

**LIFEWAY FOODS RESPONDS TO LETTER FROM DANONE REAFFIRMING
REJECTION OF UNSOLICITED TAKEOVER OFFER AND THAT 1999
STOCKHOLDER AGREEMENT SHOULD BE VOIDED FOR VIOLATING ILLINOIS
LAW**

- Company also announces unaudited preliminary fourth quarter net sales between \$45.1 million to \$46.6 million
- Full year 2024 preliminary unaudited net sales are projected to range between \$185.0 million and \$186.5 million compared to \$160.1 million in 2023

MORTON GROVE, Ill., Jan. 6, 2025-- Lifeway Foods, Inc. (NASDAQ: [LWAY](#)) ("Lifeway" or the "Company"), a leading U.S. supplier of kefir and fermented probiotic products to support the microbiome, today announced that its Board of Directors (the "Board") has responded to the December 30, 2024 letter sent to Lifeway by Danone North America PBC ("Danone") reaffirming that the Company rejected Danone's offer to acquire the Company because it severely undervalues the Company, based on analysis by the Company's independent financial and legal advisors. The Board reiterated that it is not opposed to a sale at a price that more accurately reflects the true value of the Company.

Further, the Company has made clear that the 1999 Stockholders agreement between the Company and Danone violates Illinois law. An agreement that is invalid does not become valid simply because both parties follow its terms for a period of time, no matter how long. The Company intends to pursue all available remedies to enforce Illinois law and nullify the agreement.

"Danone is opportunistically determined to push through an inadequate offer and in the meantime, Lifeway has continued to execute on its strategy and is delivering substantial value for shareholders," said Julie Smolyansky, Chairwoman & CEO of Lifeway. "In addition for the full year 2024, Lifeway's net sales are projected to range between \$185.0 million to \$186.5 million compared to \$160.1 million in 2023, which demonstrates the efficacy of Lifeway's business strategy and execution," added Ms. Smolyansky.

Given Danone's unsolicited and opportunistic proposal to acquire Lifeway, the Company and its outside advisors are looking at the relationship between the parties and assessing how to best protect the interests of the Company and its shareholders.

Lifeway's CEO Ms. Smolyansky has presided over a tremendously successful period of growth, including 21 consecutive quarters of growth through the fourth quarter of 2024, double-digit year-over-year revenue growth in the third quarter of 2024, and total shareholder returns of 788% and 270% over the past five and three years, respectively, (as measured through September 23, 2024, the last full trading day before Danone's initial unsolicited proposal was publicly disclosed), far outperforming other high growth food and beverage peers as well as the S&P 500 as noted above. The Board believes that Ms. Smolyansky's continued stewardship is critical to ensuring the success of the Company's standalone business plan.

About Lifeway Foods, Inc.

Lifeway Foods, Inc., 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 a variety of cheeses and a ProBugs line for kids. Lifeway's tart and tangy fermented dairy products are now sold across the United States, Mexico, Ireland, South Africa, United Arab Emirates and France. Learn how Lifeway is good for more than just you at [lifewayfoods.com](https://www.lifewayfoods.com).

Forward-Looking Statements

This press release contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things, Lifeway's outlook, expected manufacturing efficiencies and fixed cost absorption, expectations regarding future operating and financial performance, future business strategy and objectives and expected shipping to Dubai and the United Arab Emirates. These statements use words, and variations of words, such as "will," "continue," "build," "future," "increase," "drive," "believe," "look," "ahead," "confident," "deliver," "outlook," "expect," and "predict." You are cautioned not to rely on these forward-looking statements. These forward-looking statements are made as of the date of this press release, are based on current expectations of future events and thus are inherently subject to a number of risks and uncertainties, many of which involve factors or circumstances beyond Lifeway's control. 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, 2023 and Quarterly Report on Form 10-Q for the

quarter ended September 30, 2024. Copies of these filings are available online at <https://www.sec.gov>, <http://lifewaykefir.com/investor-relations/>, or on request from Lifeway. Lifeway expressly disclaims any obligation to update any forward-looking statements (including, without limitation, to reflect changed assumptions, the occurrence of anticipated or unanticipated events or new information), except as required by law.

Perceptual Advisors

Dan Tarman

Email: dtarman@perceptualadvisors.com

Company contact:

Derek Miller

Vice President of Communications, Lifeway Foods

Email: derekm@lifeway.net