



Q1 2026 Food Company Follow Up

(Danone Exits 22.6% Stake in Lifeway Foods)

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We recently profiled eight publicly traded, better-for-you, clean label, functional ingredient and specialty food companies under \$1B market capitalization. Most of these smaller companies had yet to report and discuss their Q1 earnings and guidance for the balance of 2026.

Four of these companies posted results and information on their quarterly calls that materially update the profiles we had developed just weeks (or days) earlier.

Lifeway Foods, Inc. (LWAY \$25.20): On May 14th, the company posted record revenues, earnings and adjusted EBITDA of **\$7.928M for Q1 2026, +180% above \$2.837M in Q1 2025.** EPS increased to \$0.31 from \$0.23 in the prior year period.

Operating income margin increased to 10.0% of net sales in Q1 2026 vs. 3.4% in the prior year quarter while the adjusted EBITDA margin increased to 12.6% of net sales vs. 6.2%.

Q1 net sales increased 37% year over year, with gross margin up +360 Bpts due to scale, operating leverage and favorable milk input prices. The company continued investing approximately 10% of sales into marketing and brand promotion.

Lifeway also continued investing in its plant expansion in Wisconsin where it has funded \$31.3M of a planned \$48.5M CapEx budget as of the end to Q1 2026 (with the objective of doubling production capacity for drinkable kefir).

Lifeway Foods, Inc. Secondary Offering (LWAY \$19.50): On the day of Lifeway's earnings release, Danone NA liquidated its entire 22.6% (legacy, multi-decade investment) share position of Lifeway Foods through a secondary offering priced at \$19.50 per share. The redistribution of shares was very orderly with post-deal trading volume returning to near its normal average of 300,000 shares per day by settlement day on May 19th.



Based upon an annualized EBITDA run rate for Lifeway of \$32M, we note that Danone liquidated its share position at a multiple of just 9.5X EV/EBITDA. Shares have now recovered to \$25.20 and trade at a modest 12.3X EV/EBITDA (despite favorable growth rates and margin metrics posted in Q1 2026).

Revenue growth in Q1 was nearly two times LWAY's 5-year average and its EBITDA margin was 30% higher than the 9.2-9.5% level from 2024-2025. Shares have traded at mid-teen multiples of EV/EBITDA over the prior two years, leaving room for potential appreciation as Danone shares settle into investors' hands.

Laird Superfood Inc (LSF \$3.50): Laird recently reported Q1 results which included just 19 days of operations from its recent acquisition of **Navitas, Inc.** It was the first time that management publicly discussed the fundamentals related to its April acquisition of **Terrasoul Superfoods.**

On its Q1 call, management guided analysts and investors to revenues of \$138M-\$148M and EBITDA of \$8M-\$12M for full year 2026. Primary integration efforts in 2026 will focus on combining the legacy **Laird and Navitas** platforms to achieve desired synergies. **Terrasoul Superfoods** will operate as normal for most of 2026, with the potential opportunity for supply chain (joint purchasing, fulfillment and co-packing) synergies coming next year.

Vital Farms (VITL \$9.84): Vital Farms missed analysts' estimates for Q1 and lowered its own revenue and earnings guidance from the prior quarter. The company continues to struggle with competitive pricing and margin pressure in its primary pasture-raised egg end markets. Shares were punished by investors with numerous analyst downgrades and lowered share price targets.

Beyond Meat (BYND \$0.75): Beyond Meat reported Q1 2026 results in line with preannounced revenue expectations but delivered Q2 revenue guidance of \$60-\$65M for Q2, which fell below analysts' prior estimates of \$67M.

The company pointed to developments which included Q1 2026 representing the lowest cash burn quarter in the prior eight quarters. The company also laid out the attributes of its newly introduced Beyond Immerse protein/functional beverage product which will roll out to retail accounts in New York this summer.

The company cited continuing core product category weakness in the plant-based meat substitute market for net sales declines which were 15% below the year ago quarter.

Q1 Concerns from Across Our Universe of Domestic Food Companies: We noted plenty of transportation cost and supply chain concerns cited as risks to full year 2026 guidance. We also noted concerns about the economic health of the US food consumer (with the cost of gasoline competing for food dollars, especially in dining out). Cost of traditional proteins (especially the cost of beef) was another headwind. Finally, the continuing change of US food diets in the era of health, wellness and GLP1 regimes were all mentioned as either tailwinds or headwinds depending upon individual company business focus and specific product offerings.

For a comparison of company profiles outlined earlier, see prior Q1 2026 ([CAC Food Chain Value Report \(click here\)](#)).

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