

Celebrating 30 Years!

Lifeway®



Lifeway Foods, Inc.

June 2016

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.

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Agenda

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

About Lifeway

Lifeway[®]

LWAY
NASDAQ[®] LISTED

- 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



2014 • 2013 • 2012

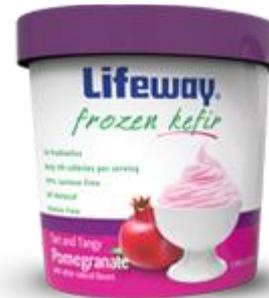
About Lifeway

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.



Our Products



Kefir

Organic
Kefir

Probugs

Frozen
Kefir

BioKefir

Cheese

The Lifeway Mission

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

Name	Title	Experience
Julie Smolyansky	Chief Executive Officer & President	
Ed Smolyansky	Chief Operating Officer, Treasurer and Secretary	
John Waldron	Chief Financial Officer	  
Jennifer Reilly	Senior Executive Vice President of Sales	 

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."***

*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 2nd
- In-store demos in ~500 Walmart stores the weeks of May 6th and May 13th



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

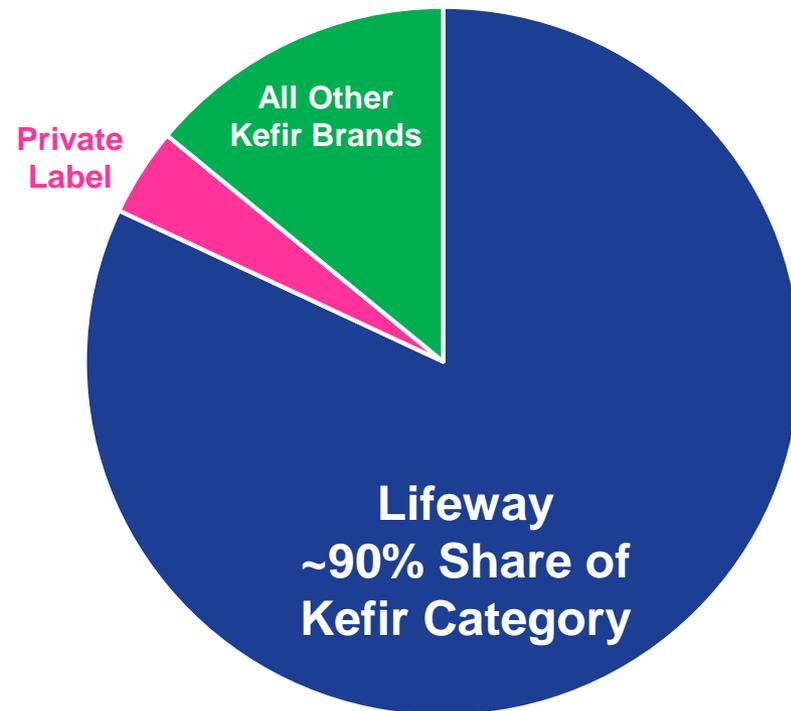
Category Leader Positioned for Growth

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

2010
\$59 Million Kefir Category Sales



2015
\$120 Million Kefir Category Sales



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

Trends in Healthy Living: Probiotics



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**

Trends in Healthy Living: Probiotics

9 REASONS TO DRINK KEFIR

PROBIOTICS
Probiotics are healthy, beneficial microorganisms such as bacteria or yeast that are found in the digestive tract.

IMMUNITY
The probiotics in kefir support a healthy gut, where 70-80% of the cells that make up the immune system are located.

HEALTHY WEIGHT
The probiotics in kefir increase satiety and reduce hunger cravings throughout the day.

SKIN
Kefir contains Alpha Hydroxy Acid (AHA) in the form of lactic acid, a popular skin care product ingredient.

DIGESTION
The live and active probiotic cultures like those found in kefir may help support digestion.

PROTEIN
As a serving of Lifeway lowfat kefir contains 11 grams of natural protein.

LACTOSE DIGESTION
Kefir's probiotic cultures break down milk sugars, which supports lactose digestion.

MOOD
Kefir is loaded with tryptophan, the amino acid that helps raise the levels of serotonin in your brain.

BONE DENSITY
A serving of Lifeway kefir provides roughly one-third of your daily calcium needs.

Lifeway
Lifeway kefir is a tart and tangy cultured milk smoothie that is high in protein, calcium and vitamin D. Thanks to our exclusive blend of kefir grains, each cup of kefir contains 12 live and active cultures and seven to 10 billion beneficial probiotic strains. The list of health benefits associated with probiotics grows consistently; here are our top nine reasons to enjoy Lifeway kefir.

- **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

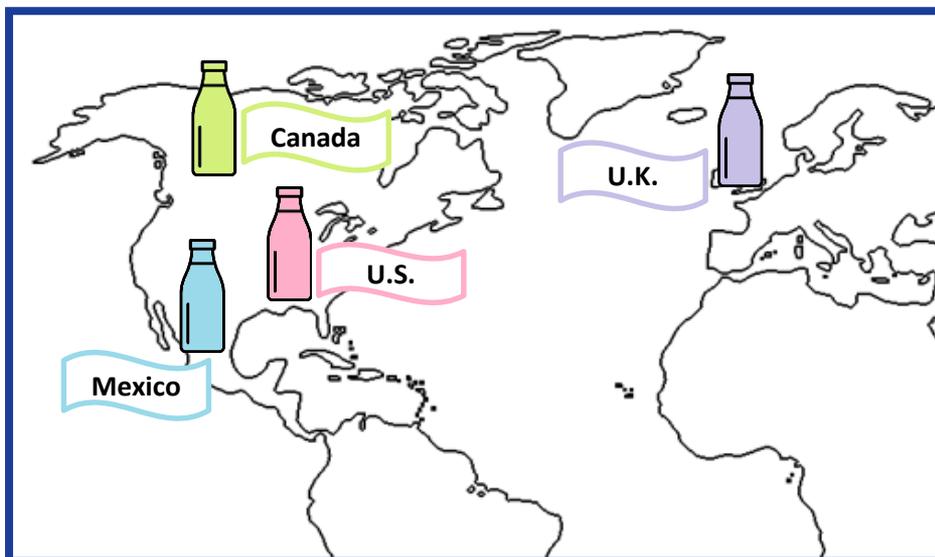


International Opportunities

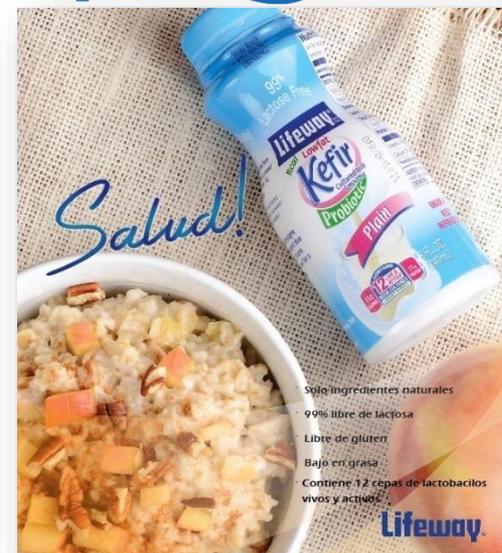
May 2013 → Launch of Lifeway Frozen Kefir in U.K.

July 2014 → Lifeway Kefir Launched in 1,000+ Stores Across Canada

June 2015 → Lifeway Kefir Launch in Mexico at Target and Wal-Mart



Superama Mexico



Solo ingredientes naturales
99% libre de lactosa
Libre de gluten
Bajo en grasa
Contiene 12 cepas de lactobacilos vivos y activos

Lifeway

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



Frozen Kefir Retail Concept

New Kiosk Concept In PRIDE
Filling Stations Throughout
Chicagoland



&



Recent News

HOME SEARCH **The New York Times** 5 of 10 articles read

BUSINESS DAY

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

By **STEPHANIE STROM** MARCH 18, 2016



≡ **SHAPE**

Healthy Eating / Diet Tips & Nutrition

The Health Benefits of Kefir Milk

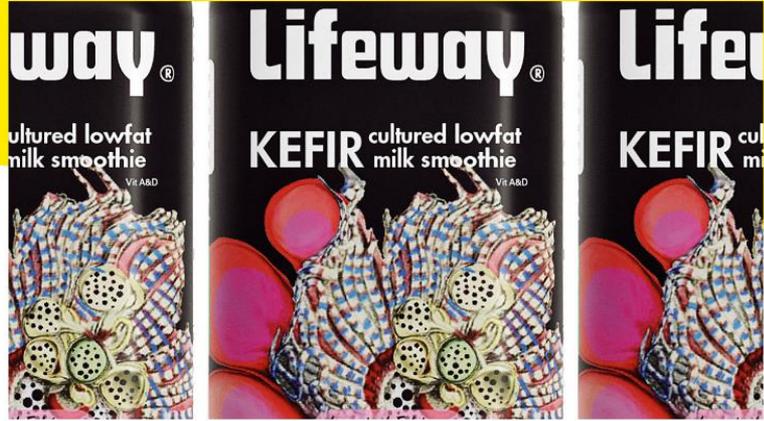
What it is, why it's good for you, and how you can add this superfood to your diet now

By **Keri Gans** | Mar 24, 2016
Topics: [superfoods](#), [nutrition facts](#)

FAST COMPANY

Can Cynthia Rowley Make Kefir Sexy?

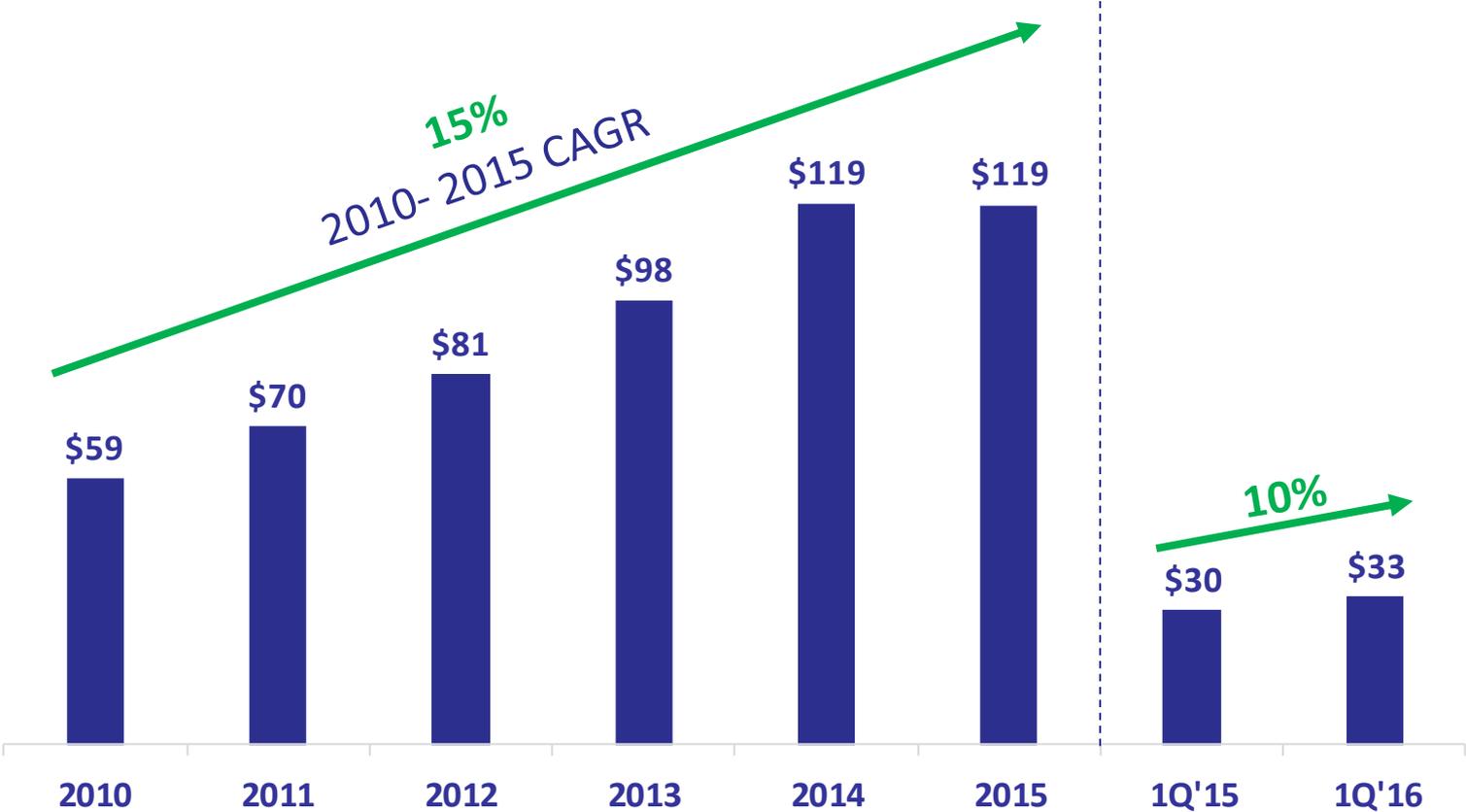
Why the fashion designer created new labels for Lifeway Foods's fermented milk drink to coincide with her new line of athletic wear.



Financial Highlights

Financial Highlights

Historical Net Sales Growth



Financial Statements

Lifeway Foods, Inc. Consolidated Income Statement

	Quarter Ended March 31,	
	2016	2015
Net Sales	\$32,570	\$29,622
Gross profit	8,588	8,383
Income from operations	1,112	1,410
Net income	\$648	\$654
Diluted earnings per common share	\$0.04	\$0.04

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

Lifeway®