

Lifeway Foods, Inc. Announces Results for the Second Quarter Ended June 30, 2018

Morton Grove, IL — August 17, 2018 — Lifeway Foods, Inc. (Nasdaq: LWAY), the leading U.S. supplier of kefir cultured dairy and probiotic products to support the microbiome, today reported financial results for the second quarter ended June 30, 2018.

“We’re incredibly proud of the strength of our brand, which is evident in the loyalty of our customers despite pressures on the dairy category. The growing consumer awareness regarding the benefits of cultured and fermented dairy such as kefir has the power to propel our brand into new retail and quick-service opportunities while improving the health and quality of life for millions of people in the United States and around the world,” said CEO Julie Smolyansky.

“We’re very excited to roll out our new plant-based, dairy-free Plantiful across the country this fall, leveraging the strength of the Lifeway brand while satisfying the cravings of many consumers looking to incorporate plant-based foods into their diets. Mintel research shows that U.S. non-dairy milk sales have grown approximately 61% in the past five years. This bodes well for our Plantiful, which provides the great taste consumers have been missing with other dairy-free options,” Smolyansky added.

Second Quarter Financial Highlights:

Dollars in thousands	Three Months Ended June 30,	
	2018	2017
Net sales	\$ 27,096	\$ 31,733
Gross profit %	25.4%	29.2%
Net Income	\$ 240	\$ 1,837
Earnings Per Common Share - Basic	\$ 0.01	\$ 0.06
Effective Tax Rate	34.6%	43.6%

Net sales of products by category were as follows for the three months ended June 30:

In thousands	2018		2017	
	\$	%	\$	%
Drinkable Kefir other than ProBugs	\$ 20,715	76%	\$ 24,354	77%
Cheese	2,853	11%	2,864	9%
Cream and other	1,206	4%	1,714	5%
Cupped Kefir and Skyr	1,118	4%	897	3%
ProBugs Kefir	743	3%	1,378	4%
Frozen Kefir (a)	461	2%	526	2%
Net Sales	<u>\$ 27,096</u>	<u>100%</u>	<u>\$ 31,733</u>	<u>100%</u>

(a) Includes Lifeway Kefir Shop sales

About Lifeway Foods, Inc.

Lifeway Foods, Inc. (LWAY), which has been recognized as one of Forbes’ Best Small Companies, is America’s leading supplier of the probiotic, fermented beverage known as kefir. In addition to its line of drinkable kefir, the company also produces cupped kefir and cheese, frozen kefir, specialty cheeses, probiotic supplements and a ProBugs line for kids. Lifeway’s tart and tangy cultured dairy and non-dairy products are now sold across North

America, Ireland and the United Kingdom. Learn how Lifeway is good for more than just you at www.lifewaykefir.com.

Forward-Looking Statements

All statements in this release (and oral statements made regarding the subjects of this release) 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 “gain,” “position,” “vision,” “ongoing,” “intend,” “innovate,” “continue.” Other examples of forward looking statements may include, but are not limited to, (i) statements of Company plans and objectives, including the introduction of new products, or estimates or predictions of actions by customers or suppliers, (ii) statements of future economic performance, and (iii) 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 Lifeway’s expectations and projections. 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, 2017, 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 release is as of the dates and time periods indicated herein, and Lifeway does not undertake to update any of the information contained in these materials, except as required by law. Accordingly, YOU SHOULD NOT RELY ON THE ACCURACY OF ANY OF THE STATEMENTS OR OTHER INFORMATION CONTAINED IN ANY ARCHIVED PRESS RELEASE.

Contact:

Lifeway Foods, Inc.
Phone: 847-967-1010
Email: info@lifeway.net