lifewaykefir.com/investor-relations/, or on request from Lifeway. Information in this presentation is as of the dates and time periods indicated therein, and Lifeway does not undertake to update any of the information contained in these materials. Accordingly, YOU SHOULD NOT RELY ON THE ACCURACY OF ANY OF THE STATEMENTS OR OTHER INFORMATION CONTAINED IN ANY ARCHIVED PRESENTATIONS.

This presentation is the property of Lifeway. Any redistribution or publication of this presentation in any form without the express written consent of Lifeway is strictly prohibited.
Agenda

• About Lifeway
• Recent Highlights
• Strategy for Growth
• Kefir, Health & Wellness Category Growth
• New Product Innovation
• Financial Highlights
• Investment Summary
About Lifeway

Lifeway's primary product is drinkable kefir, a fermented dairy product.

Lifeway is the largest producer and marketer of kefir in the U.S. and an important player in other probiotic-based, “better for you” products.

May 16, 2016 marked Lifeway’s 30th Anniversary!

- Market Cap: $152 Million
- Founded: 1986
- Employees: 370
- Headquarters: Morton Grove, IL
- 2015 Net Sales: $119 Million
What is Kefir?

• Kefir is a live and active cultured dairy beverage with a tart and tangy taste and creamy consistency.

• Kefir is high in protein, calcium and vitamin D, and low in calories.

• Lifeway incorporates a unique blend of probiotic kefir cultures in the fermentation process.

• These probiotics are live microorganisms ("good bacteria") that provide benefits such as supporting immunity and a healthy digestive system.
<table>
<thead>
<tr>
<th>Kefir</th>
<th>Organic Kefir</th>
<th>Probugs</th>
<th>Frozen Kefir</th>
<th>BioKefir</th>
<th>Cheese</th>
</tr>
</thead>
</table>

Our Products
We’re here to provide the best in probiotic and nutritious foods while keeping the world a better place than we found it.

- All-Natural & GMO Free Ingredients
- Philanthropy
- Environmental Responsibility
- Farming Sustainability
## Experienced Management Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Julie Smolyansky</td>
<td>Chief Executive Officer &amp; President</td>
<td></td>
</tr>
<tr>
<td>Ed Smolyansky</td>
<td>Chief Operating Officer, Treasurer and Secretary</td>
<td></td>
</tr>
<tr>
<td>John Waldron</td>
<td>Chief Financial Officer</td>
<td></td>
</tr>
<tr>
<td>Jennifer Reilly</td>
<td>Senior Executive Vice President of Sales</td>
<td></td>
</tr>
</tbody>
</table>
Recent Highlights

- Increased distribution of our recently launched Protein Kefir
- Continued partnership with select retailers to launch private label kefir
- Added new varieties of Whole Milk Kefir

“Whole milk dairy products are on the rise, thanks to studies showing that a little added fat might actually be good for you. Consumers are demanding more minimally processed “whole” foods, and the market is going to respond.”**


**Dairy Foods Magazine, April 2016

Global demand for protein at an all time high: US sales of protein labeled food rose almost $8 billion last year, 50% gain over the last 4 years.*
Recent Highlights

- Increased advertising & marketing investment spend to support Lifeway ProBugs
- New 8-week ProBugs commercial program launched May 2\textsuperscript{nd}
- In-store demos in \~500 Walmart stores the weeks of May 6\textsuperscript{th} and May 13\textsuperscript{th}
Recent Highlights

Carli Lloyd
New Lifeway Brand Ambassador

• 2015 FIFA Women’s World Cup Champion
• Two-time Olympic Gold Medal Winner
• Lloyd to be featured in events surrounding the 2016 Summer Olympics in Rio
• Additionally, Lloyd will appear at a series of Lifeway sponsored events and be featured product packaging.
• Lloyd will also share her experiences with Lifeway on social media, where she has more than 630,000 Facebook and 670,000 Instagram followers.
Strategy for Growth

LIFEWAY IS THE #1 KEFIR BRAND IN THE UNITED STATES

- Expand distribution across new and existing retailers and channels within the U.S. and Internationally
- Drive brand awareness and promote consumer understanding of probiotics
- Continue innovative new product development

Source: Lifeway analysis / IRI Total US Foods 24-week data for the period ending 4/17/2016
Category Leader Positioned for Growth

LIFEWAY PRODUCTS DOMINATE THE KEFIR CATEGORY WITH ~90% OF SALES

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$59 Million</td>
</tr>
<tr>
<td>2015</td>
<td>$120 Million</td>
</tr>
</tbody>
</table>

Lifeway ~90% Share of Kefir Category

Lifeway continues to deliver a full assortment of products for adults, teens and kids

Source: Lifeway analysis / IRI Total US Foods 24-week data for the period ending 4/17/2016
45% of Americans today consider themselves very or somewhat knowledgeable about the **benefits of probiotics on digestive health**

60% Americans say they **make food purchase decisions driven by health concerns**

20% of US consumers say they **incorporate probiotics in their diet regularly**

Source: www.naturalproductsinsider.com
Trends in Healthy Living: Probiotics

- **Probiotics can:**
  - Help combat stress, anxiety, and improve overall mood
  - Improve the moods of patients with chronic fatigue syndrome, as well as IBS

- Medical professionals and researchers are devoting more attention to probiotics

- Research now shows bacteria’s important role in the gut/brain connection

Distribution Opportunities

Broad & Growing Distribution Across All Formats & Channels
Expanding our distribution today and tapping into new opportunities

Large Format
Conventional & Natural

Small Format
Drug Stores & C-Stores

Food Service
Lodging, Business & QSR
Online Opportunities

International Opportunities

May 2013 → Launch of Lifeway Frozen Kefir in U.K.
July 2014 → Lifeway Kefir Launched in 1,000+ Stores Across Canada
June 2015 → Lifeway Kefir Launch in Mexico at Target and Wal-Mart
New Product Innovation
Frozen Kefir Retail Concept

Lifeway Culture Shoppe & Freshii Partnership

• Fresh, fast, nutritious foods concept rapidly increasing in store count, including Target locations

• Expanding soft serve kefir audience and introducing Lifeway products to Freshii customers

• Soft serve frozen kefir now being sold under the Lifeway name in over 40 Freshii locations across four states
New Kiosk Concept In PRIDE Filling Stations Throughout Chicagoland

Lifeway
CULTURE SHOPPE

&

The
PRIDE

Lifeway
MAKING KEFIR SINCE 1986
Recent News

From Kefir to ‘Cucamelons,’ Sampling the Next Wave of Natural Foods

By STEPHANIE STROM | MARCH 18, 2016

The Health Benefits of Kefir Milk

What it is, why it's good for you, and how you can add this superfood to your diet now

By Keri Gans | Mar 24, 2016

Topics: superfoods, nutrition facts

Can Cynthia Rowley Make Kefir Sexy?

Why the fashion designer created new labels for Lifeway Foods's fermented milk drink to coincide with her new line of athletic wear.
Financial Highlights
Financial Highlights

Historical Net Sales Growth

2010-2015 CAGR: 15%

2010: $59
2011: $70
2012: $81
2013: $98
2014: $119
2015: $119
1Q'15: $30
1Q'16: $33

Yearly growth rate:
- 2010-2015: 15%
- 2015-2016: 10%

Lifeway
MAKING KEFIR SINCE 1986
### Lifeway Foods, Inc.
#### Consolidated Income Statement

<table>
<thead>
<tr>
<th></th>
<th>Quarter Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March 31,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Net Sales</td>
<td>$32,570</td>
<td>$29,622</td>
</tr>
<tr>
<td>Gross profit</td>
<td>8,588</td>
<td>8,383</td>
</tr>
<tr>
<td>Income from operations</td>
<td>1,112</td>
<td>1,410</td>
</tr>
<tr>
<td>Net income</td>
<td>$648</td>
<td>$654</td>
</tr>
<tr>
<td>Diluted earnings per common share</td>
<td>$0.04</td>
<td>$0.04</td>
</tr>
</tbody>
</table>
Investment Highlights

✓ Lifeway: A leading brand that defines the kefir category ... ripe for extension!

✓ Solid history of top line growth with a forward focus
   - Opportunity to accelerate core growth through existing distribution
   - Introduction of kefir to new sales channels and geographies

✓ Compelling product innovation within the kefir category and SKU expansion outside of the dairy aisle

✓ Recent investments in people and infrastructure position us well with a scalable platform to exploit category growth ... and more!

✓ Authentic and experienced management team