

**P R E S S R E L E A S E**

Press Page

July 27, 1999
Orlando, FL

Contact: Tracy Rushwin
(407) 855-5500, extension 105

GALAXY FOODS ANNOUNCES 80% INCREASE IN NET SALES AND 317% INCREASE IN NET INCOME FOR ITS FIRST QUARTER IN FISCAL 2000

ORLANDO, FLORIDA (July 27, 1999) - Galaxy Foods Company (NASDAQ: GALX) today reported preliminary quarterly results for its quarter ended June 30, 1999. The Company reported net sales of \$10,381,075, which represents an 80% increase over sales of \$5,762,538 for the same quarter one year ago. In addition, the Company reported strong growth in gross profit percentages for the quarter. Gross margin as a percentage of net sales was 37% for the quarter ended June 30, 1999, as compared to 25% for the quarter ended June 30, 1998 and 35% for the fiscal year ended March 31, 1999. Finally, the Company announced net income of \$615,684, which represents growth of 317% over income of \$147,484 reported for the same quarter in fiscal 1999.

The large increase in sales, margins and profits is the result of the continued growth in brand loyalty for the Company's flagship brands of product in the retail market as well as increased consumer awareness of the benefits of plant-based foods. The Company has focused its efforts on the reduction of variable costs of production. During this most recent quarter, the Company continued a strategic marketing campaign that included radio, television, and print advertisements in key markets across the country. These efforts are expected to contribute to the Company's continued growth in sales and profitability. The Company expects to file its form 10-Q for the quarter ended June 30, 1999 on or about August 12, 1999.

Galaxy's President and CEO, Angelo Morini, commented, "We are very pleased with the results of our first quarter in fiscal 2000, particularly the strong growth in sales. The world is learning more every day that healthier eating habits improve the quality of our lives and how the foods we eat may help prevent certain illnesses. At Galaxy, we are pleased to be on the forefront of this trend and to offer a full array of nutritious dairy alternative products to all segments of the food industry."

Galaxy Foods Company is the leading producer of health-promoting dairy and dairy-related alternatives for the retail, foodservice and industrial markets. These plant-based products, which are low or no fat (no saturated fat), have no cholesterol and no lactose and contain more vitamins and minerals than conventional dairy products, are part of the nutraceutical or functional food category, the fastest growing segment of the retail food market. The Company also markets conventional dairy products for all three channels of distribution. Galaxy brand names include Veggie Slices, Veggie Milk, formägg, Soyco, Soymage, Wholesome Valley, and Lite Bakery. For more information, contact Tracy Rushwin at (407) 855-5500, extension 105. You may also obtain more information from Galaxy's web site at www.galaxyfoods.com.