



Galecto Reports Third Quarter 2020 Operating & Financial Results and Provides a Corporate Update

December 11, 2020

Successfully completed listing on US Nasdaq and raised over \$150 million during recent IPO and preceding crossover round

Funds to support preparations for potential EU conditional approval of GB0139 in IPF and multiple new Phase 2 clinical trials

BOSTON and COPENHAGEN, Denmark, Dec. 11, 2020 (GLOBE NEWSWIRE) -- Galecto, Inc., a NASDAQ listed biotechnology company focused on the development of novel treatments for fibrosis and cancer, today announced its operating and financial results for the third quarter ended September 30, 2020 and provided a corporate update.

Recent Highlights

- Successfully completed an Initial Public Offering (IPO) with shares beginning trading on the Nasdaq Global Market on October 29, 2020 under the ticker symbol "GLTO." The Company raised approximately \$150 million in total funds during the recent IPO and preceding crossover investment round.
- Published full results from its Phase 2a study of GB0139 in Idiopathic Pulmonary Fibrosis (IPF) in the peer-reviewed European Respiratory Journal. Data from the trial demonstrated inhaled GB0139 showed major effects on IPF biomarkers, including YKL-40 (which has been linked to IPF mortality) and CCL-18 (which has been linked to a decrease in lung function). These and several other biomarkers (PDGF-B, PAI-1, Galectin-3) were reduced in a dose dependent fashion from baseline in a consistent and statistically significant manner, with the strongest effects in the 10 mg dose group compared to placebo.
- Presented Phase 1 clinical data at the American Chemical Society (ACS) Fall virtual meeting on GB1211, the Company's potent and selective oral small molecule galectin-3 inhibitor, showing that it is well tolerated.
- Received Orphan Drug Designation from both the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA) for GB0139 in the treatment of IPF. The EMA cited clinically relevant biomarker data in IPF patients as a justification for the ODD designation, providing financial incentives to encourage the development of drugs to treat rare diseases.
- Strengthened its Board of Directors with the appointment Jayson Dallas, a seasoned executive with global experience in both the pharmaceutical and biotech industries.

"We have made tremendous progress both clinically and as a company, and are excited to have successfully completed our IPO in the US," said Hans Schambye, CEO of Galecto. "We are well positioned to execute on all of our strategic goals, and look forward to continue building on our momentum as we advance on our promising GB0139 product candidate and expand our clinical development pipeline with the initiation of three Phase 2 studies for other product candidates."

Third Quarter 2020 Financial Highlights

- Cash, cash equivalents, and investments as of September 30, 2020 were \$85.3 million. As of November 30, 2020, cash, cash equivalents, and investments were \$168.4 million, which includes the net proceeds raised in our recent IPO.
- Research and Development expenses for the three months ended September 30, 2020 were \$7.7 million, compared to \$3.7 million for the three months ended September 30, 2019. The increase of \$4.0 million was primarily related to an increase in clinical expenses, including an increase in chemistry, manufacturing and control, or CMC, activities, and expenses related to our Phase 2b study of GB0139 and preparations for a Phase 2a study of GB1211.
- General and administrative expenses were \$2.5 million for the three months ended September 30, 2020, compared to \$1.2 million for the three months ended September 30, 2019. The increase of \$1.3 million was primarily related to an increase in consultant costs, accounting fees, and an increase in personnel costs, partially offset by a decrease in legal fees.
- Net loss attributable to common stockholders for the three months ended September 30, 2020 was \$14.4 million or (\$55.25) per basic and diluted share, compared with \$5.5 million, or (\$21.18) per basic and diluted share, for the prior year period.

About Galecto

Galecto is a clinical stage biotechnology company with advanced programs in fibrosis and cancer centered on galectin-3 and LOXL2. The company's

pipeline includes an inhaled galectin-3 modulator currently in phase 2b for the potential treatment of idiopathic pulmonary fibrosis, as well as two assets about to move into phase 2 targeting myelofibrosis, NASH and oncology. The Company is incorporated in the U.S. and has its operating headquarters in Copenhagen, Denmark.

Galecto intends to use its website as a means of disclosing material non-public information. For regular updates about Galecto, visit www.galecto.com.

Forward-Looking Statements

Certain statements in this press release are forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements include statements about Galecto's focus, GB0139's potential, plans for clinical development and potential to market, and Galecto's product candidates and pipeline. The words "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "project," "potential," "continue," "target" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. For such statements, Galecto claims the protection of the Private Securities Litigation Reform Act of 1995. Actual events or results may differ materially from Galecto's expectations. Factors that could cause actual results to differ materially from the forward-looking statements include risks and uncertainties related to the development of Galecto's product candidates and their therapeutic potential, having adequate funds and their use, and those disclosed in Galecto's filings with the Securities and Exchange Commission, including its Registration Statement on Form S-1. These forward-looking statements represent Galecto's judgment as of the time of this release. Galecto disclaims any intent or obligation to update these forward-looking statements, other than as may be required under applicable law.

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Financial Tables to Follow

GALECTO, INC.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)
(Unaudited)

	September 30, 2020	December 31, 2019
Cash and cash equivalents	\$85,333	\$11,294
Receivable on issuance of convertible preferred stock	5,473	39,669
Prepaid expenses and other current assets	5,337	5,117
Operating lease right-of-use assets	905	298
Other assets	1,106	231
Total assets	<u>\$98,154</u>	<u>\$56,609</u>
Current liabilities	\$8,281	\$7,927
Operating lease liabilities, noncurrent	589	211
Total liabilities	<u>8,870</u>	<u>8,138</u>
Total stockholders' equity	<u>89,284</u>	<u>48,471</u>
Total liabilities and stockholders' equity	<u>\$98,154</u>	<u>\$56,609</u>

GALECTO, INC.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share amounts)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating expenses:				
Research and development	\$7,651	\$3,674	\$16,874	\$11,893
General and administrative	2,515	1,152	5,461	2,224
Total operating expenses	<u>10,166</u>	<u>4,826</u>	<u>22,335</u>	<u>14,117</u>
Loss from operations	(10,166)	(4,826)	(22,335)	(14,117)
Total other income (expense), net	(1,485)	721	(925)	2,033
Net loss	(11,651)	(4,105)	(23,260)	(12,084)
Dividends on convertible preferred stock	(2,713)	(1,401)	(7,648)	(4,159)
Net loss attributable to common stockholders	<u>\$(14,364)</u>	<u>\$(5,506)</u>	<u>\$(30,908)</u>	<u>\$(16,243)</u>

Net loss per common share, basic and diluted	<u>\$ (55.25)</u>	<u>\$ (21.18)</u>	<u>\$ (118.89)</u>	<u>\$ (62.48)</u>
Weighted-average number of shares used in computing net loss per common share, basic and diluted	<u>259,966</u>	<u>259,966</u>	<u>259,966</u>	<u>259,966</u>
Other comprehensive loss				
Net loss	(11,651)	(4,105)	(23,260)	(12,084)
Currency translation	2,331	(2,059)	2,136	(2,140)
Total comprehensive loss	<u>\$ (9,320)</u>	<u>\$ (6,164)</u>	<u>\$ (21,124)</u>	<u>\$ (14,224)</u>