



Galecto Reports Financial Results for the Year Ended December 31, 2020 and Provides a Corporate Update

March 29, 2021

BOSTON, March 29, 2021 (GLOBE NEWSWIRE) -- Galecto, Inc. (NASDAQ: GLTO), a clinical stage biotechnology company focused on the development of novel treatments for fibrosis and cancer, today announced its operating and financial results for the year ended December 31, 2020 and provided a corporate update.

"2020 was an extraordinary year for Galecto, culminating with our successful IPO. This strengthened our balance sheet, brought in new investors, and will allow us to make important progress across all our pipeline assets," said Hans Schambye, CEO of Galecto. "This year, we are planning to initiate three Phase 2 trials, in addition to executing our Phase 2b trial in IPF, a large orphan indication with a clear need for safer and more efficacious treatment options. We firmly believe that GB0139, our inhalable, once-daily therapy, has the potential to provide patients with a convenient, effective treatment for this debilitating and fatal disease. We are also excited about the potential of our other drug candidates to help patients with serious illnesses."

Recent Highlights & Developments

- 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 \$160 million in total funds during the recent IPO and preceding crossover investment round.
- Strengthened its Board of Directors with the appointments of Dr. Jayson Dallas and Dr. Anne Prener, both seasoned executives with global experience in the pharmaceutical and biotech industries.
- Published a paper detailing full results from a Phase 2a study of GB0139 in Idiopathic Pulmonary Fibrosis (IPF) in the peer-reviewed publication [European Respiratory Journal](#). The study highlights the effect of inhaled GB0139 on the plasma levels of highly relevant disease biomarkers in IPF patients.
- Announced plans to work with both the study investigators and the appropriate regulatory authorities to modify and continue the GALACTIC-1 Phase 2b trial following the recommendation from a data safety monitoring board, keeping the opportunity to demonstrate an effect in the treatment of IPF. We continue to believe that GB0139 is well positioned to address a significant unmet need for a safer and more efficacious treatment.

Expected Upcoming Milestones

- COVID data in early Q2 2021
- Completion of enrollment in GALACTIC-1 Phase 2b clinical trial in IPF patients in 2H 2021
- Initiation of enrollment in three Phase 2 trials:
 - MYLOX-1 trial (myelofibrosis) in 1H 2021
 - GALLANT-1 trial (NSCLC) in 2H 2021
 - GULLIVER-2 trial (liver cirrhosis) in 2H 2021

Year Ended December 31, 2020 Financial Highlights

Cash, cash equivalents, and investments as of December 31, 2020 were approximately \$164 million. We currently expect that our cash and cash equivalents will be sufficient to fund our operating expenses and capital requirements into 2024.

Research and development expenses were \$24.6 million for the year ended December 31, 2020, compared to \$19.7 million for the year ended December 31, 2019. The increase of \$4.9 million was due primarily to increased clinical spending associated with the GALACTIC-1 study.

General and administrative expenses were \$9.0 million for the year ended December 31, 2020, compared to \$2.4 million for the year ended December 31, 2019. The increase of \$6.6M was primarily related to the October 2020 IPO and other public company costs.

Net loss attributable to common stockholders for the year ended December 31, 2020 was \$34.8 million or \$(7.62) per basic and diluted share, compared with \$42.1 million, or \$(161.82) per basic and diluted share, for the prior year period.

About Galecto

Galecto (NASDAQ: GLTO) is a clinical stage biotechnology company incorporated in the U.S. with advanced programs in fibrosis and cancer centered on the development of small-molecule inhibitors of galectin-3 and lysyl oxidase-like 2, or LOXL2, which play key roles in regulating fibrosis. The company's pipeline includes our lead product candidate, which is an inhaled galectin-3 modulator currently in phase 2b for the potential treatment of idiopathic pulmonary fibrosis. Our pipeline also includes two additional assets about to move into phase 2 studies.

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 our ability to make progress across all our pipeline assets, our plans to initiate three Phase 2 trials, in addition to executing our Phase 2b trial in IPF, GB0139's potential to provide patients with a convenient, effective treatment for IPF, GBO1039's positioning to

address an unmet need for a safer and more efficacious treatment option, the potential of our other drug candidates to help patients with serious illnesses, our plans for the GALACTIC-1 trial, including plans for continuing to enroll patients, working with investigators and regulatory authorities, and the timing of completing enrollment, expected upcoming milestones (including the expected timing of data and the completion and initiation of trial enrollment), Galecto's focus and commitment, GB0139's potential, plans for clinical development (including the timing of their initiation) of MYLOX-1, GALLANT-1 and GULLIVER-2 trials and potential to market, Galecto's product candidates and pipeline, and our expectation that our cash and cash equivalents will be sufficient to fund our operating expenses and capital requirements into 2024. 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, their therapeutic potential and outcomes related to our clinical trials, our ability to modify the GALACTIC-1 trial protocol to the satisfaction of the FDA or other regulatory agencies, our ability to continue to enroll patients and complete the GALACTIC-1 trial with fewer dosage groups, the risk that FDA or other regulatory agency imposes a clinical hold on the GALACTIC-1 trial, having adequate funds and their use, and those additional risks and uncertainties disclosed in Galecto's filings with the Securities and Exchange Commission. 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)

	December 31,	
	2020	2019
Cash and cash equivalents	\$ 163,582	\$ 11,294
Receivable on issuance of convertible preferred stock	—	39,669
Prepaid expenses and other current assets	5,713	5,117
Operating lease right-of-use assets	885	298
Other assets	1,416	231
Total assets	\$ 171,596	\$ 56,609
Current liabilities	\$ 5,566	7,927
Operating lease liabilities, noncurrent	541	211
Total liabilities	6,107	8,138
Total stockholders' equity	165,489	48,471
Total liabilities and stockholders' equity	\$ 171,596	\$ 56,609

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

	For the Year Ended	
	December 30,	
	2020	2019
Operating expenses:		
Research and development	\$ 24,627	\$ 19,738
Purchased in-process research and development	—	\$ 16,788
General and administrative	9,010	2,445
Total operating expenses	33,637	38,971
Loss from operations	(33,637)	(38,971)
Total other income (expense), net	(1,200)	2,464
Net loss	(34,837)	(36,507)
Dividends on convertible preferred stock	—	(5,560)
Net loss attributable to common stockholders	\$ (34,837)	\$ (42,067)

Net loss per common share, basic and diluted	\$ <u>(7.62)</u>	\$ <u>(161.82)</u>
Weighted-average number of shares used in computing net loss per common share, basic and diluted	<u>4,572,702</u>	<u>259,966</u>
Other comprehensive loss		
Net loss	(34,837)	(36,507)
Currency translation gain (loss)	3,125	(806)
Total comprehensive loss	\$ <u>(31,712)</u>	\$ <u>(37,313)</u>