

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2022
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____
Commission file number 001-37384

GALAPAGOS NV

(Exact name of Registrant as specified in its charter and translation of Registrant's name into English)

Belgium
(Jurisdiction of incorporation or organization)
Generaal De Wittelaan L11 A3
2800 Mechelen, Belgium
(Address of principal executive offices)
Stoffels IMC BV (permanently represented by Dr. Paul Stoffels)
Chief Executive Officer
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Tel: +32 15 342 900 Fax: + 32 15 342 901
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)
Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing one ordinary share, no par value per share	GLPG	The Nasdaq Stock Market LLC
Ordinary shares, no par value per share*		The Nasdaq Stock Market LLC*

* Not for trading, but only in connection with the registration of the American Depositary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary shares, no par value per share: 65,835,511 as of December 31, 2022

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
PART I	4
Item 1 Identity of Directors, Senior Management and Advisers	4
Item 2 Offer Statistics and Expected Timetable	4
Item 3 Key Information	4
A. Reserved	4
B. Capitalization and Indebtedness	4
C. Reasons for the Offer and Use of Proceeds	4
D. Risk Factors	4
Item 4 Information on the Company	56
A. History and Development of the Company	56
B. Business Overview	56
C. Organizational Structure	113
D. Property, Plants and Equipment	114
Item 4A Unresolved Staff Comments	114
Item 5 Operating and Financial Review and Prospects	114
A. Operating Results	125
B. Liquidity and Capital Resources	135
C. Research and Development, Patents and Licenses, Etc	140
D. Trend Information	140
E. Critical Accounting Estimates	140
Item 6 Directors, Senior Management and Employees	140
A. Directors and Senior Management	140
B. Compensation	148
C. Board Practices	159
D. Employees	164
E. Share Ownership	165
Item 7 Major Shareholders and Related Party Transactions	165
A. Major Shareholders	165
B. Related Party Transactions	169
C. Interests of Experts and Counsel	177
Item 8 Financial Information	177
A. Consolidated Statements and Other Financial Information	177
B. Significant Changes	178
Item 9 The Offer and Listing	178
A. Offer and Listing Details	178
B. Plan of Distribution	178
C. Markets	178
D. Selling Shareholders	178
E. Dilution	178
F. Expenses of the Issue	178

[Table of Contents](#)

Item 10	Additional Information	178
	A. Share Capital	178
	B. Memorandum and Articles of Association	178
	C. Material Contracts	178
	D. Exchange Controls	179
	E. Taxation	179
	F. Dividends and Paying Agents	190
	G. Statement by Experts	190
	H. Documents on Display	190
	I. Subsidiary Information	190
Item 11	Quantitative and Qualitative Disclosures About Market Risk	191
Item 12	Description of Securities Other than Equity Securities	193
	A. Debt Securities	193
	B. Warrants and Rights	193
	C. Other Securities	193
	D. American Depositary Shares	193
PART II		195
Item 13	Defaults, Dividend Arrearages and Delinquencies	195
Item 14	Material Modifications to the Rights of Security Holders and Use of Proceeds	195
Item 15	Controls and Procedures	195
Item 16	Reserved	196
Item 16A	Audit Committee Financial Expert	196
Item 16B	Code of Ethics	196
Item 16C	Principal Accountant Fees and Services	197
Item 16D	Exemptions from the Listing Standards for Audit Committees	197
Item 16E	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	197
Item 16F	Change in Registrant’s Certifying Accountant	197
Item 16G	Corporate Governance	197
Item 16H	Mine Safety Disclosure	200
PART III		200
Item 17	Financial Statements	200
Item 18	Financial Statements	200
Item 19	Exhibits	200
SIGNATURES		
EXHIBIT INDEX		

INTRODUCTION

Unless otherwise indicated or unless the context requires otherwise, “GLPG,” “the company,” “our company,” “we,” “us,” and “our” refer to Galapagos NV and its consolidated subsidiaries.

We own various trademark registrations and applications, and unregistered trademarks, including GALAPAGOS, JYSELECA (in the European countries where we commercialize filgotinib), and our corporate logo. All other trade names, trademarks and service marks referred to in this annual report on Form 20-F, or this annual report, are the property of their respective owners. Trade names, trademarks and service marks of other companies appearing in this annual report are the property of their respective holders. Solely for convenience, the trademarks and trade names in this annual report may be referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend to use or display other companies’ trademarks and trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

Our audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. Our consolidated financial statements are presented in euros. All references in this annual report to “\$,” “US\$,” “U.S.\$,” “U.S. dollars,” “dollars,” and “USD” mean U.S. dollars and all references to “€” and “euros” mean euros, unless otherwise noted. Throughout this annual report, references to “ADSs” mean American Depositary Shares or ordinary shares represented by American Depositary Shares, as the case may be.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are based on our management’s beliefs and assumptions and on information currently available to our management. All statements other than present and historical facts and conditions contained in this annual report, including statements regarding our future results of operations and financial positions, business strategy, plans and our objectives for future operations, are forward-looking statements. When used in this annual report, the words “anticipate,” “believe,” “can,” “could,” “estimate,” “expect,” “intend,” “is designed to,” “may,” “might,” “plan,” “potential,” “predict,” “objective,” “should,” or the negative of these and similar expressions identify forward-looking statements. Forward-looking statements include, but are not limited to, statements about: the initiation, timing, progress and results of our preclinical studies and clinical trials, and our research and development programs;

- the initiation, timing, progress and results of our preclinical studies and clinical trials, and our research and development programs;
 - our ability to advance product candidates into, and successfully complete, clinical trials;
 - our reliance on the success of our product candidate filgotinib and certain other product candidates;
 - the timing or likelihood of regulatory filings and approvals;
 - our ability to develop sales and marketing capabilities;
 - the commercialization of our product candidates, if approved;
 - the pricing and reimbursement of our product candidates, if approved;
 - the implementation of our business model, strategic plans for our business, product candidates and technology;
 - the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology;
 - our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property rights and proprietary technology of third parties;
-

- cost associated with enforcing or defending intellectual property infringement, misappropriation or violation; product liability; and other claims;
- regulatory developments in the United States, Europe, and other jurisdictions;
- estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- the potential benefits of strategic collaboration agreements and our ability to enter into strategic arrangements;
- our ability to maintain and establish collaborations or obtain additional grant funding;
- the rate and degree of market acceptance of our product candidates if approved by regulatory authorities;
- our financial performance;
- developments relating to our competitors and our industry, including competing therapies;
- our ability to effectively manage and anticipate growth;
- our ability to attract and retain qualified employees and key personnel;
- statements regarding future revenue, hiring plans, expenses, capital expenditures, capital requirements and share performance; and
- other risks and uncertainties, including those listed in the section of this annual report titled “Item 3.D.—Risk Factors.”

You should refer to the section of this annual report titled “Item 3.D.—Risk Factors” for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this annual report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement.

You should read this annual report and the documents that we reference in this annual report and have filed as exhibits to this annual report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. In light of the significant risks and uncertainties to which our forward-looking statements are subject, you should not place undue reliance on or regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified timeframe, or at all. We discuss many of these risks in greater detail in this annual report. For all forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

This annual report contains market data and industry forecasts that were obtained from third parties and industry publications. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified any third party-information. While we believe the market position, market opportunity and market size information included in this annual report is generally reliable, such information is inherently imprecise.

Please see the Glossary of Terms at the end of Item 4 for definitions of scientific and other terms used in this annual report.

Summary of risk factors

We are heavily dependent upon our global R&D collaboration with Gilead and the amendment of our arrangement with Gilead for the commercialization and development of filgotinib. There can be no assurance that these arrangements will deliver the benefits we expect, including but not limited to the payment of potential future milestones, opt-in and/or royalty payments by Gilead.

We have no historical profit from product sales and limited historical data on product revenues, which makes it difficult to assess our future prospects and financial results.

We have limited sales and distribution experience and we have built, and continue to develop a marketing and sales organization. We expect to continue to invest financial and management resources to continue to build these capabilities and to establish a European commercial infrastructure. To the extent any of our product candidates for which we maintain commercial rights is approved for marketing, if we are unable to establish marketing and sales capabilities or enter into agreements with third parties to market and sell our product candidates, we may not be able to market and sell any product candidates effectively, or generate product revenues.

The marketing and sale of filgotinib or future approved products may be unsuccessful or less successful than anticipated. We are heavily dependent on the success of filgotinib, which is approved for the treatment of rheumatoid arthritis and ulcerative colitis in the European Union, Great Britain, and Japan and marketed under the brand name Jyseleca®.

We are also dependent on the success of our other clinical-stage product candidates, such as our immunology candidates/trials (such as filgotinib, GLPG3667 and GLPG5101) and our oncology candidates (such as GLPG5101, GLPG5201 and GLPG5301). We cannot give any assurance that any product candidate will successfully complete clinical trials or receive regulatory approval, which is necessary before it can be commercialized.

Clinical development is a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials as well as data from any interim analysis of ongoing clinical trials may not be predictive of future trial results or approved label for clinical use. Clinical failure can occur at any stage of clinical development.

Due to our limited resources and access to capital in the past, we have decided to prioritize development of certain product candidates and may have forgone the opportunity to capitalize on product candidates or indications that may ultimately have been more profitable or for which there was a greater likelihood of success.

We may not be successful in our efforts to progress and expand our immunology and oncology portfolio and to build a pipeline of product candidates.

The regulatory approval processes of the FDA, the EMA, the MHLW, and other comparable regulatory authorities are lengthy, time consuming and inherently unpredictable which may affect the commercial viability of our products in development. If we are unable to ultimately obtain regulatory approval for our product candidates, our business will be substantially harmed.

In connection with our global clinical trials, local regulatory authorities may have differing perspectives on clinical protocols and safety parameters, which impacts the manner in which we conduct these global clinical trials and could negatively impact our chances for obtaining regulatory approvals or marketing authorization in these jurisdictions, or for obtaining the requested label or dosage for our product candidates, if regulatory approvals or marketing authorizations are obtained.

Even if we receive regulatory approval for any of our product candidates, we will be subject to ongoing obligations and continued regulatory review, which may result in significant additional expense. Additionally, our product candidates, if approved, could be subject to labeling and other restrictions and market withdrawal, and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products.

Our future clinical trials or those of any of our collaborators may reveal significant adverse events not seen in our preclinical studies or earlier clinical trials and result in a safety profile that could inhibit regulatory approval or market acceptance of any of our product candidates.

Coverage and reimbursement decisions by third-party payers may have an adverse effect on pricing and market acceptance.

Legislative and regulatory activity may exert downward pressure on potential pricing and reimbursement for any of our product candidates, if approved, that could materially affect the opportunity to commercialize.

We face significant competition for our drug discovery and development efforts, and if we do not compete effectively, our commercial opportunities will be reduced or eliminated.

Our ability to compete may decline if we do not adequately protect our proprietary rights.

Our business, results of operations and future growth prospects could be materially and adversely affected by the COVID-19 pandemic and by the ongoing armed conflict between Russia and Ukraine.

The market price of the ADSs could be subject to wide fluctuations.

We may be at an increased risk of securities class action litigation.

PART I

Item 1 Identity of directors, senior management and advisers

Not applicable.

Item 2 Offer statistics and expected timetable

Not applicable.

Item 3 Key information

A. Reserved

B. Capitalization and indebtedness

Not applicable.

C. Reasons for the offer and use of proceeds

Not applicable.

D. Risk factors

Our business is subject to significant risks. You should carefully consider all of the information set forth in this annual report and in our other filings with the U.S. Securities and Exchange Commission, or the SEC, including the following risk factors which we face, and which are faced by our industry. Our business, financial condition, or results of operations could be materially adversely affected by any of these risks. This report also contains forward-looking statements that involve risks and uncertainties. Our results could materially differ from those anticipated in these forward-looking statements, as a result of certain factors including the risks described below and elsewhere in this annual report and our other SEC filings. See "Special Note Regarding Forward-Looking Statements" above.

Risks related to commercialization

The marketing and sale of filgotinib or future approved products may be unsuccessful or less successful than anticipated. We are heavily dependent on the success of filgotinib, which is approved for the treatment of rheumatoid arthritis and ulcerative colitis in the European Union (including Norway), Great Britain, and Japan.

We, and our collaboration partner, Gilead, began commercializing filgotinib in the European Union and Great Britain, and Gilead began commercializing filgotinib in Japan for the treatment of rheumatoid arthritis, or RA, following receipt in September 2020 of marketing approval from the European Medicines Agency, or the EMA, from the Medicines and Healthcare products Regulatory Agency, or the MHRA, and from the Japanese Ministry of Health, Labour and Welfare, or the MHLW. We received marketing approval from the EMA for the treatment of ulcerative colitis, or UC in November 2021, from the MHRA in January 2022, and from the MHLW in March 2022.

As of 2021, we assumed sole responsibility in Europe for the commercialization of filgotinib as well as for all future indications for filgotinib, including becoming the marketing authorization holder for Jyseleca for the treatment of RA and UC in twenty-seven European countries, Iceland, Norway and Liechtenstein (the European Economic Area or EEA), and Great Britain, with Gilead maintaining commercialization rights and remaining the marketing authorization holder for filgotinib and other future indications for filgotinib outside of Europe, including in Japan where Jyseleca is approved for the treatment of RA and UC and is co-marketed with Eisai. In October 2021, Galapagos signed a distribution agreement with Swedish Orphan Biovitrum AB ('Sobi'). Sobi is our distribution and commercialization partner in Eastern and Central Europe, Portugal, Greece, and the Baltic countries. They launched Jyseleca in RA in the Czech Republic and Portugal. Although we have secured reimbursement for Jyseleca in fifteen European countries, including Germany, France, Spain, Italy and Great Britain, and our sales force commenced making sales of Jyseleca in the second half of 2021, we have limited experience as a commercial company, and there is limited information about our ability to overcome many of the risks and uncertainties encountered by companies commercializing products in the biopharmaceutical industry. To market and sell filgotinib, and any of our product candidates that may be approved for marketing in the future, we will need to successfully:

- establish and maintain, in the geographies where we hope to treat patients, relationships with qualified treatment centers who will treat the patients who receive filgotinib and any future products;
- continue to obtain adequate pricing and reimbursement for filgotinib and any future products in the jurisdictions in which we plan to commercialize approved products;
- obtain regulatory authorization for the development and commercialization of the product candidates in our pipeline;
- develop and maintain successful strategic alliances and collaborations; and
- manage our spending as costs and expenses are expected to increase due to clinical trials, marketing approvals, and commercialization, including any extension of marketing approval for filgotinib, and for any future products we may develop.

If we are not successful in accomplishing these objectives, we may not be able to develop product candidates, successfully commercialize filgotinib or any future products we may develop, raise capital, expand our business, or continue our operations. Further, to the extent that Gilead is commercializing filgotinib in one or more jurisdictions or a third party, such as Eisai or Sobi, is commercializing filgotinib in one or more jurisdictions, we are significantly dependent on their successful accomplishment of these objectives, which is largely out of our control.

The commercial success of filgotinib and of any future products will depend upon the degree of market acceptance by physicians, healthcare payers, patients, and the medical community.

The commercial success of filgotinib and of any future products we may develop will depend in part on acceptance by the medical community, patients, and third-party or governmental payers as medically useful, cost-effective, and safe. Filgotinib and any other products that we and our current and future partners may bring to the market may not gain market acceptance by physicians, patients, third-party payers and others in the medical community. If these products do not achieve an adequate level of acceptance, we may not generate significant product revenue and may not become profitable. The degree of market acceptance of filgotinib and of any future products we may develop will depend on a number of factors, including:

- the efficacy and safety as demonstrated in clinical trials;
- the timing of market introduction of the product as well as the timing of entry of competitive products;
- the clinical indications for which the product is approved;
- acceptance by physicians, the medical community, and patients of the product as a safe and effective treatment;
- the convenience of prescribing and initiating patients on the product;
- the potential and perceived advantages of such product over alternative treatments;
- the cost of treatment in relation to alternative treatments, including any similar generic treatments;
- the availability of coverage and adequate reimbursement and pricing by third-party payers and government authorities;
- relative convenience and ease of administration;
- the prevalence and severity of adverse side effects; and
- the effectiveness of sales and marketing efforts.

Even if a product displays a favorable efficacy and safety profile in preclinical and clinical studies and receives regulatory approval, market acceptance of the product will not be known until after it is launched. Our efforts to educate the medical community and third-party payers on the benefits of our products may require significant resources and may never be successful. Our efforts to educate the marketplace may require more resources than are required by the conventional methods marketed by our competitors. Any of these factors may cause filgotinib or any future products we may develop to be unsuccessful or less successful than anticipated.

We have limited sales and distribution experience. We expect to continue to invest financial and management resources to continue to build these capabilities further. To the extent that any of our product candidates for which we maintain commercial rights is approved for marketing, if we are unable to establish marketing and sales capabilities or enter into agreements with third parties to market and sell our products, we may not be able to market and sell any products effectively, or generate product revenues as projected.

We have built, and continue to develop a marketing and sales organization for the marketing, sales, and distribution of pharmaceutical products. As of 2021, we assumed sole responsibility in Europe for the commercialization of filgotinib, approved in RA at that point, and as well as for all future indications for filgotinib, with Gilead maintaining commercialization rights and remaining the marketing authorization holder for filgotinib and other future indications for filgotinib outside of Europe. This assumption of responsibility by us has required us to, and will require us to continue to, develop robust marketing and sales capabilities, including a commercial infrastructure. We have limited experience as a commercial company and there is limited information about our ability to overcome many of the risks and uncertainties encountered by companies commercializing products in the biopharmaceutical industry. In order to

commercialize filgotinib independently in Europe and any product candidates that may receive marketing approval in the future and for which we maintain commercial rights, we will need to maintain and expand marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, and these efforts may not achieve the desired results. Further, in the event of development of any other product candidates for which we maintain commercial rights, we may elect to build a targeted specialty sales force which will be expensive and time consuming. Any failure or delay in the development of our internal market access, sales, marketing and distribution capabilities would adversely impact the commercialization of these products. With respect to any proprietary product candidates we may have in the future, we may choose to partner with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems.

If we are unable to continue to develop and scale our own sales, marketing and distribution capabilities for filgotinib in Europe, or for any future products which we choose to commercialize ourselves, we will not be able to commercialize such products successfully without reliance on third parties and, in the case of filgotinib, we may be unable to realize all of the anticipated benefits of the transition of European rights to filgotinib from Gilead to us. Further, if we are unable to enter into collaborations with third parties for the commercialization of approved products, if any, on acceptable terms or at all, or if any such partner (such as Gilead and Eisai, in the case of filgotinib) does not devote sufficient resources to the commercialization of our product or otherwise fails in commercialization efforts, we may not be able to achieve the commercial goal for any of our product candidates that may receive regulatory approval. If we are not able to commercialize our product candidates well, either on our own or through collaborations with one or more third parties, our future revenue will be materially and adversely impacted.

Coverage and reimbursement decisions by third-party payers may have an adverse effect on pricing and market acceptance.

There is significant uncertainty related to the third-party coverage and reimbursement of newly approved drugs. To the extent that we retain commercial rights following clinical development, we may seek approval to market our product candidates in the United States, the European Union and other selected jurisdictions. Market acceptance and sales of our product candidates, if approved, in both domestic and international markets will depend significantly on the availability of adequate coverage and reimbursement from third-party payers for any of our product candidates and may be affected by existing and future healthcare reform measures. Third-party payers, such as government authorities, private health insurers and health maintenance organizations, decide which drugs they will cover and establish payment levels. See section entitled “*Information on the Company – Pharmaceutical coverage, pricing and reimbursement.*”

We cannot be certain that coverage and adequate reimbursement will be available for any of our products or product candidates, if approved. Also, we cannot be certain that reimbursement policies will not reduce the demand for, or the price paid for, any of our product candidates, if approved. If reimbursement is not available or is available on a limited basis for any of our products or product candidates, if approved, we may not be able to commercialize successfully any such product candidate.

Obtaining coverage and reimbursement approval for a product from a government or other third-party payer is a time consuming and costly process that could require us to provide supporting scientific, clinical and cost-effectiveness data for the use of our products to the payer. We may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement or to have pricing set at a satisfactory level. If reimbursement of our future products, if any, is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels such as may result where alternative or generic treatments are available, we may be unable to achieve or sustain profitability.

In certain countries, particularly in the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product candidate. To obtain reimbursement or pricing approval in some countries, we may be required to conduct additional clinical trials that compare the cost-effectiveness of our product candidates to other available therapies. In the United States, Medicare and Medicaid are significant third party payors. Medicare is administered by the Centers for Medicare & Medicaid Services (CMS), an agency within the U.S. Department of Health and Human Services (HHS) and Medicaid is administered jointly by CMS and the individual states. Obtaining adequate coverage and reimbursement under Medicare and Medicaid is important for new drug products. Additionally, private payors may adopt coverage policies or reimbursement methodologies similar to Medicare. Reimbursement by a third-party payer may depend upon a number of factors, including the third-party payer's

determination that use of a product is: a covered benefit under its health plan; safe, effective and medically necessary; appropriate for the specific patient; cost-effective; and neither experimental nor investigational. Novel and expensive cell therapies like CAR-T cell therapies have experienced and continue to experience coverage and reimbursement challenges. For example, Medicare only covers CAR-T cell therapies that meet specific criteria set forth in a national coverage decision. Other third party payors may impose coverage criteria more extensive than compliance with FDA labeling. If reimbursement of any of our products or product candidates, if approved, is unavailable or limited in scope or amount in a particular country, or if pricing is set at unsatisfactory levels, we may be unable to achieve or sustain profitability of our products in such country.

The delivery of healthcare in the European Union, including the establishment and operation of health services and the pricing and reimbursement of medicines, is almost exclusively a matter for national, rather than EU, law and policy. National governments and health service providers have different priorities and approaches to the delivery of healthcare and the pricing and reimbursement of products in that context. In general, however, the healthcare budgetary constraints in most EU member states have resulted in restrictions on the pricing and reimbursement of medicines by relevant health service providers. Coupled with ever-increasing EU and national regulatory burdens on those wishing to develop and market products, this could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to commercialize any products for which we have or will obtain marketing approval.

Legislative and regulatory activity may exert downward pressure on potential pricing and reimbursement for any of our product candidates, if approved, that could materially affect the opportunity to commercialize.

The United States and several other jurisdictions are considering, or have already enacted, a number of legislative and regulatory proposals to change the healthcare system in ways that could affect our ability to sell any of our products or product candidates profitably, if approved. Among policy-makers and payers in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access to healthcare. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives. There have been, and likely will continue to be, legislative and regulatory proposals at the federal and state levels directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. See section entitled “*Information on the Company – Patient Protection and Affordable Care Act and Healthcare Reform.*” We cannot predict the initiatives that may be adopted in the future. The continuing efforts of the government, insurance companies, managed care organizations and other payers of healthcare services to contain or reduce costs of healthcare may adversely affect:

- the demand for any of our product candidates, if approved;
- the ability to set a price that we believe is fair for any of our product candidates, if approved;
- our ability to generate revenues and achieve or maintain profitability;
- the level of taxes that we are required to pay; and
- the availability of capital.

We expect that the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or, collectively, the ACA, as well as other healthcare reform measures that may be adopted in the future in any jurisdiction, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or successfully commercialize our products or product candidates.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical and biologic products. We cannot be sure whether additional legislative changes will be enacted, or whether FDA regulations, guidance or interpretations or regulations, guidance or interpretations of other regulatory authorities will be changed, or what the impact of such changes on the marketing approvals of our products or product candidates, if any, may be. In addition, increased scrutiny by Congress of the

FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

Moreover, increasing efforts by governmental and third-party payors in the United States and abroad to cap or reduce healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for newly approved products and, as a result, they may not cover or provide adequate payment for our products or product candidates. There has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs.

We expect that the healthcare reform measures that have been adopted and may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product and could seriously harm our future revenues. Any reduction in reimbursement from Medicare or other government programs in the United States or in other jurisdictions may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or successfully commercialize our products.

Risks related to product development and regulatory approval

We are also dependent on the success of our other clinical-stage product candidates, such as our inflammation candidates (such as filgotinib, GLPG3667, and GLPG5101) and our oncology candidates (such as GLPG5101, GLPG5201, and GLPG5301). We cannot give any assurance that any product candidate will successfully complete clinical trials or receive regulatory approval, which is necessary before it can be commercialized.

We anticipate to start Phase 3 trials with filgotinib in axial spondyloarthritis (AxSpA) in 2023. Our business and future success is substantially dependent on our ability to further commercialize filgotinib and to develop, obtain additional regulatory approval for, and then successfully commercialize filgotinib for additional indications. Our business and future success also depend on our ability to develop successfully, obtain regulatory approval for, and then successfully commercialize our other clinical-stage immunology and oncology product candidates, including GLPG3667, GLPG5101, GLPG5201 and GLPG5301.

Our product candidates will require additional clinical development, management of clinical and manufacturing activities, regulatory approval in multiple jurisdictions (if regulatory approval can be obtained at all), securing sources of commercial manufacturing supply, building of, or partnering with, a commercial organization, substantial investment and significant marketing, sales and distribution efforts before any revenues can be generated from product sales. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the FDA, the EMA, the MHRA, or any other comparable regulatory authority such as the MHLW, and we may never receive such regulatory approval for any of our product candidates. We cannot assure you that our clinical trials for filgotinib (in AxSpA), GLPG3667, GLPG5101, GLPG5201, GLPG5301 and other product candidates will be completed in a timely manner, or at all, or that we will be able to obtain approval from the FDA, the EMA, the MHRA, the MHLW, or any other comparable regulatory authority for any of these product candidates. We cannot be certain that we will advance any other product candidates into clinical trials. If any of filgotinib in AxSpA, GLPG3667, GLPG5101, GLPG5201, GLPG5301 or any future product candidate is not approved and commercialized, we will not be able to generate any product revenues for that product candidate. Moreover, any delay or setback in the development of any product candidate could adversely affect our business and cause the price of the American Depositary Shares, or ADSs, or our ordinary shares to fall.

Due to our limited resources and access to capital in the past, we have decided to prioritize development of certain product candidates and may have forgone the opportunity to capitalize on product candidates or indications that may ultimately have been more profitable or for which there was a greater likelihood of success.

Because we had limited resources in the past, we had to decide which product candidates to pursue and the resources to allocate to each. As of year-end 2022, we implemented a new innovation R&D model focusing on the therapeutic areas of immunology and oncology. Consequently, we are currently primarily focused on the commercialization of filgotinib in RA and UC, and the development of filgotinib in AxSpA, as well as on advancing our

clinical-stage pipeline, including filgotinib (for additional indications), GLPG3667, GLPG5101, GLPG5201 and GLPG5301. Our decisions concerning the allocation of research, collaboration, management, commercial and financial resources toward particular compounds, products or product candidates or therapeutic areas may not lead to the development of additional viable commercial products, we may forgo or delay the pursuit of opportunities with other product candidates, or for other indications that may prove to have greater commercial potential. Similarly, our potential decisions to delay, terminate or collaborate with third parties in respect of certain product development programs may also prove not to be optimal and could cause us to miss valuable opportunities. If we make incorrect determinations regarding the market potential of our products or product candidates or misread trends in the pharmaceutical industry, our business, financial condition and results of operations could be materially adversely affected.

The regulatory approval processes of the FDA, the EMA, the MHRA, the MHLW and other comparable regulatory authorities are lengthy, time consuming and inherently unpredictable which may affect the commercial viability of our products or product candidates in development. If we are unable ultimately to obtain regulatory approval for our products or product candidates, our business will be substantially harmed.

The time required to obtain approval by the FDA, the EMA, the MHRA, the MHLW and other comparable regulatory authorities is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. Although we and Gilead have received regulatory approval for filgotinib in the European Union, Great Britain, and Japan for the treatment of RA and UC, it is possible that none of our other existing product candidates or any product candidates we may seek to develop in the future will ever obtain regulatory approval.

Our product candidates could fail to receive regulatory approval for many reasons, including the following:

- the FDA, the EMA, the MHRA, the MHLW or other comparable regulatory authorities may disagree with the design or implementation of our clinical trials;
- we may be unable to demonstrate to the satisfaction of the FDA, the EMA, the MHRA, the MHLW or other comparable regulatory authorities that a product candidate is safe and effective for its proposed indication;
- the results of clinical trials may not meet the level of statistical significance required by the FDA, the EMA, the MHRA, the MHLW or other comparable regulatory authorities for approval;
- we may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- filgotinib and many of our product candidates are developed to act against targets discovered by us, and because a number of our products and product candidates are novel mode of action compounds, they can carry an additional risk regarding the desired level of efficacy and safety profile;
- the FDA, the EMA, the MHRA, the MHLW or other comparable regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our product candidates may not be sufficient to support the submission of a new drug application, or NDA, supplemental NDA, biologics license application, or BLA, or other submission or to obtain regulatory approval in the United States, Europe or elsewhere;
- the FDA, the EMA, the MHRA, the MHLW or other comparable regulatory authorities may find deficiencies with or fail to approve the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies, or such processes or facilities may not pass a pre-approval inspection; and
- the approval policies or regulations of the FDA, the EMA, the MHRA, the MHLW or other comparable regulatory authorities may change (in particular, the regulatory requirements and guidance with respect to cell

therapy products are still evolving) or differ from one another significantly in a manner rendering our clinical data insufficient for approval.

This lengthy approval process as well as the unpredictability of future clinical trial results may result in our collaboration partners' failure to obtain regulatory approval to market filgotinib in AxSpA, GLPG3667, GLPG5101, GLPG5201, GLPG5301 and/or other product candidates, which would harm our business, results of operations and prospects significantly. In addition, even if we were to obtain additional approvals, regulatory authorities may approve any of our products or product candidates for fewer or more limited indications or patient populations than we request, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product or product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. In certain jurisdictions, regulatory authorities may not approve the price we intend to charge for our products. Any of the foregoing scenarios could materially harm the commercial prospects for our products or product candidates.

We cannot be certain that any of our product candidates will be successful in clinical trials or receive regulatory approval. Further, our product candidates may not receive regulatory approval even if they are successful in clinical trials. If we do not receive regulatory approvals for our product candidates, we may not be able to continue our operations. Even though we have successfully obtained regulatory approval for filgotinib in several jurisdictions and even if we successfully obtain regulatory approvals to market one or more of our product candidates, our revenues will be dependent, to a significant extent, upon the size of the markets in the territories for which we gain regulatory approval and have commercial rights or share in revenues from the exercise of such rights. If the markets for patient subsets that we are targeting (such as AxSpA) are not as significant as we estimate, we may not generate significant revenues from sales of such products or product candidates, if approved.

In connection with our global clinical trials, local regulatory authorities may have differing perspectives on clinical protocols and safety parameters, which impacts the manner in which we conduct these global clinical trials and could negatively impact our chances for obtaining regulatory approvals or marketing authorization in these jurisdictions, or for obtaining the requested label or dosage for our product candidates, if regulatory approvals or marketing authorizations are obtained.

In connection with our global clinical trials, we are obligated to comply with the requirements of local regulatory authorities in each jurisdiction where we execute and locate a clinical trial. Local regulatory authorities can request specific changes to the clinical protocol or specific safety measures that differ from the positions taken in other jurisdictions. For example, filgotinib received approval in RA and UC from the EMA in the European Union, the MHRA in Great Britain, and the MHLW in Japan, yet a complete response letter, or CRL, in RA from the FDA in the United States. The FDA, EMA, the MHRA, and MHLW will receive the full data from the MANTA and MANTA-RAy male semen parameter studies conducted in parallel to the FINCH Phase 3 program in RA. We cannot assure that the same view of the MANTA and MANTA-RAy results will be adopted by regulatory authorities at the marketing authorization stage, now that filgotinib received marketing authorization in the EEA, Great Britain, and Japan for RA and UC. The FDA or other regulatory authorities may approve different labels, including for whom the drug is indicated or require different warnings or precautions, or impose dosing restrictions that differ from the approved dosing regimen in other jurisdictions, and these differences could have a material adverse effect on our ability to commercialize our products in these jurisdictions. Regulatory authorities could also not approve our applications, which would adversely affect our business prospects and ability to achieve or sustain profitability.

Even if we receive regulatory approval for any of our product candidates, we will be subject to ongoing obligations and continued regulatory review, which may result in significant additional expense. Additionally, our product candidates, if approved, could be subject to labeling and other restrictions and market withdrawal and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products.

Any regulatory approvals that we receive for our product candidates may also be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the product, and we may be required to include labeling that includes significant use or distribution restrictions or significant safety warnings, including boxed warnings.

If the FDA, EMA, the MHRA, the MHLW, or any other comparable regulatory authority approves any of our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration requirements and continued compliance with current good manufacturing practices, or cGMPs, and good clinical practices, or GCPs, for any clinical trials that we conduct post-approval. Manufacturers and other parties involved in the drug supply chain for prescription drug and biological products must also comply with product tracking and tracing requirements and for notifying the FDA of counterfeit, diverted, stolen and intentionally adulterated products or products that are otherwise unfit for distribution in the United States. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, untitled or warning letters or holds on clinical trials;
- imposition by the FDA, the EMA, the MHLW, or any other comparable regulatory authority of more restrictive labeling, including label updates and adjustments;
- refusal by the FDA, the EMA, the MHLW, or any other comparable regulatory authority to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of product approvals or licenses;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

For example, the MHRA has assigned a black triangle to filgotinib, indicating that it is on a list of medicines subject to additional monitoring. Additionally, in February 2022 the EMA announced that its Pharmacovigilance Risk Assessment Committee (PRAC), the EMA's safety committee, started a safety review of JAK inhibitors used to treat certain chronic inflammatory disorders, including filgotinib. This safety study intended to investigate whether certain serious risks associated with the JAK inhibitors Xeljanz (tofacitinib) and Olumiant (baricitinib) are associated with all JAK inhibitors authorized in the EU for the treatment of inflammatory disorders. Further, while we and Gilead elected in 2020 not to pursue approval and commercialization of filgotinib in the U.S., in 2021, the FDA announced that following completion of its review of a safety study of Xeljanz (tofacitinib), it would require revisions to the Boxed Warning, the FDA's most prominent warning, for Xeljanz and certain other JAK inhibitors that are the subject of the EMA's review to include information about the risks of serious heart-related events, cancer, blood clots and death.

In November 2022, the Committee for Medicinal Products for Human Use (CHMP), the EMA's scientific committee, announced that it has endorsed PRAC's recommendation to add measures to minimize risk of serious side effects with JAK inhibitors for chronic inflammatory disorders by updating the product labels of all JAK inhibitors to include a precautionary approach for patients aged 65 years or above, those at increased risk of major cardiovascular problems (such as heart attack or stroke), those who smoke or have done so for a long time in the past and those at increased risk of cancer. For those at-risk patients, the recommendation is that JAK inhibitors, including filgotinib, should be used only if no suitable treatment alternatives are available. The CHMP followed PRAC's recommendation that JAK inhibitors should be used with caution in patients with risk factors for blood clots in the lungs and in deep veins (venous thromboembolism, VTE) other than those listed above.

Following the adoption by the CHMP, the European Commission approved this decision on 10 March, 2023.

The policies of the FDA, the EMA, the MHRA, the MHLW, and other comparable regulatory authorities may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval

that we may have obtained, which would adversely affect our business, prospects and ability to achieve or sustain profitability.

Filgotinib may be subject to box warnings, labeling restrictions or dose limitations in certain jurisdictions, which could have a material adverse impact on our ability to market filgotinib in these jurisdictions.

Based on preclinical findings, we expect that filgotinib, if approved in the U.S. or in other additional jurisdictions, may have a labeling statement warning female patients of childbearing age to take precautionary measures of birth control to protect against pregnancy. In animal toxicology studies in the preclinical phase, filgotinib at an exposure dose above the approved dose in humans induced adverse effects on semen parameters. We and Gilead conducted dedicated male semen analysis studies in CD and UC patients (MANTA) and in RA, psoriatic arthritis, or PsA, and ankylosing spondylitis, or AS, patients (MANTA-RAy).

We submitted a type II variation application to the EMA in June 2022, supported by interim data on the primary, secondary and exploratory endpoints at Week 13 and 26 for subjects who met a prespecified sperm decrease at these timepoints (up to Week 52) from the ongoing MANTA and MANTA-RAy studies, investigating the potential effect of filgotinib use on semen parameters and sex hormones in adult patients with IBD and various RC.

Following assessment of the interim data by the CHMP, it was concluded in the CHMP opinion that the data did not reveal a difference between treatment groups in the proportion of patients who had a 50% or more decrease from baseline in semen parameters at Week 13 (pooled primary endpoint: filgotinib 6.7%, placebo 8.3%) and at Week 26. Further, the CHMP concluded that the data did not show any relevant changes in sex hormone levels or change from baseline in semen parameters across treatment groups. Overall, CHMP concluded that these clinical data were not suggestive of filgotinib-related effects on testicular function. We received a positive CHMP opinion for the European label update of filgotinib based on testicular safety data from MANTA/RAy studies.

Following the positive CHMP opinion, the language in the section of the Special Warnings and Precautions about the potential effect of filgotinib on sperm production and male fertility will be removed from the Summary of Product Characteristics (SmPC).

In Japan and other jurisdictions where filgotinib has been approved for RA and UC, those regulatory authorities could impose new labeling or other requirements upon learning of new information related to filgotinib.

Even if filgotinib receives additional regulatory approval or marketing authorization, the FDA or other regulatory authorities may impose dosing restrictions that differ from the approved dosing regimens in other jurisdictions.

Box warnings, labeling restrictions, dose limitations and similar restrictions on use could have a material adverse effect on our ability to commercialize filgotinib in those jurisdictions where such restrictions apply.

Clinical development is a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials as well as data from any interim analysis of ongoing clinical trials may not be predictive of future trial results or an approved label for clinical use. Clinical failure can occur at any stage of clinical development.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. Although product candidates may demonstrate promising results in early clinical (human) trials and preclinical (animal) studies, they may not prove to be effective in subsequent clinical trials. For example (without any limitation), testing on animals may occur under different conditions than testing in humans and therefore the results of animal studies may not accurately predict human experience. Likewise, early clinical studies may not be predictive of eventual safety or effectiveness results in larger-scale pivotal clinical trials. The results of preclinical studies and previous clinical trials as well as data from any interim analysis of ongoing clinical trials of our product candidates, as well as studies and trials of other products with similar mechanisms of action to our product candidates, may not be predictive of the results of ongoing or future clinical trials. For example (without any limitation), the positive results generated to date in preclinical studies and Phase 1, Phase 2 and Phase 3 clinical trials for filgotinib in RA and UC and in the Phase 2 clinical trials for CD do not ensure that later clinical trials, including any post-approval clinical trials for approved products, will continue to demonstrate similar results or observations. For our point-of-care cell therapy product candidates which are in Phase 1/2 of clinical development, dose escalation and dose expansion cohort data are required to establish the dose for pivotal trials, and durability of response can only be established based

on longer term follow up of patients who received therapy. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and earlier clinical trials. In addition to the safety and efficacy traits of any product candidate, clinical trial failures may result from a multitude of factors including flaws in trial design, dose selection, placebo effect and patient enrollment criteria. A number of companies in the pharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials, and it is possible that we will as well. Based upon negative or inconclusive results, we or our collaboration partners may decide, or regulators may require us, to conduct additional clinical trials or preclinical studies. In addition, data obtained from trials and studies are susceptible to varying interpretations, and regulators may not interpret our data as favorably as we do, which may delay, limit or prevent regulatory approval.

We may experience delays in our ongoing clinical trials and we do not know whether planned clinical trials will begin on time, need to be redesigned, enroll patients on time or be completed on schedule, if at all. Clinical trials can be delayed for a variety of reasons, including delays related to:

- obtaining regulatory authorization to commence a trial;
- reaching agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- obtaining Institutional Review Board, or IRB, or ethics committee approval at each site;
- obtaining regulatory concurrence on the design and parameters for the trial;
- obtaining approval for the designs of our clinical development programs for each country targeted for trial enrollment;
- recruiting suitable patients to participate in a trial, which may be impacted by the number of competing trials that are enrolling patients;
- having patients complete a trial or return for post-treatment follow-up;
- clinical sites deviating from trial protocol or dropping out of a trial;
- adding new clinical trial sites;
- for our point-of-care cell therapy product candidates, adding new manufacturing sites;
- manufacturing sufficient quantities of product candidate or obtaining sufficient quantities of comparator drug for use in clinical trials;
- the availability of adequate financing and other resources;
- the ongoing COVID-19 pandemic; or
- the ongoing armed conflict between Russia and Ukraine, and sanctions against Russia.

We could encounter delays if a clinical trial is suspended or terminated by us, our collaboration partners, by the IRBs or ethics committees of the institutions in which such trials are being conducted, or by the FDA, the EMA, the MHRA, MHLW, or other comparable regulatory authorities, or recommended for suspension or termination by the Data Monitoring Committee, or the DMC, for such trial. A suspension or termination, including in some cases a clinical hold, may be imposed due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA, the EMA, the MHRA, MHLW, or other comparable regulatory authorities, safety issues or adverse side effects, including those seen in the class to which our product candidates belong, failure to demonstrate a benefit from using a drug, changes in

governmental regulations or administrative actions, manufacturing issues or lack of adequate funding to continue the clinical trial. For example (without limitation), it is possible that safety issues or adverse side effects could be observed in trials for filgotinib in RA, UC, and CD; for GLPG3667 or GLPG5101 in immunology, and for GLPG5101, GLPG5201 or GLPG5301 in oncology, which could result in a delay, suspension or termination of the ongoing trials of filgotinib (in one or more indications), GLPG3667, GLPG5101, GLPG5201, and GLPG5301. If we experience delays in the completion of, or experience a termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed, and our ability to generate product revenues from any of these product candidates will be delayed or prevented. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause or lead to a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

If filgotinib in AxSpA, GLPG3667, GLPG5101, GLPG5201, or GLPG5301, or any other product candidate is found to be unsafe or lack efficacy, we will not be able to obtain regulatory approval for it and our business would be materially harmed.

In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial protocols, differences in composition of the patient populations, adherence to the dosing regimen and other trial protocols and the rate of dropouts among clinical trial participants. We do not know whether any Phase 2, Phase 3, or other clinical trials we or any of our collaboration partners may conduct will demonstrate consistent or adequate efficacy and safety to obtain regulatory approval to market our product candidates. If we are unable to bring any of our current or future product candidates to market, our ability to create long-term shareholder value will be limited.

We initiated our first clinical study in 2009, and for 15 of our compounds with novel modes of action, Phase 2 studies were initiated. Phase 3 studies in RA, UC, and CD were initiated by our collaboration partner Gilead for filgotinib.

The rates at which we complete our scientific studies and clinical trials depend on many factors, including, but not limited to, patient enrollment.

Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating.

Furthermore, our efforts to build relationships with patient communities may not succeed, which could result in delays in patient enrollment in our clinical trials. In addition, any negative results we may report in clinical trials of our drug candidate may make it difficult or impossible to recruit and retain patients in other clinical trials of that same drug candidate. Delays in the completion of any clinical trial of our product candidates will increase our costs, slow down our product candidate development and approval process and delay or potentially jeopardize our ability to commence product sales and generate revenue. In addition, some of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

We may not be successful in our efforts to use and expand our novel target discovery platform to build a pipeline of product candidates.

A key element of our strategy is to use and expand our novel target discovery platform to build a pipeline of product candidates and progress these product candidates through clinical development for the treatment of a variety of diseases. Although our research and development efforts to date have resulted in a pipeline of product candidates directed at various diseases, we may not be able to develop product candidates that are safe and effective. Even if we are successful in continuing to build our pipeline, the potential product candidates that we identify may not be suitable for clinical development, including as a result of being shown to have harmful side effects or other characteristics that indicate that they are unlikely to be product candidates that will receive marketing approval and achieve market acceptance. If we do not continue to develop successfully and to commercialize products, we will face difficulty in

obtaining product revenues in future periods, which could result in significant harm to our financial position and adversely affect the price of the ADSs or our ordinary shares.

We face significant competition for our drug discovery and development efforts, and if we do not compete effectively, our commercial opportunities will be reduced or eliminated.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Our drug discovery and development efforts may target diseases and conditions that are already addressed by existing therapies or by product candidates that are being developed by our competitors, many of which have substantially greater resources, larger research and development staffs and facilities, more experience in completing preclinical testing and clinical trials, and more or better formulation, marketing and manufacturing capabilities than we do. As a result of these resources, our competitors may develop drug products that render our products and product candidates obsolete or noncompetitive by developing more effective drugs or by developing their products more efficiently. Our ability to develop competitive products would be limited if our competitors succeed in obtaining regulatory approvals for product candidates more rapidly than we are able to or in obtaining patent protection or other intellectual property rights that limit our drug development efforts. We depend upon our management team to develop and successfully implement strategies for us to obtain regulatory approvals for our selected product candidates more speedily than our competitors and to obtain and maintain patent protection and other intellectual property rights that protect our drug development efforts. Any drug products resulting from our research and development efforts, or from our joint efforts with collaboration partners or licensees, might not be able to compete successfully with our competitors' existing and future products, or obtain regulatory approval in the United States, European Union or elsewhere. Further, we may be subject to additional competition from alternative forms of treatment, including generic or over-the-counter drugs.

In the field of RA, therapies include conventional synthetic disease-modifying antirheumatic drugs (csDMARDs), such as methotrexate, which is considered the standard-of-care for the treatment of RA. In fact, both the European Alliance of Associations for Rheumatology (EULAR) recommendations and the American College of Rheumatology guidelines recommend inclusion of methotrexate in first-line therapies for patients with RA. Given that csDMARDs may be ineffective for some patients with RA or cause side effects, additional therapies for patients who do not respond adequately or who are intolerant to standard-of-care treatments are needed. Accordingly, in addition to csDMARDs, biological DMARDs, such as monoclonal antibodies targeting TNF, like AbbVie's Humira, or against IL-6 Receptor (IL-6R) like Roche's RoActemra in EU, and Actemra as marketed in the US, have been developed. These biologics which must be delivered via injection or infusion. In November 2012, Xeljanz, marketed by Pfizer, was approved by the FDA as an oral treatment of adult patients with RA who have had an inadequate response to, or who are intolerant to, MTX. Xeljanz was approved by the EMA in 2017. Olumiant, a once-daily JAK1/2 inhibitor, marketed by Eli Lilly, was approved by the EMA for RA with 2 dosages in 2017 and by the FDA in 2018. A JAK inhibitor called Rinvoq which received approval for use with 1 dosage in RA from FDA and EMA in 2019 and in UC from FDA and EMA in 2022 is marketed by AbbVie. Filgotinib (Jyseleca), developed by us in collaboration with Gilead, is a preferential JAK1 inhibitor approved in 2020 for use in RA with 2 dosages and in 2022 in UC in European Union, Great Britain and Japan. We expect that Jyseleca is competing with all of these advanced therapies now that it is marketed. If generic or biosimilar versions of these therapies are approved, we would also expect Jyseleca to compete against these versions of the therapies.

In the field of AxSpA, Axial spondyloarthritis (AxSpA) is an umbrella term that includes different inflammatory diseases primarily targeting the sacro-iliac joints and the spine. The most notable diseases of the AxSpA group are radiographic AxSpA (r-AxSpA; also known as ankylosing spondylitis, AS) and non-radiographic AxSpA (nr-AxSpA). The latter was introduced by the Assessment in SpondyloArthritis International Society (ASAS) to classify a group of patients who did not meet criteria for radiographic sacroiliitis but still experienced a burden of disease comparable to patients with well-defined AS. The disease usually arises in the third decade of life and is characterized by a chronic course, flares and high permanent invalidity rates. Next to physiotherapy, pharmacological therapy to treat signs and symptoms of the disease is based on the use of NSAIDs. In patients who do not respond or cannot tolerate first line treatments, biologic anti-rheumatic disease modifying (bDMARDs) drugs such as anti-TNF and IL-17 can be used. These include AbbVie's Humira (AS only in US), UCB's Cimzia (severe only in EU), Novartis' Cosentyx and Lilly's Taltz. Bimzelix (bimekizumab) from UCB is currently under regulatory review for AS and nr-AxSpA and Netakimab (BCD-085) from Biocad is in Phase 3 for AS. Inhibition of the JAK pathway with tsDMARDs has recently shown to be a good additional strategy to effectively manage AxSpA. Both tofacitinib and upadacitinib have been approved in the European Union (EU) for the treatment of adult patients with active AS who have responded inadequately to

conventional therapy. Furthermore, upadacitinib has been approved in the EU for the treatment of active non-radiographic axial spondyloarthritis (nrAxSpA) in adult patients with objective signs of inflammation, as indicated by elevated C-reactive protein (CRP) and/or MRI, who have responded inadequately to NSAIDs.

In the field of UC, first line therapies are oral (or local) treatments with several low-cost generic compounds such as mesalamine. Steroids such as budesonide are also used in UC. For more advanced therapy, monoclonal antibodies with various targets such as TNF and more recently, integrins such as vedolizumab (Entyvio, marketed by Takeda) are approved. We are also aware of other biologics currently approved or in clinical development for these indications, such as ustekinumab (Stelara), developed by Johnson & Johnson, which is approved for UC, and binutuzumab (Skyrizi), developed by AbbVie and under development for UC. Celgene/BMS has a new oral therapy, ozanimod (Zeposia), approved in UC. Pfizer's Xeljanz was approved by the FDA for UC in 2018. Filgotinib (Jyseleca) is approved in the European Union, Great Britain and Japan for UC. Abbvie's Rinvoq is approved for UC. The number of treatments for UC presents a substantial level of competition for any new treatment entering the IBD market. We expect that Jyseleca competes with all of these therapies now marketed for UC. If generic or biosimilar versions of these therapies are approved, we would also expect Jyseleca to compete against these versions of the therapies.

In the field of dermatomyositis (DM), DM is commonly treated with physical therapy, exercise and medication including corticosteroids, immunosuppressants or recently immunoglobulin treatment. Treatment of this disease has relied for many years on off-label medication and in 2021 the FDA approved immunoglobulin treatment Octagam, based on the Phase 3 ProDerm trial of Octapharma.

In the field of SLE, corticosteroids, antimalarials and immunosuppressants are commonly used to control lupus disease activity. Only two products are approved to treat SLE, both as add-on therapy: Belimumab (Benlysta) (anti-BAFF) from GSK and recently anifrolumab (Saphnelo) (anti-IFN) from Astra Zeneca. There are currently 8 product at Phase 3 for SLE, only two of which are oral – deucravacitinib (Sotyktu) (TYK2) from BMS and cenerimod (S1P1) from Idorsia. .

In the field of hematologic malignancies, such as Non-Hodgkin's Lymphoma (NHL), Chronic Lymphocytic Leukemia (CLL) and Multiple Myeloma (MM), there are many approved therapies or therapies in development (chemotherapy, BTKi, antibodies, bispecific antibodies, antibody drug conjugates, CAR-Ts, cytokines, NK and T-cell engagers, etc.) and many different types of cell therapy in development (allogeneic / autologous, T / NK / CAR-NK, TIL, TCR-T, dendritic, etc.) which creates a highly competitive environment. New technologies and therapies such as in vivo modification of immune cells may further disrupt this market in the long-term. Six CAR T treatments have been approved for hematological cancers: Novartis' Kymriah (CD19 CAR T), Gilead/Kite's Yescarta (CD19 CAR T), Tecartus (CD19 CAR T), J&J's Carvykti (BCMA CAR T) BMS' Breyanzi (CD19 CAR T) and Abecma (BCMA CAR T).

Many of our competitors have significantly greater financial, technical, and human resources than we have. Mergers and acquisitions in the pharmaceutical, medical device and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Our commercial opportunity could be reduced or eliminated if our competitors develop or market products or other novel therapies that are more effective, safer, or less costly than our current or future product candidates, or obtain regulatory approval for their products more rapidly than we may obtain approval for our product candidates. Our success will be based in part on our ability to identify, develop, and manage a portfolio of product candidates that are safer and more effective than competing products.

Our product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any.

Undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, the EMA, the MHRA, the MHLW, or other comparable regulatory authorities. Results of our trials could reveal a high and unacceptable severity and prevalence of certain side effects. In such an event, our trials could be suspended or terminated and the FDA, the EMA, the MHRA, the MHLW, or comparable regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all targeted indications. The drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential

product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly.

For example (without any limitation), the ISABELA Phase 3 program in IPF was discontinued in February 2021, prior to recruitment completion. The decision was based on the recommendations of the Independent Data Monitoring Committee (IDMC) which, following a regular review of unblinded data, concluded that ziritaxestat's benefit-risk profile no longer supported continuing these studies.

If one or more of our products or product candidates receives marketing approval, and we or others later identify undesirable side effects caused by such products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw approvals of such product;
- regulatory authorities may require additional warnings on the label or impose updates to the label;
- we may be required to create a medication guide outlining the risks of such side effects for distribution to patients;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular product or product candidate, if approved, and could significantly harm our business, results of operations and prospects.

Our future clinical trials or those of any of our collaborators may reveal significant adverse events not seen in our preclinical studies or earlier clinical trials and result in a safety profile that could inhibit regulatory approval or market acceptance of any of our product candidates.

If significant adverse events or other side effects are observed in any of our clinical trials, we may have difficulty recruiting patients to our clinical trials, patients may drop out of our trials, we may be required to pause, delay, or abandon the trials or our development efforts of one or more product candidates altogether, we may be required to have more restrictive labeling, including updates and adjustments of product labels, or we may experience the delay or denial of regulatory approval by the FDA, EMA, MHRA, the MHLW, or other applicable regulatory authorities. We, the FDA, or other applicable regulatory authorities, or an IRB may suspend clinical trials of a product candidate at any time for various reasons, including a belief that subjects or patients in such trials are being exposed to unacceptable health risks or adverse side effects. Some potential therapeutics developed in the biotechnology industry that initially showed therapeutic promise in early-stage trials have later been found to cause adverse events or other side effects that prevented their further development. Even if any such adverse events or other side effects do not preclude the product candidate from obtaining or maintaining marketing approval, undesirable side effects may inhibit market acceptance of the approved product due to its tolerability versus other therapies.

Cell therapies are novel, complex, and difficult to manufacture and we may not be successful in our efforts to develop and commercialize such therapies.

In June 2022, we acquired CellPoint and AboundBio with the aim to enter the space of oncology. Through the acquisitions of CellPoint and AboundBio, respectively, we gained access to an innovative, scalable, decentralized and automated point-of-care cell therapy supply model as well as fully human antibody-based therapeutics platform. CellPoint has developed, in a strategic collaboration with Lonza, a novel point-of-care supply model, which offers the potential for efficient, 7-day delivery of CAR-T therapies and avoids complex logistics, thereby addressing important limitations of current CAR-T treatments. The platform that we use consists of end-to-end xCellit workflow management and monitoring software and Lonza's Cocoon[®] platform, a functionally closed, automated manufacturing platform for cell and gene therapies.

The manufacturing processes that we use to produce our product candidates for human therapeutics are complex, novel, have not been validated for commercial use and are subject to multiple risks. Several factors could cause production interruptions, including equipment malfunctions, facility contamination, raw material shortages or contamination, natural disasters, disruption in utility services, human error, or disruptions in the operations of our suppliers. Moreover, unlike chemical pharmaceuticals, the physical and chemical properties of a biologic often cannot be fully characterized. As a result, assays of the finished product may not be sufficient to ensure that the product will perform in the intended manner. Accordingly, it is necessary to employ multiple steps to control our manufacturing process to assure that the product candidate is made strictly and consistently in compliance with the process. Problems with the manufacturing process, even minor deviations from the normal process, could result in product defects or manufacturing failures that result in lot failures, product recalls, product liability claims, or insufficient inventory.

In addition, the manufacture of our point-of-care cell therapy product candidates involves complex processes, such as harvesting and transporting cells from every patient to Lonza's Cocoon® system, engineering the cells *ex vivo* to express a specific biologic receptor for a specific target, and finally transporting the point-of-care cell therapy product candidates from Lonza's Cocoon® system back to the patient for infusion into the patient. As a result of the complexities, the manufacturing process for our point-of-care cell therapy product candidates is more variable and difficult to reproduce than traditional small molecule chemical compounds or biologics. Our manufacturing process may be susceptible to product loss or failure due to logistical issues associated with the collection of patients' cells and the infusion of the patient with our point-of-care cell therapy product candidates. Product loss or failure may also be caused by a number of factors, including manufacturing issues associated with the variability in patient material, interruptions in the manufacturing process, contamination, equipment failure, assay failures, improper installation or operation of Lonza's Cocoon® system, vendor or operator error, inconsistency in cell growth, and variability in product characteristics.

If for any reason a patient's starting material is lost, or if any point-of-care cell therapy product candidate does not meet the preset specifications, the manufacturing process for that patient will need to be restarted, sometimes including the re-collection of cells from the patient, and the resulting delay may adversely affect that patient's outcome. It may even happen that failed product candidate manufacture may prevent a patient from receiving our point-of-care cell therapy product candidates. If microbial, environmental or other contaminations are discovered in our point-of-care cell therapy product candidates or in the third-party facilities in which our point-of-care cell therapy product candidates are manufactured through Lonza's Cocoon® system, delays can occur and such facilities can be closed. If such contaminations or other product quality issues are not discovered and if as a result thereof patients are exposed to a health risk, we may be held liable. Our insurance may not cover those cases, or the financial coverage may not be sufficient. Because our point-of-care cell therapy product candidates are manufactured specifically for each individual patient, vendors and operators will be required to maintain a chain of identity with respect to the patient's cellular material as it moves from the patient through the Cocoon® point-of-care manufacturing process, and back to the patient for infusion. Maintaining such a chain of identity is difficult and complex, and failure to do so could result in adverse patient outcomes, loss of product, or regulatory action including clinical hold or other suspension or termination of our clinical trials or withdrawal of our point-of-care cell therapy products from the market, if approved.

Further, as product candidates are developed through preclinical to late-stage clinical trials towards approval and commercialization, it is common that various aspects of the development program, such as point-of-care manufacturing methods, are altered along the way to optimize processes and results. Such changes carry the risk that they will not achieve their intended objectives, and any of these changes could cause our point-of-care cell therapy product candidates or our manufacturing process to perform differently and affect the results of planned clinical trials or other future clinical trials or otherwise necessitate the conduct of additional studies, which can be costly and time-consuming. We and our vendors may not successfully establish a robust point-of-care production process, including quality release and monitoring process, that fulfills the requirements of the FDA, the EMA and comparable regulatory authorities. There can be no assurance that Lonza's Cocoon® system for our point-of-care cell therapy product candidates is viable and can be effectively scaled up or transferred to third party vendors and operators for commercialization. We are dependent on a third party for the end-to-end xCellit workflow management and monitoring software and if there are any issues with this software, we may be unable to obtain regulatory approval for our product candidates.

Any failure to follow regulatory requirements or any delay, interruption or other issues that arise in the manufacture or storage of our product candidates as a result of a failure of our facilities or the facilities and operations of third parties to comply with regulatory requirements or pass any regulatory authority inspection could significantly impair our ability to develop and commercialize our point-of-care cell therapy product candidates. Point-of-care cell

therapy product candidates that have been produced and stored for later use may degrade, become contaminated or suffer other quality defects, which may cause the affected point-of-care cell therapy product candidates to no longer be suitable for their intended use. Furthermore, if our vendors or operators fail to deliver the required commercial quantities or supply of our point-of-care cell therapy product candidates on a timely basis and at reasonable costs, we would likely be unable to meet demand for our point-of-care cell therapy product candidates, and we would lose potential revenues.

In addition, the manufacturing process and facilities used to produce our point-of-care cell therapy product candidates through our Cocoon® system are subject to FDA, the EMA and comparable regulatory authority approval processes and compliance with applicable Good Manufacturing Practices, and we and our vendors and operators will need to meet all applicable regulatory authority requirements on an ongoing basis, including requirements pertaining to quality control, quality assurance, and the maintenance of records and documentation. The FDA, the EMA and comparable regulatory authorities enforce these requirements through facility inspections. In the EU, the national competent authorities are responsible for manufacturing facility inspections, but the EMA plays a coordinating role in ensuring that standards are enforced consistently throughout the EU. Facilities using our point-of-care manufacturing process, including Lonza's Cocoon® system, must be approved by the FDA, national competent authorities in the EU or comparable regulatory authorities. Vendors and operators are also subject to continuing FDA, EMA and comparable regulatory authority compliance.

Our own or third parties' facilities where Lonza's Cocoon® system is in use may be unable to comply with these regulatory requirements. Poor control of production processes can lead to the introduction of contaminants, or to inadvertent changes in the properties or stability of our point-of-care cell therapy product candidates that may not be detectable in final product testing. If we or our vendors and operators are unable to reliably produce product candidates to specifications acceptable to the FDA, the EMA or comparable regulatory authorities, or in accordance with the strict regulatory requirements, we may not obtain or maintain the approvals we need to commercialize our point-of-care cell therapy product candidates. Even if we obtain regulatory approval for any of our point-of-care cell therapy product candidates, there can be no assurance that either we or our third party vendors or operators will be able to manufacture the approved product to specifications acceptable to the FDA, the EMA or comparable regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product, or to meet potential future demand. Deviations from manufacturing requirements may further require remedial measures that may be costly and/or time-consuming for us or a third party to implement and may include the temporary or permanent closure of a facility. Any such remedial measures imposed upon us or third parties with whom we contract could materially harm our business.

Even to the extent we use vendors or operators for Lonza's Cocoon® system, we are ultimately responsible for the manufacturing of our point-of-care cell therapy product candidates. A failure to comply with regulatory requirements may result in regulatory enforcement actions against our vendors or operators or us, including fines and civil and criminal penalties.

Patients receiving T cell-based immunotherapies may experience serious adverse events, including neurotoxicity and cytokine release syndrome. Serious adverse events or undesirable side effects associated with our CAR T product candidates may result in delays, clinical holds, or terminations of our preclinical or clinical trials, impact our ability to obtain regulatory or marketing approval, and impact the commercial potential of such product candidates, which will significantly harm our business, financial condition and prospects.

We are currently developing CAR-T product candidates, including (1) GLPG5101, a CD19 CAR-T product candidate manufactured at point-of-care for which we aim to start clinical development in rSLE in 2023; (2) GLPG5101 and GLPG5201, CD19 CAR-T product candidates manufactured at point-of-care, currently in Phase 1/2 in rNHL and rCLL, respectively; and (3) GLPG5301, a BCMA CAR-T product candidate manufactured at point-of-care, for which we plan to start clinical development in rMM. In previous and ongoing clinical studies, including our current studies, involving CAR-T products and product candidates, patients experienced side effects such as neurotoxicity and cytokine release syndrome. There have been life-threatening events related to severe neurotoxicity and cytokine release syndrome, requiring intense medical intervention such as intubation or vasopressor support, and in several cases, resulted in death. Severe neurotoxicity is a condition that is currently defined clinically by cerebral edema, confusion, drowsiness, speech impairment, tremors, seizures, or other central nervous system side effects, when such side effects are serious enough to lead to intensive care. In some cases, severe neurotoxicity was thought to be associated with the use of certain lymphodepletion regimens used prior to the administration of the CAR-T products. Cytokine release syndrome is a condition that is currently defined clinically by certain symptoms related to the release of cytokines, which

can include fever, chills, low blood pressure, when such side effects are serious enough to lead to intensive care with mechanical ventilation or significant vasopressor support. The exact cause or causes of cytokine release syndrome and severe neurotoxicity in connection with treatment of CAR-T products is not fully understood at this time. In addition, patients have experienced other adverse events in these studies, such as a reduction in the number of blood cells (in the form of neutropenia, thrombocytopenia, anemia or other cytopenias), febrile neutropenia, chemical laboratory abnormalities (including elevated liver enzymes), and renal failure.

Undesirable side effects caused by any of our CAR-T product candidates targeting rrrNHL, rrrCLL, or BCMA, could cause us or regulatory authorities to interrupt, delay or halt preclinical or clinical studies and could result in restrictions on the labeling, distribution, or marketing of any approved products or a requirement to conduct potentially costly post-approval studies or the delay or denial of marketing approval by the FDA or other comparable foreign regulatory authorities. Side effects and toxicities associated with any of our product candidates, if approved, as well as the warnings, precautions, and requirements listed in the prescribing information, could affect the willingness of physicians to prescribe, and patients to use, such product candidates, if approved, and negatively affect market acceptance and commercial sales. In some cases, side effects such as neurotoxicity or cytokine release syndrome have resulted in clinical holds of ongoing clinical trials and/or discontinuation of the development of the product candidate. Results of our studies could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics. Treatment-related side effects could also affect patient recruitment or the ability of enrolled patients to complete the studies or result in potential product liability claims. In addition, these side effects may not be appropriately recognized or managed by the treating medical staff, as toxicities resulting from engineered cell therapies are not normally encountered in the general patient population and by medical personnel. Medical personnel may need additional training regarding engineered cell therapies to understand their side effects. Complexity of the potential side effects of engineered cell therapies, associated with the potential presence of comorbidities, could result in deaths. Any of these occurrences may harm our business, financial condition and prospects significantly.

If we or others identify undesirable side effects caused by our product candidates, a number of potentially significant negative consequences could result, including:

- regulatory authorities may not approve our CAR-T product candidates, or, if such product candidates are approved, may limit or withdraw such approval;
- regulatory authorities may require the addition of labeling statements, such as a “boxed” warning or a contraindication, if our product candidates are approved;
- if our product candidates were approved, regulatory authorities may require a REMS plan to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries, and other risk minimization tools;
- we may be subject to regulatory investigations and government enforcement actions;
- we could be sued and held liable for injury caused to individuals exposed to or taking our product candidates; and
- our reputation may suffer.

Negative public opinion and increased regulatory scrutiny of cell therapies and cellular research may damage public perception of our CAR-T product candidates, and any future products or adversely affect our ability to conduct our business or obtain and maintain marketing approvals for our CAR-T product candidates.

Public perception may be influenced by claims that cell therapy, including cell editing technologies, is unsafe or unethical, and research activities and adverse events in the field, even if not ultimately attributable to us or our CAR-T product candidates, could result in increased governmental regulation, unfavorable public perception, challenges in recruiting patients to participate in our clinical studies, potential regulatory delays in the testing or approval of our CAR-T product candidates, labeling restrictions for any future approved CAR-T products, and a decrease in demand for any such product. More restrictive government regulations or negative public opinion would have a negative effect on our business or financial condition and may delay or impair the development and commercialization of our CAR-T product candidates or demand for any approved products.

Delays in obtaining regulatory approval of manufacturing processes and facilities or disruptions in manufacturing processes may delay or disrupt our commercialization efforts.

Before we can begin to commercially manufacture our product candidates for human therapeutics, the FDA must review for the applicable manufacturing process and facilities as part of its review of our marketing application. This will likely require the manufacturing facilities to pass a pre-approval inspection by the FDA. A manufacturing authorization must also be obtained from the appropriate European Union regulatory authorities or other comparable regulatory authorities.

In order to obtain FDA approval, we will need to ensure that all of the processes, methods, and equipment are compliant with cGMP and perform extensive audits of vendors, contract laboratories, and suppliers. If any of our vendors, contract laboratories or suppliers is found to be out of compliance with cGMP, we may experience delays or disruptions in manufacturing while we work with these third parties to remedy the violation(s) or while we work to identify suitable replacement vendors. The cGMP requirements govern, among other things, quality control of the manufacturing process, raw materials, containers/closures, buildings and facilities, equipment, storage and shipment, labeling, laboratory activities, data integrity, documentation policies and procedures, and returns. In complying with cGMP, we will be obligated to expend time, resources, and efforts in production, record keeping, and quality control to assure that the product meets applicable specifications and other requirements. If we fail to comply with these requirements, we would be subject to possible regulatory action that could adversely affect our business, results of operations, financial condition, and cash flows, including the inability to sell any products that we may develop.

Risks related to our financial position and need for additional capital

We have no historical profit from product sales and limited historical data on product revenues, which makes it difficult to assess our future prospects and financial results.

Pharmaceutical product development is a highly speculative undertaking and involves a substantial degree of uncertainty. Our operations to date have been generally limited to developing our technology and undertaking preclinical studies and clinical trials of our immunology and oncology product candidates, currently including filgotinib (in AxSpA), GLPG3667, GLPG5101, GLPG5201 or GLPG5301. We may not have the ability to overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the pharmaceutical area. We have only recently commenced our transition from clinical-stage to a commercial-stage company and continue to build a marketing and sales organization for the marketing, sales, and distribution of pharmaceutical products. We have limited experience as a commercial company, have no historical profit from product sales and limited historical data on product revenues. Consequently, the ability to predict our future operating results or business prospects is more limited than if we had a longer operating history or approved products on the market.

With the exception of the year ended December 31, 2019, we have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.

With the exception of the year ended December 31, 2019, we have incurred significant operating losses since our inception in 1999. We reported net losses of €305.4 million for the year ended December 31, 2020, net losses of €103.2 million for the year ended December 31, 2021, and net losses of €218.0 million for the year ended December 31, 2022. Our losses resulted principally from costs incurred in research and development, preclinical testing, clinical development of our product and our product candidates as well as costs incurred for research programs, pre-commercial activities, commercial activities (as of 2020) and from general and administrative costs associated with our operations. In the future we intend to continue the aforementioned activities. Our prior losses, combined with expected future losses, have had and will continue to have an adverse effect on our shareholders' equity and working capital. We expect to continue incurring significant research, development, and other expenses related to our ongoing operations, and to continue incurring operating losses for the foreseeable future.

We cannot be sure that we will generate significant revenues from sales of products for the foreseeable future. If any of our product candidates fail in clinical trials or do not gain regulatory approval, or if any of our products or product candidates, if approved, fail to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods.

Even with one approved product, filgotinib, and if one or more of our product candidates is approved for commercial sale and we retain commercial rights, we anticipate incurring significant costs associated with commercializing any such approved product candidate. Additionally, we may not achieve significant revenues from sales of products. Therefore, even if we are able to generate revenues from the sale of any approved product, we may not become or sustain profitable.

We may require substantial additional funding, which may not be available to us on acceptable terms, or at all.

Our operations have consumed substantial amounts of cash since inception. We are currently conducting clinical trials for filgotinib in AxSpA, GLPG3667, GLPG5101, GLPG5201, GLPG5301, and other immunology and oncology product candidates. Developing pharmaceutical product candidates, including conducting clinical trials, is expensive. We will require substantial additional future capital in order to complete clinical development and, if we are successful, to commercialize any of our current product candidates. If the FDA, or any other comparable regulatory agency, such as the EMA, requires that we perform studies or trials in addition to those that we currently anticipate with respect to the development of our product candidates, or repeat studies or trials, our expenses would further increase beyond what we currently expect, and any delay resulting from such further or repeat studies or trials could also result in the need for additional financing and other resources.

Our existing current financial investments and cash and cash equivalents may not be sufficient for us to complete advanced clinical development of our product candidates or, if applicable, to commercialize product candidates that would be approved. Accordingly, we may continue to require substantial additional capital to continue our clinical development activities and potentially engage in commercialization activities. Because successful development of our product candidates is uncertain, we are unable to estimate the actual funds and resources we will require to complete research and development and commercialize our product candidates. The amount and timing of our future funding requirements will depend on many factors, including but not limited to:

- the progress, costs, results of and timing of our ongoing and planned clinical trials;
- our ability to reach milestones under our existing collaboration arrangements and enter into additional collaborative agreements for the development and commercialization of our product candidates;
- the willingness of the FDA, EMA, the MHRA, the MHLW, and other comparable regulatory authorities to accept our clinical trials and preclinical studies and other work as the basis for review and approval of product candidates;
- the outcome, costs and timing of seeking and obtaining regulatory approvals from the FDA, EMA, the MHRA, the MHLW, and other comparable regulatory authorities;
- whether our collaboration partners continue to collaborate with us on the development and commercialization of our product candidates;
- the number of product candidates and indications that we pursue, whether developed internally or in-licensed;
- the timing and costs associated with manufacturing our product candidates for clinical trials and other studies and, if approved, for commercial sale;
- our need to expand our development activities and, potentially, our research activities;
- the timing and costs associated with establishing sales and marketing capabilities;
- the costs associated with our existing and future product sales, marketing, commercial manufacturing, and distribution activities;
- the costs associated with adding new manufacturing sites for our point-of-care cell therapy product candidates;

- market acceptance of any approved product candidates;
- the costs of acquiring, licensing or investing in additional businesses, products, product candidates and technologies;
- the cost to maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, filing, prosecution, defense and enforcement of any patents or other intellectual property rights;
- the extent to which we may be required to pay milestone or other payments under our in-license agreements and the timing of such payments;
- our need and ability to hire additional management, development and scientific personnel; and
- our need to implement additional internal systems and infrastructure, including financial and reporting systems.

Some of these factors are outside of our control. Based upon our current expected level of operating expenditures and our existing current financial investments and cash and cash equivalents, we believe that we will be able to fund our operating expenses and capital expenditure requirements for the coming years. This period could be shortened, but not below a period of 12 months, if there are any significant increases beyond our expectations in spending on development programs or more rapid progress of development programs than anticipated. Accordingly, we expect that we could need to raise additional funds in the future. Additional funding may not be available to us on acceptable terms, or at all. If we are unable to obtain funding from equity offerings or debt financings, including on a timely basis, we may be required to:

- seek additional collaboration partners for one or more of any future proprietary product candidates at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available;
- relinquish or license on unfavorable terms our rights to technologies or any future proprietary product candidates that we otherwise would seek to develop or commercialize ourselves;
- significantly curtail one or more of our research or development programs;
- curtail our product sales, marketing, commercial manufacturing, and
- cease operations altogether.

Raising additional capital may cause dilution to our existing shareholders, restrict our operations or require us to relinquish rights to our product candidates or technologies.

We may seek additional funding through a combination of equity offerings, debt financings, collaborations and/or licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of the ADSs or our ordinary shares. The incurrence of indebtedness and/or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt and/or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of the ADSs or our ordinary shares to decline. In the event that we enter into collaborations and/or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party on unfavorable terms our rights to technologies or product candidates that we otherwise would seek to develop or commercialize ourselves or potentially reserve for future potential arrangements when we might be able to achieve more favorable terms.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults, or non-performance by financial institutions or transactional counterparties, could adversely affect the Company's current and projected business operations and its financial condition and results of operations.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. Although a statement by the Department of the Treasury, the Federal Reserve and the FDIC indicated that all depositors of SVB would have access to all of their money after only one business day of closure, including funds held in uninsured deposit accounts, borrowers under credit agreements, letters of credit and certain other financial instruments with SVB, Signature Bank or any other financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts thereunder. In addition, on March 13, 2023, The Bank of England announced that, in consultation with the Prudential Regulation Authority (PRA), HM Treasury (HMT) and the Financial Conduct Authority (FCA), has taken the decision to sell Silicon Valley Bank UK Limited (SVBUK), the UK subsidiary of the US bank, to HSBC UK Bank Plc (HSBC). The Bank of England stated that all depositors' money with SVBUK is safe and secure as a result of this transaction. The Bank of England further stated that SVBUK's business will continue to be operated normally by SVBUK and that all services will continue to operate as normal and customers should not notice any changes.

Although we are not a borrower or party to any such instruments with SVB, SVBUK, Signature or any other financial institution currently in receivership or a similar proceeding, if any of our lenders or counterparties to any such instruments were to be placed into receivership or a similar proceeding, we may be unable to access such funds. In addition, if any of our customers, suppliers or other parties with whom we conduct business are unable to access funds pursuant to such instruments or lending arrangements with such a financial institution, such parties' ability to pay their obligations to us or to enter into new commercial arrangements requiring additional payments to us could be adversely affected. In this regard, counterparties to SVB or SVBUK credit agreements and arrangements, and third parties such as beneficiaries of letters of credit (among others), may experience direct impacts from the closure of SVB and the sale of SVBUK to HSBC, and uncertainty remains over liquidity concerns in the broader financial services industry. Similar impacts have occurred in the past, such as during the 2008-2010 financial crisis.

Inflation and rapid increases in interest rates have led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates. Although the U.S. Department of Treasury, FDIC and Federal Reserve Board have announced a program to provide up to \$25 billion of loans to financial institutions secured by certain of such government securities held by financial institutions to mitigate the risk of potential losses on the sale of such instruments, widespread demands for customer withdrawals or other liquidity needs of financial institutions for immediately liquidity may exceed the capacity of such program. Additionally, there is no guarantee that the U.S. Department of Treasury, FDIC and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of other banks or financial institutions, or that they would do so in a timely fashion.

Although we assess our banking and customer relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect the Company, the financial institutions with which the Company has credit agreements or arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which the Company has financial or business relationships, but could also include factors involving financial markets or the financial services industry generally.

The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on our current and projected business operations and our financial condition and results of operations. These could include, but may not be limited to, the following:

- delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets;
- delayed or lost access to, or reductions in borrowings available under revolving existing credit facilities or other working capital sources and/or delays, inability or reductions in the company's ability to refund, roll over or extend the maturity of, or enter into new credit facilities or other working capital resources;
- potential or actual breach of contractual obligations that require the Company to maintain letters of credit or other credit support arrangements;
- potential or actual breach of financial covenants in our credit agreements or credit arrangements;
- potential or actual cross-defaults in other credit agreements, credit arrangements or operating or financing agreements; or
- termination of cash management arrangements and/or delays in accessing or actual loss of funds subject to cash management arrangements.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our financial and/or contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and/or projected business operations and financial condition and results of operations.

In addition, any further deterioration in the macroeconomic economy or financial services industry could lead to losses or defaults by our customers or suppliers, which in turn, could have a material adverse effect on our current and/or projected business operations and results of operations and financial condition. For example, a customer may fail to make payments when due, default under their agreements with us, become insolvent or declare bankruptcy, or a supplier may determine that it will no longer deal with us as a customer. In addition, a customer or supplier could be adversely affected by any of the liquidity or other risks that are described above as factors that could result in material adverse impacts to us, including but not limited to delayed access or loss of access to uninsured deposits or loss of the ability to draw on existing credit facilities involving a troubled or failed financial institution. Any customer or supplier bankruptcy or insolvency, or the failure of any customer to make payments when due, or any breach or default by a customer or supplier, or the loss of any significant supplier relationships, could result in material losses to us and may have a material adverse impact on our business.

Risks related to our reliance on third parties

We are heavily dependent upon our collaboration arrangements with Gilead and certain other third parties for the development and commercialization of our products and there can be no assurance that these arrangements will deliver the benefits we expect.

In July 2019, we entered into a 10-year global research and development collaboration with Gilead. In connection with our entry into the option, license and collaboration agreement, we received an upfront payment of \$3.95 billion and a €960 million (\$1.1 billion) equity investment from Gilead. Under the option, license and collaboration agreement, we will fund and lead all discovery and development autonomously until the end of the relevant Phase 2 clinical study. After the completion of a qualifying Phase 2 clinical study (or in certain circumstances, the first Phase 3 clinical study), Gilead will have the option to acquire an exclusive commercial license to that program in all countries outside of Europe. If the option is exercised, we and Gilead will co-develop the compound and share costs equally. In addition, we are heavily dependent on Gilead for the commercialization of filgotinib and the further development of filgotinib outside of Europe.

Gilead may not devote sufficient resources or give sufficient priority to the programs in respect of which it acquires a commercial license pursuant to the option, license and collaboration agreement. Furthermore, Gilead may not be successful in the commercialization of filgotinib outside of Europe and further development and commercialization of filgotinib or other programs for which it acquires a commercial license, even when they do devote resources and prioritize their efforts for such programs.

In addition, the terms of the collaboration with Gilead and any collaboration or other arrangement that we may establish may not ultimately prove to be favorable to us or may not be perceived as favorable, which may negatively impact the trading price of the ADSs or our ordinary shares. In addition, pursuant to the collaboration with Gilead, we are entitled to certain option payments and tiered royalties and milestones on certain products. There can be no assurance that such payments will be sufficient to cover the cost of development of the relevant product candidates.

We are subject to a number of additional risks associated with our dependence on our collaborations with third parties, the occurrence of which could cause our collaboration arrangements to fail. In particular, the collaboration we entered into in July 2019 is managed by a set of joint committees comprised of equal numbers of representatives from each of us and Gilead. Conflicts may arise between us and Gilead, such as conflicts concerning the interpretation of clinical data, the achievement of milestones, the interpretation of financial provisions or the ownership of intellectual property developed during the collaboration, and there can be no assurance that the joint committees will be able to resolve any such conflicts. If any such conflicts arise, Gilead could act in a manner adverse to our best interests. Any such disagreement could result in one or more of the following, each of which could delay or prevent the development or commercialization of product candidates subject to the collaboration arrangements, and in turn prevent us from generating sufficient revenues to achieve or maintain profitability:

- reductions or delays in the payment of milestone payments, royalties or other payments we believe are due;
- actions taken by Gilead inside or outside our collaboration which could negatively impact our rights or benefits under our collaboration including termination of the collaboration for convenience; or
- unwillingness on the part of Gilead to keep us informed regarding the progress of its development and commercialization activities or regulatory approval or to permit public disclosure of the results of those activities.

In addition to our collaboration with Gilead, we may also enter into future collaborations which will give rise to similar risks, although our ability to enter into such collaborations may be limited given the scale of our collaboration with Gilead.

If our global research and development collaboration with Gilead or other collaborations on research and development candidates do not result in the successful development and commercialization of products or if Gilead or another one of our collaboration partners terminates its agreement with us, we may not receive any future research funding or milestone or royalty payments under the collaboration. If we do not receive the funding we expect under these agreements, our development of our product candidates could be delayed and we may need additional resources to develop product candidates.

We may not be successful in establishing future development and commercialization collaborations, particularly given the scale of our collaborations with Gilead, and this could adversely affect, and potentially prohibit, our ability to develop and commercialize our product candidates.

Developing pharmaceutical products, conducting clinical trials, obtaining regulatory approval, establishing manufacturing capabilities, commercializing, and marketing approved products is expensive. Accordingly, we have sought and may in the future seek to enter into collaborations with companies that have more resources and experience. In the future, however, our ability to do so may be limited given the scale of the 10-year global research and development collaboration that we entered into with Gilead in July 2019. If Gilead declines to exercise its option and we are otherwise unable to obtain a collaboration partner for our product candidates, we may be unable to advance the development of our product candidates through late-stage clinical development and seek approval in any market. In situations where we enter into a development and commercial collaboration arrangement for a product candidate, we may also seek to establish additional collaborations for development and commercialization in territories outside of those addressed by the first collaboration arrangement for such product candidate. If any of our product candidates receives

marketing approval, we may enter into sales and marketing arrangements with third parties with respect to otherwise unlicensed or unaddressed territories. Furthermore, there are a limited number of potential collaboration partners, and we expect to face competition in seeking appropriate collaboration partners. If we are unable to enter into any development and commercial collaborations and/or sales and marketing arrangements on acceptable terms, or at all, we may be unable to successfully develop and seek regulatory approval for our product candidates and/or effectively market and sell approved products, if any.

We rely on third parties to conduct our preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates, and our business could be substantially harmed.

We have relied upon and plan to continue to rely upon CROs to monitor and manage data for our preclinical and clinical programs. We rely on these parties for execution of our preclinical studies and clinical trials, and we control only certain aspects of their activities. We and our CROs also rely upon clinical sites and investigators for the performance of our clinical trials in accordance with the applicable protocols and applicable legal and regulatory requirements and scientific standards. Nevertheless, we are responsible for ensuring that each of our studies and trials is conducted in accordance with the applicable protocol and applicable legal and regulatory requirements and scientific standards, and our reliance on CROs as well as clinical sites and investigators does not relieve us of our regulatory responsibilities. We are required to, and do, have mechanisms in place to adequately manage, oversee and control our clinical trials, including selection of CROs, auditing activities, strong focus on set-up (during which deliverables, timelines and roles and responsibilities are defined), and strong oversight during the conduct of clinical trials. We, our CROs, as well as the clinical sites and investigators are required to comply with current Good Clinical Practices (GCPs), which are regulations and guidelines enforced by the FDA, the Competent Authorities of the Member States of the European Economic Area, or EEA, and comparable regulatory authorities for all of our products in clinical development. Regulatory authorities enforce these GCPs through periodic inspections of trial sponsors, investigators and clinical sites. If we, any of our CROs or any of the clinical sites or investigators fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, EMA, the MHRA, MHLW, or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP regulations. We also cannot assure you that our CROs, as well as the clinical sites and investigators, will perform our clinical trials in accordance with the applicable protocols as well as applicable legal and regulatory requirements and scientific standards, or report the results obtained in a timely and accurate manner. In addition to GCPs, our clinical trials must be conducted with products produced under current Good Manufacturing Practice (cGMP) regulations. While we have agreements governing activities of our CROs, we have limited influence over the actual performance of our CROs as well as the performance of clinical sites and investigators. In addition, significant portions of the clinical trials for our product candidates are and will continue to be conducted outside of Belgium, which will make it more difficult for us to monitor CROs as well as clinical sites and investigators and perform visits of our clinical sites, and will force us to rely heavily on CROs to ensure the proper and timely conduct of our clinical trials in accordance with the applicable protocols and compliance with applicable regulations, including GCPs, and scientific standards. Failure to comply with applicable protocols and regulations in the conduct of the clinical trials for our product candidates may require us to repeat clinical trials, which would delay the regulatory approval process. Additionally, the performance of our CROs may also be delayed or disrupted by the ongoing COVID-19 pandemic, availabilities of staff, exposure of CRO staff to COVID-19 or re-prioritization of CRO resources as a result of the pandemic, or by the ongoing armed conflict between Russia and Ukraine, and sanctions against Russia.

Some of our CROs have an ability to terminate their respective agreements with us if it can be reasonably demonstrated that the safety of the subjects participating in our clinical trials warrants such termination, or as a result of data integrity compromise, or if there is reasonable belief that good clinical practice or applicable laws or regulations will be materially violated, or if we make a general assignment for the benefit of our creditors, or if we are liquidated.

If any of our relationships with these CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. In addition, our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our preclinical and clinical programs. If CROs do not carry out their contractual duties or obligations successfully or meet expected deadlines, if they need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure (including by clinical sites or investigators) to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or

terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase substantially and our ability to generate revenues could be delayed significantly.

Switching or adding additional CROs involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays may occur, which can materially impact our ability to meet our desired clinical development timelines. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

We rely completely on third parties to manufacture our preclinical and clinical drug supplies and to produce commercial supplies of any approved product.

We do not currently have, nor do we plan to acquire, the infrastructure or capability internally to manufacture our drug supply for our approved products or preclinical and clinical drug supplies. This reliance on third parties increases the risk of shortages of our drugs or drug candidates and of the availability of such drugs or drug candidates at an acceptable cost or quality. This could potentially delay, prevent or impair our development and commercialization efforts.

If, for any reason, we were to experience an unexpected loss in the supply of any of our approved products, our product candidates or placebo or comparator drug used in certain of our clinical trials, whether as a result of manufacturing, supply or storage issues or otherwise, we could experience delays, disruptions, suspensions or terminations of, or be required to restart or repeat, any pending or ongoing clinical trials or commercial distribution of our approved products could be negatively affected. The facilities used by our contract manufacturers or other third-party manufacturers to manufacture our approved products and our product candidates are subject to the FDA's, EMA's, MHRA's, MHLW's and other comparable regulatory authorities' pre-approval inspections that can be conducted after we submit the required approval applications to any relevant regulatory authority, such as, for example, an NDA or BLA to the FDA. We monitor, but do not control, the implementation of the manufacturing process of, but are dependent on, our contract manufacturers or other third-party manufacturers for compliance with cGMP regulatory requirements for manufacture of any drug products. If our contract manufacturers or other third-party manufacturers do not successfully manufacture material that conforms to applicable specifications and the strict regulatory requirements of the FDA, EMA, MHRA, MHLW or others or if such authority finds deficiencies at a contract manufacturer's facility or is unable to conduct an inspection necessary to evaluate such facility due to delays or disruptions caused by the COVID-19 pandemic, we will not be able to secure and/or maintain regulatory approvals for our products manufactured at these facilities. This could significantly impact our ability to develop, obtain regulatory approval for or market our product candidates, if approved.

We rely on our manufacturers to purchase from third-party suppliers the materials necessary to produce our product candidates for our clinical trials and our approved products. There are a limited number of suppliers for raw materials that we use to manufacture our drugs and there may be a need to assess alternate suppliers to prevent a possible disruption of the manufacture of the materials necessary to produce our product candidates for our clinical trials and our approved products. We do not have any control over the process or timing of the acquisition of raw materials by our manufacturers, and delays may result for reasons beyond our control, including the COVID-19 pandemic or the ongoing armed conflict between Russia and Ukraine.

Moreover, although we have established agreements for commercial production of filgotinib as certain manufacturing obligations are transferred back to us from Gilead, we currently do not have any agreements for the commercial production of the underlying raw materials. If our manufacturers or we are unable to purchase these raw materials after regulatory approval has been obtained for our product candidates, the commercial launch of our products would be delayed or there would be a shortage in supply, which would impair our ability to generate revenues from the sale of our products. Additionally, if we receive regulatory approval for our product candidates, we may experience unforeseen difficulties or challenges in the manufacture of our products on a commercial scale compared to the manufacture for clinical purposes.

We expect to continue to depend on contract manufacturers or other third-party manufacturers for the foreseeable future. We recently entered into long-term agreements with some of our historical contract manufacturers and currently

obtain our supplies of finished drug product through individual purchase orders which cannot guarantee adequate supplies of finished products. In addition, although we intend to do so in the coming months, we have not yet entered into agreements with any alternate fill/finish suppliers.

Via the acquisition of CellPoint on June 21, 2022, we gained access to a decentralized and automated point-of-care cell therapy supply model, which CellPoint B.V. had developed in a strategic collaboration with a third party, Lonza. The proprietary platform consists of the end-to-end xCellit workflow management and monitoring software and Lonza's Cocoon[®] platform, a functionally closed, automated manufacturing platform for cell and gene therapies. Clinical studies with this decentralized supply model have been approved by regulatory authorities in Belgium, Spain, and the Netherlands. If, for any reason, the collaboration terminates or is otherwise materially changed and we are no longer entitled to use such technology platform, then we may be unable to secure alternatives to such technology and our research, development or other efforts may be interrupted or delayed, and our financial condition and results of operation may be materially adversely affected.

We rely on clinical data and results obtained by third parties that could ultimately prove to be inaccurate or unreliable.

If the third-party data and results we rely upon prove to be inaccurate, unreliable or not applicable to our product candidates, we could make inaccurate assumptions and conclusions about our product candidates and our research and development efforts could be materially adversely affected.

Risks related to our intellectual property

Our ability to compete may decline if we do not adequately protect our proprietary rights.

Our commercial success depends on obtaining and maintaining proprietary rights to filgotinib, any future product, and our current and any future product candidates, as well as successfully defending these rights against third-party challenges. We will only be able to protect our product candidates, and their uses from unauthorized use by third parties to the extent that valid and enforceable patents, or effectively protected trade secrets, cover them. Our ability to obtain patent protection for our product candidates is uncertain due to a number of factors, including:

- we may not have been the first to make the inventions covered by pending patent applications or issued patents;
- we may not have been the first to file patent applications for our product candidates or the compositions we developed or for their uses;
- others may independently develop identical, similar or alternative products or compositions and uses thereof;
- our disclosures in patent applications may not be sufficient to meet the statutory requirements for patentability;
- any or all of our pending patent applications may not result in issued patents;
- we may not seek or obtain patent protection in countries that may eventually provide us a significant business opportunity;
- any patents issued to us may not provide a basis for commercially viable products, may not provide any competitive advantages, or may be successfully challenged by third parties;
- our compositions and methods may not be patentable;
- others may design around our patent claims to produce competitive products which fall outside of the scope of our patents; or
- others may identify prior art or other bases which could invalidate our patents.

Even if we have or obtain patents covering our product candidates or compositions, we may still be barred from making, using and selling our product candidates or technologies because of the patent rights of others. Others may have filed, and in the future may file, patent applications covering compositions or products that are similar or identical to ours. If a patent owned by a third party covers one of our product candidates or its use, this could materially affect our ability to develop the product candidate or sell the resulting product if approved. Because patent applications are not published until 18 months from their priority date, there may be currently pending applications unknown to us that may later result in issued patents that our product candidates or compositions may infringe. Additionally, because the scope of claims in pending patent applications can change, there may be pending applications whose claims do not currently cover any of our product candidates but may be altered such that one or more of our product candidates are covered when the resulting patent issues. These patent applications may have priority over patent applications filed by us.

Moreover, even if we are able to obtain patent protection, such patent protection may be of insufficient scope to achieve our business objectives. For example (without any limitation), others may be able to develop a product that is similar to, or better than, ours in a way that is not covered by the claims of our patents.

Obtaining and maintaining a patent portfolio entails significant expense and resources. Part of the expense includes periodic maintenance fees, renewal fees, annuity fees, various other governmental fees on patents and/or applications due in several stages over the lifetime of patents and/or applications, as well as the cost associated with complying with numerous procedural provisions during the patent application process. We may or may not choose to pursue or maintain protection for particular inventions. In addition, there are situations in which failure to make certain payments or noncompliance with certain requirements in the patent process can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If we choose to forgo patent protection or allow a patent application or patent to lapse purposefully or inadvertently, our competitive position could suffer. Moreover, in some circumstances, we do not have the right to control the preparation, filing or prosecution of patent applications, or to maintain the patents, covering technology subject to our collaboration or license agreements with third parties. For example, under our collaboration agreement with Gilead, Gilead controls litigation on our patents for filgotinib in jurisdictions outside the European region and for any optioned programs. Therefore, these patents and patent applications may not be prosecuted or enforced in a manner consistent with the best interests of our business.

Legal actions to enforce our patent rights can be expensive and may involve the diversion of significant management time. In addition, these legal actions could be unsuccessful and could also result in the invalidation of our patents or a finding that they are unenforceable. We may or may not choose to pursue litigation or other actions against those that have infringed on our patents, or used them without authorization, due to the associated expense and time commitment of monitoring these activities. If we fail to protect or to enforce our intellectual property rights successfully, our competitive position could suffer, which could harm our results of operations.

Pharmaceutical patents and patent applications involve highly complex legal and factual questions, which, if determined adversely to us, could negatively impact our patent position.

The patent positions of biotechnology and pharmaceutical companies can be highly uncertain and involve complex legal and factual questions. The interpretation and breadth of claims allowed in some patents covering pharmaceutical compositions may be uncertain and difficult to determine and are often affected materially by the facts and circumstances that pertain to the patented compositions and the related patent claims. The standards of the United States Patent and Trademark Office, or USPTO, the European Patent Office, and other foreign counterparts are sometimes uncertain and could change in the future. Consequently, the issuance and scope of patents cannot be predicted with certainty. Patents, if issued, may be challenged, invalidated or circumvented. Certain U.S. patents and patent applications may also be subject to interference proceedings, and U.S. patents may be subject to reexamination proceedings, post-grant review and/or inter partes review in the USPTO. European patents and other foreign patents may be subject also to opposition or comparable proceedings in the corresponding foreign patent office, which could result in either loss of the patent or denial of the patent application or loss or reduction in the scope of one or more of the claims of the patent or patent application. In addition, such interference, reexamination, post-grant review, inter partes review and opposition proceedings may be costly. Accordingly, rights under any issued patents may not provide us with sufficient protection against competitive products or processes.

In addition, changes in or different interpretations of patent laws in the United States, Europe, and other jurisdictions may permit others to use our discoveries or to develop and commercialize our technology and products

without providing any compensation to us, or may limit the number of patents or claims we can obtain. The laws of some countries do not protect intellectual property rights to the same extent as U.S. and European laws and those countries may lack adequate rules and procedures for defending our intellectual property rights.

If we fail to obtain and maintain patent protection and trade secret protection of our product candidates, we could lose our competitive advantage and competition we face would increase, reducing any potential revenues and adversely affecting our ability to attain or maintain profitability.

Developments in patent law could have a negative impact on our business.

From time to time, courts and other governmental authorities in the United States, Europe, Japan, and other jurisdictions may change the standards of patentability and any such changes could have a negative impact on our business.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to patent protection, because we operate in the highly technical field of development of therapies, we rely in part on trade secret protection in order to protect our proprietary technology and processes. However, trade secrets are difficult to protect. It is our policy to enter into confidentiality and intellectual property assignment agreements with our employees, consultants, outside scientific collaborators, sponsored researchers, and other advisors. These agreements generally require that the other party keeps confidential and does not disclose to third parties all confidential information developed by the party or made known to the party by us during the course of the party's relationship with us. These agreements also generally provide that inventions conceived by the party in the course of rendering services to us will be our exclusive property. However, these agreements may not be honored and may not effectively assign intellectual property rights to us. Adequate remedies may not exist in the event of unauthorized use or disclosure of our confidential information. The disclosure of our trade secrets would impair our competitive position and may materially harm our business, financial condition and results of operations.

In addition to contractual measures, we try to protect the confidential nature of our proprietary information using physical and technological security measures. Such measures may not, for example (without any limitation), in the case of misappropriation of a trade secret by an employee or a third party with authorized access, provide adequate protection for our proprietary information. Our security measures may not prevent an employee or consultant from misappropriating our trade secrets and providing them to a competitor, and recourse we take against such misconduct may not provide an adequate remedy to protect our interests fully. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets, with protection varying across Europe and in other countries. Trade secrets may be independently developed by others in a manner that could prevent legal recourse by us. If any of our confidential or proprietary information, such as our trade secrets, were to be disclosed or misappropriated, or if any such information was independently developed by a competitor, our competitive position could be harmed.

We will not seek to protect our intellectual property rights in all jurisdictions throughout the world and we may not be able to adequately enforce our intellectual property rights even in the jurisdictions where we seek protection.

Filing, prosecuting and defending patents on our current and future product candidates in all countries and jurisdictions throughout the world would be prohibitively expensive, and our intellectual property rights in some countries could be less extensive than those in the United States and Europe, assuming that rights are obtained in the United States and Europe. Furthermore, even if patents are granted based on our European patent applications, we may not choose to perfect or maintain our rights in all available European countries. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as laws in the United States and Europe. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries, or from selling or importing products made using our inventions. The statutory deadlines for pursuing patent protection in individual foreign jurisdictions are based on the priority dates of each of our patent applications.

Competitors may use our technologies in jurisdictions where we do not pursue and obtain patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent

protection, but enforcement is not as strong as that in the United States and Europe. These products may compete with our products and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing. Even if we pursue and obtain issued patents in particular jurisdictions, our patent claims or other intellectual property rights may not be effective or sufficient to prevent third parties from so competing.

The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States and Europe. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property protection, especially those relating to pharmaceuticals or biotechnologies. This could make it difficult for us to stop the infringement of our patents, if obtained, or the misappropriation of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors.

In these countries, patents may provide limited or no benefit. Patent protection must ultimately be sought on a country-by-country basis, which is an expensive and time-consuming process with uncertain outcomes. Accordingly, we may choose not to seek patent protection in certain countries, and we will not have the benefit of patent protection in such countries.

Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. In addition, changes in the law and legal decisions by courts in the United States, Europe and other jurisdictions may affect our ability to obtain adequate protection for our technology and the enforcement of intellectual property. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition by potential partners or customers in our markets of interest. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively, and our business may be adversely affected.

Our inability to protect our intellectual property or failure to maintain the confidentiality and integrity of data or other sensitive company information, by cyber-attack or other event, could have a material adverse effect on our business.

Our success and competitive position are dependent in part upon our proprietary intellectual property. We rely on a combination of patents and trade secrets to protect our proprietary intellectual property, and we expect to continue to do so. Although we seek to protect our proprietary rights through a variety of means, we cannot guarantee that the protective steps we have taken are adequate to protect these rights. Patents issued to or licensed by us in the past or in the future may be challenged and held invalid. In addition, as our patents expire, we may be unsuccessful in extending their protection through patent term extensions or supplementary protection certificates. The expiration of, or the failure to maintain or extend our patents, could have a material adverse effect on us.

We also rely on confidentiality agreements with certain employees, consultants, and other third parties to protect, in part, trade secrets and other proprietary information. These agreements could be breached, and we may not have adequate remedies for such a breach. In addition, others could independently develop substantially equivalent proprietary information or gain access to our trade secrets or proprietary information.

Our intellectual property, other proprietary technology, and other sensitive company information is dependent on sophisticated information technology systems and is potentially vulnerable to cyber-attack, loss, damage, destruction from system malfunction, computer viruses, loss of data privacy, or misappropriation or misuse of it by those with

permitted access, and other events. While we have invested to protect our intellectual property and other information, and continue to upgrade and enhance our systems to keep pace with continuing changes in information processing technology, there can be no assurance that our precautionary measures will prevent breakdowns, breaches, cyber-attacks, or other events. Such events could have a material adverse effect on our reputation, financial condition, or results of operations.

Risks related to intellectual property litigation

We may be subject to claims by third parties asserting ownership or commercial rights to inventions we develop or obligations to make compensatory payments to employees.

Third parties may in the future make claims challenging the inventorship or ownership of our intellectual property. We have written agreements with collaboration partners that provide for the ownership of intellectual property arising from our collaborations. Some of these agreements provide that we must negotiate certain commercial rights with collaboration partners with respect to joint inventions or inventions made by our collaboration partners that arise from the results of the collaboration. In some instances, there may not be adequate written provisions to address clearly the resolution of intellectual property rights that may arise from a collaboration. If we cannot successfully negotiate sufficient ownership and commercial rights to the inventions that result from the collaboration with a third-party collaboration partner, or if disputes otherwise arise with respect to the intellectual property developed in the framework of the collaboration, we may be limited in our ability to capitalize on the market potential of these inventions. In addition, we may face claims by third parties that our agreements with employees, contractors, or consultants obligating them to assign intellectual property to us are ineffective, or in conflict with prior or competing contractual obligations of assignment, which could result in ownership disputes regarding intellectual property we have developed or will develop and interfere with our ability to capture the commercial value of such inventions. Litigation may be necessary to resolve an ownership dispute, and if we are not successful, we may be precluded from using certain intellectual property, or may lose our exclusive rights in that intellectual property. Either outcome could have an adverse impact on our business.

While it is our policy to require our employees and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing or obtaining such an agreement with each party who, in fact, develops intellectual property that we regard as our own. In addition, such agreements may be breached or may not be self-executing, and we may be forced to bring claims against third parties, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel.

Third parties may assert that our employees or consultants have wrongfully used or disclosed confidential information or misappropriated trade secrets.

We employ individuals who were previously employed at universities, pharmaceutical companies or biopharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of a former employer or other third parties. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

A dispute concerning the infringement or misappropriation of our proprietary rights or the proprietary rights of others could be time consuming and costly, and an unfavorable outcome could harm our business.

Our success will depend in part on our ability to operate without infringing the intellectual property and proprietary rights of third parties. We cannot assure you that our business, products, commercialization activities, and methods do not or will not infringe the patents, trademarks, or other intellectual property rights of third parties.

There is significant litigation in the pharmaceutical industry regarding patent and other intellectual property rights. While we are not currently subject to any pending intellectual property litigation, and are not aware of any such

threatened litigation, we may be exposed to future litigation by third parties based on claims that our products or our product candidates, technologies or activities infringe the intellectual property rights of others. If our development activities are found to infringe any such patents, we may have to pay significant damages or seek licenses to such patents. A patentee could prevent us from using the patented drugs or compositions. We may need to resort to litigation to enforce a patent issued to us, to protect our trade secrets, or to determine the scope and validity of third-party proprietary rights. From time to time, we may hire scientific personnel or consultants formerly employed by other companies involved in one or more areas similar to the activities conducted by us. Either we or these individuals may be subject to allegations of trade secret misappropriation or other similar claims as a result of prior affiliations. Even if we are successful in these proceedings, we may incur substantial costs and divert management time and attention in pursuing these proceedings, which could have a material adverse effect on us. If we are unable to avoid infringing the patent rights of others, we may be required to seek a license, defend an infringement action or challenge the validity of the patents in court, or redesign our products. Patent litigation is costly and time consuming. We may not have sufficient resources to bring these actions to a successful conclusion. Any adverse ruling or perception of an adverse ruling in defending ourselves against these claims could have a material adverse impact on our cash position and the price of the ADSs or our ordinary shares. Any legal action against us or our collaboration partners could lead to:

- payment of substantial damages for past use of the asserted intellectual property and potentially treble damages, if we are found to have willfully infringed a party's patent rights;
- injunctive or other equitable relief that may effectively block our ability to further develop, commercialize, and sell our product candidates; or
- us or our collaboration partners having to enter into license arrangements that may not be available on commercially acceptable terms, if at all, all of which could have a material adverse impact on our cash position and business and financial condition. As a result, we could be prevented from commercializing current or future product candidates.

Any of these risks coming to fruition could have a material adverse effect on our business, results of operations, financial condition and prospects.

Issued patents covering our approved product and product candidates could be found to be invalid or unenforceable if challenged in court

If we or one of our licensing partners initiated legal proceedings against a third party to enforce a patent covering our approved product or one of our product candidates, the defendant could counterclaim that the patent covering our approved product or one of our product candidates is invalid and/or unenforceable. In patent litigation, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge include alleged failures to meet any of several statutory requirements in most jurisdictions, including lack of novelty, obviousness or non-enablement. In the United States, grounds for unenforceability assertions include allegations that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post grant review and equivalent proceedings in foreign jurisdictions, e.g., opposition proceedings. Such proceedings could result in revocation or amendment of our patents in such a way that they no longer cover our approved product or product candidates or competitive products. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to validity, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our approved product and/or our product candidates. Such a loss of patent protection would have a material adverse impact on our business.

Risks related to our employee matters

Our future success depends on our ability to retain the members of our Executive Committee and to attract, retain and motivate qualified scientists, development, medical and commercial staff, consultants and advisors. If we are not successful in attracting and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.

Our industry has experienced a high rate of turnover of management and other personnel in recent years. Our ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon our ability to attract and retain highly qualified managerial, scientific and medical personnel, many of whom have been instrumental for us and have substantial experience with our therapies and related technologies. We are highly dependent on our management, scientific and medical personnel, especially our Executive Committee, which at the date of this annual report is comprised of: (i) Stoffels IMC BV (permanently represented by Dr. Paul Stoffels), our Chief Executive Officer; (ii) Bart Filius, our President, Chief Operating Officer, and Chief Financial Officer; (iii) Michele Manto, our Chief Commercial Officer; (iv) Annelies Missotten, our Chief Human Resources Officer; and (v) Valeria Cnossen, our General Counsel, each of whose services are critical to the successful implementation of our product candidates' acquisition, development and regulatory strategies. To our best knowledge, we are not aware of any present intention of any of these individuals to leave our company. In order to induce valuable employees to continue their employment with us, we have granted subscription rights and restricted stock units (RSUs) that vest over time. The value to employees of subscription rights that vest over time is significantly affected by movements in our share price that are beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies.

Despite our efforts to retain valuable employees, members of our management, scientific, development, medical and commercial teams may terminate their employment with us at any time, with or without notice. The loss of the services of any of the members of our Executive Committee or other key employees and senior scientists could delay our research, development and other activities, and our inability to find suitable replacements could harm our business, financial condition and prospects. Our success also depends on our ability to continue to attract, retain and motivate highly skilled junior, mid-level and senior managers, as well as junior, mid-level and senior scientific and medical personnel.

We may not be able to attract or retain qualified management and scientific personnel in the future due to the intense competition for a limited number of qualified personnel among biopharmaceutical, biotechnology, pharmaceutical and other businesses. Many of the other pharmaceutical companies that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high quality candidates than what we have to offer. Therefore, we might not be able to attract or retain these key personnel on conditions that are economically acceptable. If we are unable to continue to attract and retain high quality personnel, the rate and success at which we can develop and commercialize products or product candidates could be adversely affected.

Furthermore, we will need to recruit new managers and qualified scientific, commercial, regulatory and financial personnel to develop our business as we expand into the fields that will require additional skills and expertise, including oncology. Our inability to attract and retain these key personnel could prevent us from achieving our objectives and implementing our business strategy, which could have a material adverse effect on our business and prospects.

Risks from the improper conduct of employees, agents, contractors, CROs, consultants, vendors, or collaboration partners could adversely affect our reputation and our business, prospects, operating results, and financial condition.

We cannot ensure that our compliance controls, policies and procedures will in every instance protect us from acts committed by our employees, agents, contractors, CROs, consultants, vendors, or collaboration partners that would violate the laws or regulations of the jurisdictions in which we operate, including, without limitation, healthcare, employment, securities, manufacturing standards, data manipulation, scientific fraud, foreign corrupt practices, environmental, competition, and patient privacy and other privacy and data protection laws and regulations. Such improper actions could subject us to civil or criminal investigations and monetary and injunctive penalties, and could adversely impact our ability to conduct business, operating results and reputation.

In particular, our business activities may be subject to the Foreign Corrupt Practices Act, or FCPA, and similar anti-bribery or anti-corruption laws, regulations or rules of other countries in which we operate, including the U.K. Bribery Act. The FCPA generally prohibits offering, promising, giving, or authorizing others to give, anything of value, either directly or indirectly, to a non-U.S. government official in order to influence official action, or otherwise obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise, and maintain an adequate system of internal accounting controls. Our business is heavily regulated and therefore involves significant interaction with public officials, including officials of non-U.S. governments. Additionally, in many other countries, the health care providers who prescribe pharmaceuticals are employed by their government, and the purchasers of pharmaceuticals are governmental entities; therefore, our dealings with these prescribers and purchasers are subject to regulation under the FCPA. Recently the SEC and U.S. Department of Justice have increased their FCPA enforcement activities with respect to pharmaceutical companies. There is no certainty that all of our employees, agents, contractors, CROs, consultants, vendors, or collaboration partners, or those of our affiliates, will comply with all applicable laws and regulations, particularly given the high level of complexity of these laws and regulations. It is not always possible to identify and deter misconduct by employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. Additionally, we are subject to the risk that a person could allege such misconduct, even if none occurred. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers, or our employees, the closing down of our facilities, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, and our business, prospects, operating results, and financial condition.

We could be subject to liabilities under human rights, corruption, environmental, health and safety laws or regulations, or fines, penalties or other sanctions, if we fail to comply with such laws or regulations or otherwise incur costs that could have a material adverse effect on the success of our business.

We are subject to numerous human rights, corruption, environmental, health and safety laws, regulations, and permitting requirements, including those governing laboratory procedures, decontamination activities and the handling, transportation, use, remediation, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous, biological, and flammable materials, including chemicals, radioactive isotopes and biological materials and produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials or wastes either at our sites or at third-party disposal sites. In the event of such contamination or injury, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs and reputational loss associated with civil or criminal fines and penalties. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials or other work-related injuries, this insurance may not provide adequate coverage against potential liabilities.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws, regulations or permitting requirements, in which case our research, development or other efforts may be interrupted or delayed, and our financial condition and results of operation may be materially adversely affected. These current or future laws, regulations and permitting requirements may impair our research, development or production efforts. Failure to comply with these laws, regulations and permitting requirements also may result in substantial fines, penalties or other sanctions. As an example, climate change and more specifically the related current and future regulatory requirements, as well as the accelerated transition to a low carbon economy globally, might adversely impact Galapagos' compliance status and value chain, if not addressed adequately.

Risks related to our business operations and growth

If we fail to manage our growth effectively, our ability to develop and commercialize products could suffer.

We expect that if our drug discovery efforts continue to generate product candidates, our clinical product candidates continue to progress in development, and we continue to build our development, medical and commercial organizations, we will require significant additional investment in personnel, management and resources. Our ability to

achieve our research, development and commercialization objectives depends on our ability to respond effectively to these demands to expand our internal organization, systems, controls and facilities to accommodate additional anticipated growth and upon our management developing and implementing strategies for us to realize these objectives. If we are unable to manage our growth effectively, our business could be harmed and our ability to execute our business strategy could suffer.

As a result of our limited financial, manufacturing and management resources, we may forgo or delay pursuit of opportunities with potential product candidates that later prove to have greater market potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities.

We must maintain effective internal control over financial reporting, and if we are unable to do so, the accuracy and timeliness of our financial reporting may be adversely affected, which could have a material adverse effect on our business, investor confidence and market price.

We must maintain effective internal control over financial reporting in order to accurately and timely report our results of operations and financial condition. We often use estimates and assumptions concerning the future. We make reference to section “Critical accounting judgments and key sources of estimation uncertainty” for more information. In addition, because we are a U.S. public company, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requires, among other things, that we assess the effectiveness of our disclosure controls and procedures annually, and the effectiveness of our internal control over financial reporting at the end of each fiscal year.

Section 404 of the Sarbanes-Oxley Act, or Section 404, requires us to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting. In addition, any testing by us conducted in connection with Section 404, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weakness, or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. The rules governing the standards that must be met for our management to assess our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act are complex and require significant documentation, testing and possible remediation. These stringent standards require that our Audit Committee be advised and regularly updated on management’s review of internal control over financial reporting. Our compliance with applicable provisions of Section 404 will require that we incur substantial accounting expense and expend significant management time on compliance-related issues as we implement additional corporate governance practices and comply with reporting requirements. Moreover, if we are not able to comply with the requirements of Section 404 applicable to us in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of the ADSs or our ordinary shares could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources. Furthermore, investor perceptions of our company may suffer if deficiencies are found, and this could cause a decline in the market price of the ADSs or our ordinary shares. Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our stated operating results and harm our reputation. If we are unable to implement these requirements effectively or efficiently, it could harm our operations, financial reporting or financial results, and could result in an adverse opinion on our internal control over financial reporting from our independent registered public accounting firm.

Galapagos’ management notes that the material weakness that has been identified in our internal control over financial reporting as of December 31, 2021 relating to the review of the filgotinib collaboration revenue recognition, has been fully remediated as of December 31, 2022. Notwithstanding the material weakness in the prior period, management has concluded that our audited financial statements included in this Annual Report on Form 20-F are fairly stated in all material respects in accordance with IFRS for each of the periods presented herein. See the section of this annual report titled “Item 15— Controls and Procedures.”

Our information technology systems could face serious disruptions that could adversely affect our business.

Our information technology and other internal infrastructure systems, including corporate firewalls, servers, leased lines and connection to the internet, face the risk of system failure that could disrupt our operations. A significant disruption in the availability of our information technology and other internal infrastructure systems could cause

interruptions in our collaborations with our partners, and delays in our research, development work and other work. The loss of product development or clinical trial data could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and our development programs and the development of our product candidates could be delayed.

We could be required to expend significant amounts of money and other resources to respond to these threats or breaches and to repair or replace information systems or networks, and could suffer reputational loss, financial loss or the loss of valuable confidential information, which could include patient data, customer data and other personal data. In addition, we could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome implemented security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely and there can be no assurance that any measures we take will prevent cyber-attacks (including phishing attempts or e-mail fraud to cause payment or information to be transmitted on an unintended recipient), security breaches or similar attacks or breaches that could adversely affect our business.

Many third-party vendors support our business processes and require access to sensitive or confidential information in the course of their work supporting our operations. Despite clear guidance, supporting processes and requirements and assessments and audits of our third party vendors, the risk that such vendors could be susceptible to cybersecurity or security breaches, including personal data breaches, continues to be present. Any such breach could result in the accidental or unlawful destruction, loss, alteration, unauthorized access, disclosure, or other loss of proprietary, personal or other confidential information, or other disruption to our business and operations.

Any system failure, accident or security breach that causes interruptions in our own or in third party service vendors' operations could result in a material disruption of our product development programs. For example (without any limitation), the loss of clinical trial data from completed or future clinical trials could result in delays in our or our partners' regulatory approval efforts and significantly increase our costs in order to recover or reproduce the lost data. To the extent that any disruption or security breach results in a loss or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we may incur liability, our product development programs and competitive position may be adversely affected and the further development of our product candidates may be delayed. If the integrity of our cybersecurity systems is breached, we may incur significant effects such as remediation expenses, lost revenues, litigation costs, and increased insurance premiums and may also experience reputational damage and the erosion of shareholder value. Furthermore, we may incur additional costs to remedy the damage caused by these disruptions or security breaches. Like other companies, we have on occasion experienced, and will continue to experience, threats to our data and systems, including malicious codes and viruses, phishing, business email compromise attacks, or other cyber-attacks. Whereas none of these instances had a material impact so far, the number and complexity of these threats continue to increase over time. If a material breach of our information technology systems or those of our third party service providers occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged.

Although Galapagos has invested time and resources in the protection of its information technology and other internal infrastructure systems, a single event has occurred in respect of which Galapagos has taken appropriate measures. We have not encountered any material impact so far in relation to such event.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our approved product and any future approved products.

We face an inherent risk of product liability as a result of the clinical testing of our product candidates and an even greater risk in connection with our commercialization of our current and future drugs (if approved). For example (without any limitation), we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing, commercialization, use, or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the

product, negligence, strict liability and a breach of warranties. Physicians and patients may not comply with any warnings that identify known potential adverse effects and patients who should not use our products. Any claims against us, regardless of their merit, could be difficult and costly to defend, and could materially adversely affect the market for our products and product candidates, or any prospects for commercialization of our products and product candidates. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to stop development or, if approved, limit commercialization of our products and product candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- delay or termination of clinical trials;
- injury to our reputation;
- withdrawal of clinical trial participants or difficulties in recruiting new trial participants;
- initiation of investigations by regulators;
- costs to defend or settle the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- decreased demand for our approved product, any future products, or our product candidates;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenues from product sales; and
- the inability to commercialize our approved product or any of our product candidates, if approved.

Our inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the development or commercialization of our products and product candidates. We currently carry clinical trial liability insurance and product liability insurance at levels which we believe are appropriate for our clinical trials and our commercialization activities for filgotinib as presently conducted. Although we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital or other assets to pay such amounts and our business operations could be impaired. We may not be able to maintain insurance coverage at a reasonable cost or to obtain insurance coverage that will be adequate to satisfy any liability that may arise.

Our relationships with customers and third-party payers may be subject, directly or indirectly, to applicable anti-kickback laws, fraud and abuse laws, false claims laws, health information privacy and security laws and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens and diminished profits and future earnings.

We are subject to additional healthcare statutory and regulatory requirements and enforcement by the federal government and the states and foreign governments in which we conduct our business. Healthcare providers, physicians and third-party payers play a primary role in the recommendation and prescription of any of our approved products and product candidates for which we obtain marketing approval. Our current and future arrangements with third-party payers and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships with third-parties through which we market, sell and distribute any products for which we obtain marketing approval. In addition, we may be subject to privacy, data

protection and security regulation of the European Union, the United States and other jurisdictions in which we conduct our business. See section entitled “*Information on the Company – Other healthcare laws and compliance requirements.*”

The scope and enforcement of each of laws is uncertain and subject to rapid change in the current environment of healthcare reform, especially in light of the lack of applicable precedent and regulations. Federal and state enforcement bodies have recently increased their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Ensuring that our internal operations and future business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations.

If our operations are found to be in violation of any of the laws described above or any other governmental laws and regulations that may apply to us, we may be subject to significant penalties, including administrative, civil and criminal penalties, damages, (including, but not limited to, reputational harm), fines, disgorgement, the exclusion from participation in federal and state healthcare programs, individual imprisonment, reputational harm and the curtailment or restructuring of our operations, as well as additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws. Further, defending against any such actions can be costly and time consuming, and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired. If any of the physicians or other providers or entities with whom we expect to do business are found to not be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs and imprisonment. If any legislative and/or regulatory initiatives and changes would lead to increased restriction on the marketing of our approved products and product candidates, or lead to limiting the funds available for healthcare in any relevant jurisdiction which may reduce reimbursement levels and is likely to affect the prices we may set, we would be negatively impacted in our ability to successfully and profitably market our approved products and product candidates. If any of the above occur, our ability to operate our business and our results of operations could be adversely affected.

We may fail to comply with evolving privacy and data protection laws and requirements in effect in the European Union and other jurisdictions.

In the European Union, or “EU”, we may face particular privacy, data security and data protection risks in connection with requirements of the Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, or the “GDPR”, and implementing laws and regulations. The GDPR applies inter alia to the processing of personal data in the context of the activities of an establishment of a controller in the EU. The GDPR has enhanced data protection obligations for controllers of personal data, including, for example, expanded disclosures about how personal data is to be used, limitations on retention of data, enhanced requirements for securing personal data, mandatory data breach notification requirements, restrictions on transferring such personal data outside the European Economic Area, or the “EEA”, including to the United States, appointing data protection officers, conducting data protection impact assessments, and has created onerous liabilities on controllers or processors. The GDPR increases substantially the penalties to which we could be subject in the event of any non-compliance, including possible fines of up to €20,000,000 or up to 4% of our total worldwide annual turnover of the preceding year for the most serious infringements. The GDPR may increase our responsibility and liability in relation to personal data that we process where such processing is subject to the GDPR, and we may be required to put in place additional mechanisms to ensure compliance with the GDPR. Compliance with the GDPR is a rigorous and time-intensive process that may increase our cost of doing business or require us to change our business practices, and despite those efforts, there is a risk that we may be subject to fines and penalties, litigation and reputational harm in connection with our activities. A similar legislative framework, including similar obligations and penalties, applies in Switzerland and the UK, where similar efforts are needed.

If we are investigated by a data protection authority, we may face fines and other penalties. Any such investigation or charges by data protection authorities could have a negative effect on our existing business and our ability to attract and retain new clients or pharmaceutical partners. We may also experience hesitancy, reluctance, or refusal by European or multi-national clients or pharmaceutical partners to continue to use our products due to the potential risk exposure as a result of the current (and, in particular, future) data protection obligations imposed on them by certain data protection

authorities in interpretation of current law, including the GDPR. Such clients or pharmaceutical partners may also view any alternative approaches to compliance as being too costly, too burdensome, too legally uncertain, or otherwise objectionable and therefore decide not to do business with us. Any of the foregoing could materially harm our business, prospects, financial condition and results of operations.

We are also subject to evolving European privacy laws on electronic marketing and cookies. The EU is in the process of replacing the e-Privacy Directive (2002/58/EC) with a new set of rules taking the form of a regulation. While the e-Privacy Regulation was originally intended to be adopted on May 25, 2018 (alongside the GDPR), it is still going through the European legislative process. In February 2021, the EU Member States reached agreement on the European Council's negotiating mandate for the European Parliament. While the final draft of the e-Privacy Regulation is closer to being finalized, it is unlikely that the new ePrivacy Regulation will come into effect before 2023. Preparing for and complying with the ePrivacy Regulation (if and when it becomes effective) has required, and will continue to require, us to incur substantial operational costs and may require us to change our business practices.

Despite our efforts to bring practices into compliance with the GDPR and before the effective date of the ePrivacy Regulation, we may not be successful either due to internal or external factors such as resource allocation limitations. Non-compliance could result in proceedings against us by governmental entities, customers, data subjects, consumer associations or others, as well as in penalties issued by data protection authorities as is also stated above.

Although Galapagos has invested time and resources in the protection of its personal data and information technology and monitors its systems on an ongoing basis, some immaterial incidents have occurred in respect of which Galapagos has taken appropriate measures. To date, no material risk has been identified, and Galapagos' business or operations have not been materially impacted by such incidents.

Business interruptions could delay us in the process of developing our product candidates.

Loss of our laboratory, warehouse or other real estate facilities through fire or other causes could have an adverse effect on our ability to continue to conduct our business. We currently have insurance coverage to compensate us for such business interruptions; however, such coverage may prove insufficient to compensate us fully for the damage to our business resulting from any significant property or casualty loss to our facilities.

We may undertake strategic acquisitions in the future and any difficulties from integrating such acquisitions could adversely affect our share price, and results of operations.

We may acquire companies, businesses and products that complement or augment our existing business. Because our programs may require the use of proprietary rights held by third parties, the growth of our business will likely depend in part on our ability to acquire, in-license or use these proprietary rights. We may be unable to acquire or in-license any compositions, processes or other third-party intellectual property rights from third parties that we identify as necessary for our product candidates. The acquisition and licensing of third-party intellectual property rights is a competitive area, and other companies having a competitive advantage over us due to their size, cash resources or otherwise, may pursue strategies to in-license or acquire third-party intellectual property rights that we may consider attractive. We may not be able to integrate any acquired companies, business or products successfully, or operate any acquired company, business or product profitably. Integrating any newly acquired companies, business or products could be expensive and timeconsuming. Integration efforts often take a significant amount of time, place a significant strain on managerial, operational and financial resources, could result in loss of key personnel and could prove to be more difficult or expensive than we predict. The diversion of our management's attention and any delay or difficulties encountered in connection with any future acquisitions or in-licensing we may consummate could result in the disruption of our ongoing business or inconsistencies in standards and controls that could negatively affect our ability to maintain third-party relationships. Moreover, we may need to raise additional funds through public or private debt or equity financing, or issue additional shares, to acquire any businesses or products, which may result in dilution for shareholders or the incurrence of indebtedness.

As part of our efforts to acquire companies, business or product candidates, or to enter into other significant transactions, we conduct business, legal and financial due diligence with the goal of identifying and evaluating material risks involved in the transaction. Despite our efforts, we ultimately may be unsuccessful in ascertaining or evaluating all such risks and, as a result, might not realize the intended advantages of the transaction. If we fail to realize the expected benefits from acquisitions we may consummate in the future or have consummated in the past, whether as a result of

unidentified risks or liabilities, integration difficulties, regulatory setbacks, litigation with current or former employees and other events, our business, results of operations and financial condition could be adversely affected. If we acquire product candidates, we will also need to make certain assumptions about, among other things, development costs, the likelihood of receiving regulatory approval, and the market for such product candidates. Our assumptions may prove to be incorrect, which could cause us to fail to realize the anticipated benefits of these transactions.

In addition, we will likely experience significant charges to earnings in connection with our efforts, if any, to consummate acquisitions. For transactions that are ultimately not consummated, these charges may include fees and expenses for investment bankers, attorneys, accountants and other advisors in connection with our efforts. Even if our efforts are successful, we may incur, as part of a transaction, substantial charges for closure costs associated with elimination of duplicate operations and facilities and acquired in-process research and development charges. In either case, the incurrence of these charges could adversely affect our results of operations for particular periods.

Actions of activist shareholders could cause us to incur substantial costs, divert our management's and our directors' attention and resources, and have an adverse effect on our business and trading price.

From time to time, we may be subject to proposals by shareholders urging us to take certain corporate actions or to nominate certain individuals to our Board of Directors. If activist shareholder activities by shareholders ensue, our business could be adversely affected, as responding to actions by activist shareholders can be costly and time-consuming, disrupt our operations and divert the attention of management and directors. For example (without any limitation), we may be required to retain the services of various professionals to advise us on activist shareholders' matters, including legal, financial, and communications advisors, the costs of which may negatively impact our future financial results. In addition, perceived uncertainties as to our future direction, strategy or leadership created as a consequence of activist shareholders' initiatives may result in the loss of potential business opportunities, harm our ability to attract new investors, customers, and employees, and cause the price of our ADSs or ordinary shares to experience periods of volatility or stagnation.

Our international operations subject us to various risks, and our failure to manage these risks could adversely affect our results of operations.

We could face significant operational risks as a result of doing business internationally, which could have a material adverse effect on our business, financial condition and results of operations, such as (without any limitation):

- fluctuations in foreign currency exchange rates;
- potentially adverse and/or unexpected tax consequences, including penalties due to the failure of tax planning or due to the challenge by tax authorities on the basis of transfer pricing and liabilities imposed from inconsistent enforcement;
- potential changes to the accounting standards, which may influence our financial situation and results;
- becoming subject to the different, complex and changing laws, regulations and court systems of multiple jurisdictions and compliance with a wide variety of foreign laws, treaties and regulations;
- reduced protection of, or significant difficulties in enforcing, intellectual property rights in certain countries;
- difficulties in attracting and retaining qualified personnel;
- restrictions imposed by local labor practices and laws on our business and operations, including unilateral cancellation or modification of contracts;
- rapid changes in global government, economic and political policies and conditions, political or civil unrest or instability, terrorism or epidemics and other similar outbreaks or events, and potential failure in confidence of our suppliers or customers due to such changes or events; and

- tariffs, trade protection measures, import or export licensing requirements, trade embargoes, economic sanctions, and other trade barriers.

Unforeseen or catastrophic events, including extreme weather events and other natural disasters, man-made disasters or the emergence of epidemics, could cause a disruption in our operations or other consequences that could have a material adverse effect on our financial condition and results of operations.

The occurrence of unforeseen or catastrophic events, including extreme weather events and other acts of god or natural disasters, man-made disasters, electricity or telecommunication interruption, geopolitical and other economic or political conditions or events (such as the armed conflict between Russia and Ukraine) or the emergence of epidemics or diseases, depending on their scale, may cause different degrees of damage to the national and local economies and could cause a disruption in our operations and have a material adverse effect on our financial condition and results of operations. Russia invaded Ukraine in February 2022 which has resulted in significant uncertainty and may cause the market price and demand for our ADSs or ordinary shares to fluctuate substantially. Man-made disasters, epidemics or disease, and other events connected with the regions in which we operate could have similar effects. If a natural or man-made disaster, electricity or telecommunication interruption or other event occurred that prevented us from using all or a significant portion of our facilities, that damaged critical infrastructure, such as clinical trial sites or the manufacturing facilities of our third-party contract manufacturers, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we have in place may prove inadequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which, could have a material adverse effect on our business.

The ongoing military conflict between Russia and Ukraine and other macroeconomic factors could adversely impact our business, including our commercial operations, clinical development activities and clinical trials.

We currently have no clinical studies that are enrolling patients in Russia or Ukraine. If our CROs experience significant or extended disruptions to their business due to the military conflict in Ukraine and the sanctions against Russia, it could result in delays in our clinical development activities. This conflict could cause extended periods of time in which trials are suspended, sustained difficulties enrolling patients in clinical trials and/or disruptions to ongoing trials based on the attrition of patients, facility closures or limitations on the use of hospitals as clinical trial sites and governmental restrictions on “non-essential” procedures and activities, any of which may further delay our clinical development plans and timelines and also may impact the integrity of our clinical trial data for ongoing trials. This conflict may also include interruptions in FDA operations or the operations of comparable foreign regulatory agencies, which may in turn impact our timelines for receiving regulatory approvals and feedback.

The impact on pivotal studies, such as DIVERSITY, has remained limited. We continue to monitor the situation and are taking measures to mitigate the impact on our ability to conduct clinical development activities. Interruptions or delays in our and our CROs’ ability to meet expected clinical development deadlines or to comply with contractual commitments with respect to the same, including timelines around preclinical studies and planned clinical trials, could lead to delays in our overall developmental and commercialization timelines, which would adversely impact our ability to conduct clinical development activities and complete them on a timely basis. Since February 24, 2022, we have extended the focus of the business continuity plan to closely monitor each program in context of the currently ongoing Ukraine-Russia crisis and the associated specific regulatory, institutional, and government guidance and policies.

Our business, results of operations and future growth prospects could be materially and adversely affected by the ongoing COVID-19 pandemic.

At the fourteenth meeting of the International Health Regulations (2005) Emergency Committee regarding the coronavirus disease (COVID-19) pandemic held on Friday 27 January 2023, the Committee stated that the event continues to constitute a public health emergency of international concern (PHEIC), yet is probably at a transition point. The Committee advised to navigate this transition carefully and mitigate the potential negative consequences.

Due to this continued evolution and uncertain global impacts of the COVID-19 pandemic, we cannot precisely determine or quantify the impact this pandemic will have on our business, operations and financial performance. The extent to which COVID-19 may impact our preclinical studies, clinical trial operations, business, results of operations and future growth prospects will depend on a variety of factors and future developments, which remain uncertain and

cannot be predicted with confidence, such as the duration, scope and severity of the pandemic, the duration and extent of travel restrictions and social distancing restrictions, business closures or business disruptions and the effectiveness of other governmental actions taken to contain and treat COVID-19.

The continued spread of COVID-19 globally, and public health actions being undertaken in response thereto, have presented operational challenges for our business. For ongoing and planned clinical trials, delays or disruptions due to the COVID-19 pandemic, including limited or reduced patient access to trial investigators, hospitals and trial sites, delayed initiation of new clinical trial sites and limited on-site personnel support at various trial sites, which could adversely impact our development plans, including the initiation of planned clinical trials, the rate of enrollment and our ability to conduct ongoing clinical trials may still occur. There may also be local orders affecting one or more trial sites, which may trigger mandated changes to our clinical trial protocols or temporary suspensions in the affected trial sites. The COVID-19 pandemic, and measures undertaken to control the spread of the virus, could impair our ability to initiate clinical trial sites and to recruit and retain patients and principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19 if an outbreak occurs in their geography or due to prioritization of hospital resources toward the outbreak and restrictions in travel. Furthermore, some patients may be unwilling to enroll in our trials or be unable to comply with clinical trial protocols if quarantines or travel restrictions impede patient movement or interrupt healthcare services. COVID-19 may also affect employees of third-party contract research organizations located in affected geographies that we rely upon to carry out our clinical trials. Additionally, the spread of COVID-19 may also negatively affect the operations of our third-party manufacturers, which could result in delays or disruptions in the supply of our current product candidates and any future product candidates. Any negative impact COVID-19 has on patient enrollment or treatment or the execution of our planned and ongoing preclinical studies and clinical trials, on our manufacturers and suppliers, and on our business plans generally could cause costly delays, which could adversely affect our ability to commercialize filgotinib and to obtain regulatory approval for and commercialize any future approved products, and our current and any future product candidates, increase our operating expenses, and could have a material adverse effect on our financial results.

In addition, we may take temporary precautionary measures intended to help minimize the risk of the virus to the physical health and mental health of our employees, including temporarily requiring all employees to work remotely, suspending all non-essential travel worldwide for our employees, and discouraging employee attendance at industry events and in-person work-related meetings, which could negatively affect our business. The COVID-19 pandemic may also cause delays in regulatory approvals.

Continuing uncertainty around the ongoing pandemic and related issues could lead to adverse effects on the economy of the United States and other economies, which could impact our ability to develop and commercialize our products and raise capital going forward.

The increasing use of social media platforms presents risks and challenges.

We and our employees are increasingly utilizing social media tools as a means of communication both internally and externally. Despite our efforts to monitor evolving social media communication guidelines and comply with applicable rules, there is risk that the use of social media by us or our employees to communicate about our products and product candidates, operations, or business may cause us to be found in violation of applicable legal or contractual requirements. In addition, our employees may knowingly or inadvertently make use of social media in ways that may not comply with our social media policy or other legal or contractual requirements, which may give rise to liability, lead to the loss of trade secrets or other intellectual property, or result in public exposure of personal information of our employees, clinical trial patients, collaboration partners, and others, and which could have an adverse effect on our business, financial conditions and results of operations. Furthermore, negative posts or comments about us or our products in social media could seriously damage our reputation, brand image and goodwill.

Risks related to tax and other financial matters

If we are unable to use tax loss carryforwards to reduce future taxable income or benefit from favorable tax legislation, our business, results of operations and financial condition may be adversely affected.

As of December 31, 2022, we had cumulative carry forward tax losses of €769.9 million in Belgium, €64.3 million in France, and €52.2 million related to the other entities of our group. These are available to carry forward and offset against possible future taxable income for an indefinite period in Belgium and France, but €2.7 million of these tax

loss carryforwards in the United States will expire between 2028 and 2034. If we are unable to use tax loss carryforwards to reduce possible future taxable income or in case of changes in tax regulations affecting the use of tax loss carryforwards, our business, results of operations and financial condition may be adversely affected.

As a company active in research and development in Belgium and France, we have benefited from certain research and development incentives including, for example, but not limited to, the Belgian research and development tax credit and the French research tax credit (*crédit d'impôt recherche*). These tax credits can be offset against Belgian and French corporate income tax due, respectively. The excess portion may be refunded as from the end of a five-year fiscal period for the Belgian research and development incentive, and at the end of a three-year fiscal period for the French research and development incentive. The research and development incentives are both calculated based on the amount of eligible research and development expenditure. The Belgian tax credit represented €21.7 million for the year ended December 31, 2020, and €20.9 million for the year ended December 31, 2021, and €17.3 million for the year ended December 31, 2022. The French tax credit amounted to €12.4 million for the year ended December 31, 2020, and €12.4 million for the year ended December 31, 2021, and €11.4 million for the year ended December 31, 2022. The Belgian and/or French tax authorities may audit each research and development program in respect of which a tax credit has been claimed and assess whether it qualifies for the tax credit regime. The tax authorities may challenge our eligibility for, or our calculation of, certain tax reductions and/or deductions in respect of our research and development activities and, should the Belgian and/or French tax authorities be successful, we may be liable for additional corporate income tax, and penalties and interest related thereto, which could have a significant impact on our results of operations and future cash flows. Furthermore, if the Belgian or French governments decide to eliminate, or reduce the scope or the rate of, the research and development incentive benefits, either of which they could decide to do at any time, our results of operations could be adversely affected.

As a company active in research and development in Belgium, we also expect to benefit from the innovation income deduction, or IID, in Belgium. The innovation income deduction regime allows net profits attributable to revenue from among others patented products (or products for which the patent application is pending) to be taxed at a lower effective tax rate than other revenues. The effective tax rate can thus be reduced down to 3.75%. At the end of 2022, we had €346.2 million of carry-forward IID in Belgium.

On December 14, 2022, the Council of the EU formally adopted the Council Directive on ensuring a global minimum level of taxation for multinational groups in the Union, laying down rules for ensuring a minimum level of effective corporate taxation of large multinational groups and large-scale purely domestic groups operating in the Single Market. The Directive is largely aligned with the OECD Model Rules agreed by the Inclusive Framework and published on December 20, 2021 (the so-called "Pillar II"). The aim of the directive is to realize a 15% global minimum effective tax rate at country-per-country level. At this stage, no carve-out for patent box regimes or R&D incentives is included in the directive. This directive could have an impact on the company's future effective tax rate and/or tax attributes. Member States will now have to transpose said directive into their national laws before December 31, 2023.

Our inability to qualify for the abovementioned advantageous tax regimes, as well as the introduction of the minimum taxable base and any other future adverse changes of Belgian tax legislation, may adversely affect our business, results of operations, and financial condition.

Our shareholders residing in countries other than Belgium may be subject to double withholding taxation with respect to dividends or other distributions made by us.

Any dividends or other distributions we make to shareholders will, in principle, be subject to withholding tax in Belgium at a rate of 30%, except for shareholders which qualify for an exemption of withholding tax such as, among others, qualifying pension funds or a company qualifying as a parent company in the sense of the Council Directive (90/435/EEC) of July 23, 1990, or the Parent-Subsidiary Directive, as amended, or that qualify for a lower withholding tax rate or an exemption by virtue of a tax treaty. Various conditions may apply and shareholders residing in countries other than Belgium are advised to consult their advisers regarding the tax consequences of dividends or other distributions made by us. Our shareholders residing in countries other than Belgium may not be able to credit the amount of such withholding tax to any tax due on such dividends or other distributions in any other country than Belgium. As a result, such shareholders may be subject to double taxation in respect of such dividends or other distributions. Belgium and the United States have concluded a double tax treaty concerning the avoidance of double taxation, or the U.S.-Belgium Tax Treaty. The U.S.-Belgium Tax Treaty reduces the applicability of Belgian withholding tax to 15%, 5% or 0% for U.S. taxpayers that are the beneficial owner of the dividend income concerned, provided that the U.S. taxpayer

meets the limitation on benefits conditions imposed by the U.S.-Belgium Tax Treaty. The Belgian withholding tax is generally reduced to 15% under the U.S.-Belgium Tax Treaty. The 5% withholding tax applies in case where the U.S. shareholder, beneficial owner of the income, is a company which holds at least 10% of the shares in the company. A 0% Belgian withholding tax applies when the shareholder, beneficial owner of the income, is a U.S. company which has held directly at least 10% of the shares in the company for at least 12 months on the date the dividend is declared, or is, subject to certain conditions, a U.S. pension fund. The U.S. shareholders are encouraged to consult their own tax advisers to determine whether they can invoke the benefits and meet the limitation on benefits conditions as imposed by the U.S.-Belgium Tax Treaty.

Changes in tax law could adversely affect our business and financial condition.

The rules dealing with U.S. federal, state, and local and non-U.S. taxation are constantly under review by persons involved in the legislative process, the Internal Revenue Service, the U.S. Treasury Department and other taxing authorities. Changes to tax laws or tax rulings, or changes in interpretations of existing laws (which changes may have retroactive application), could adversely affect us or holders of our ADSs. These changes could subject us to additional income-based taxes and non-income taxes (such as payroll, sales, use, value-added, digital tax, net worth, property, and goods and services taxes), which in turn could materially affect our financial position and results of operations. Additionally, new, changed, modified, or newly interpreted or applied tax laws could increase our customers' and our compliance, operating and other costs, as well as the costs of our products. In recent years, many such changes have been made, and changes are likely to continue to occur in the future. As we expand the scale of our business activities, any changes in the U.S. and non-U.S. taxation of such activities may increase our effective tax rate and harm our business, financial condition, and results of operations.

We believe that we were a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for the 2022 taxable year, but this conclusion is a factual determination that is made annually and thus may be subject to change. Because we were a PFIC for our 2022 taxable year, this could result in adverse U.S. tax consequences to certain U.S. holders.

Generally, if, for any taxable year, at least 75% of our gross income is passive income, or at least 50% of the value of our assets is attributable to assets that produce passive income or are held for the production of passive income, including cash, we would be characterized as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. For purposes of these tests, passive income includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. Our status as a PFIC depends on the composition of our income and the composition and value of our assets (for which purpose the total value of our assets may be determined in part by reference to the market value of the ADSs and our ordinary shares, which are subject to change) from time to time. Because we were a PFIC for the 2022 taxable year, certain U.S. holders of the ADSs may suffer adverse tax consequences, including, but not limited to, having gains realized on the sale of the ADSs treated as ordinary income, rather than capital gain, losing the preferential rate applicable to dividends received on the ADSs by individuals who are U.S. holders, and having interest charges apply to distributions by us and the proceeds of sales of the ADSs. See "Item 10.E.—Taxation—Certain Material U.S. Federal Income Tax Considerations to U.S. Holders—Passive Foreign Investment Company Considerations."

Based upon the value of our assets, including any goodwill, and the composition of our income and assets, we believe that we were a PFIC for our 2022 taxable year. However, our status as a PFIC is a fact-intensive determination made on an annual basis, and we cannot provide any assurances regarding our PFIC status for the current, prior or future taxable years. Because we were a PFIC for the 2022 taxable year, we will provide information necessary for our U.S. holders to make a "qualified electing fund," or QEF, election with respect to us for the 2022 taxable year and expect to provide such information for any subsequent year if we believe we are a PFIC. We will provide such information on our website.

We believe that we were not a controlled foreign corporation, or CFC, for U.S. federal income tax purposes for the 2022 taxable year. If we were to qualify as a CFC, this could result in adverse U.S. federal income tax consequences to certain U.S. holders.

Each "Ten Percent Shareholder" (as defined below) in a non-U.S. corporation that is classified as a "controlled foreign corporation," or a CFC, for U.S. federal income tax purposes generally is required to include in income for U.S.

federal tax purposes such as Ten Percent Shareholder's pro rata share of the CFC's "Subpart F income" and investment of earnings in U.S. property, even if the CFC has made no distributions to its shareholders. Subpart F income generally includes dividends, interest, rents and royalties, gains from the sale of securities, and income from certain transactions with related parties. For tax years beginning after December 31, 2017, each Ten Percent Shareholder of a CFC is also required to include in income such Ten Percent Shareholder's share of "global intangible low-taxed income" with respect to such CFC. In addition, a Ten Percent Shareholder that realizes gain from the sale or exchange of shares in a CFC may be required to classify a portion of such gain as dividend income rather than capital gain. A non-U.S. corporation generally will be classified as a CFC for United States federal income tax purposes if Ten Percent Shareholders own, directly or indirectly, more than 50% of either the total combined voting power of all classes of stock of such corporation entitled to vote or of the total value of the stock of such corporation. A "Ten Percent Shareholder" is a United States person (as defined by the U.S. Internal Revenue Code of 1986, as amended (the "Code")) who owns or is considered to own 10% or of either (1) the total combined voting power of all classes of stock entitled to vote of such corporation or (2) the total value of all classes of stock of such corporation. The determination of CFC status is complex and includes attribution rules, the application of which is not entirely certain. In addition, recent changes pursuant to U.S. tax reform to the attribution rules relating to the determination of CFC status may make it difficult to determine our CFC status for any taxable year.

To our best knowledge, we do not believe that we were a CFC for the taxable year ended December 31, 2022. Furthermore, it is possible that our non-United States subsidiaries will be CFCs for the taxable year ended December 31, 2022 (or future taxable years) even if we are not a CFC for such taxable year(s). However, we cannot provide any assurances regarding our status or the status of our subsidiaries as a CFC for the 2022 taxable year or any future taxable years. U.S. holders should consult their own tax advisors with respect to the potential adverse U.S. tax consequences of becoming a Ten Percent Shareholder in a CFC. If we are classified as both a CFC and a PFIC, we generally will not be treated as a PFIC with respect to those U.S. holders that meet the definition of a Ten Percent Shareholder during the period in which we are a CFC.

We may be forced to repay the technological innovation grants if we fail to comply with our contractual obligations under the applicable grant agreements.

We have received several technological innovation grants to date, totaling €35.9 million as of December 31, 2022, from an agency of the Flemish government to support various research programs and technological innovation in Flanders. These grants carry clauses which require us to maintain a presence in the Flemish region for a number of years and invest according to pre-agreed budgets. If we fail to comply with our contractual obligations under the applicable technological innovation grant agreements, we could be forced to repay all or part of the grants received. Such repayment could adversely affect our ability to finance our research and development projects. In addition, we cannot ensure that we will then have the additional financial resources needed, the time or the ability to replace these financial resources with others.

We may be exposed to significant foreign exchange risk.

We hold portions of our cash and cash equivalents and current financial investments in currencies other than the euro, in particular, the U.S. dollar. We also incur portions of our expenses and derive revenues, in currencies other than the euro, in particular, the U.S. dollar. As a result, we are exposed to foreign currency exchange risk as our reporting currency is the euro. We currently do not engage in exchange rate hedging transactions to protect against uncertainty in future exchange rates between particular foreign currencies and the euro. Therefore, for example (without any limitation), an increase in the value of the euro against the U.S. dollar could be expected to have a negative impact on our revenue and earnings growth as U.S. dollar revenue and earnings, if any, would be translated into euros at a reduced value. We cannot predict the impact of foreign currency fluctuations, and foreign currency fluctuations in the future may adversely affect our business, financial condition, results of operations and cash flows.

The requirements of being a U.S. public company may strain our resources and divert management's attention.

We are required to comply with various corporate governance and financial reporting requirements under the Sarbanes-Oxley Act of 2002, the Exchange Act, and the rules and regulations adopted by the SEC and the U.S. Public Corporation Accounting Oversight Board, or PCAOB, and other applicable securities rules and regulations imposing various requirements on non-U.S. public companies. Further, compliance with various regulatory reporting requires significant commitments of time from our management and our directors, which reduces the time available for the

performance of their other responsibilities. Our failure to track and comply with the various rules may materially adversely affect our reputation, ability to obtain the necessary certifications to financial statements, lead to additional regulatory enforcement actions, and could adversely affect the value of the ADSs or our ordinary shares. However, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Risks related to ownership of our ordinary shares and ADSs

The market price of the ADSs could be subject to wide fluctuations.

The market price of the ADSs could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including (without any limitation):

- actual or anticipated fluctuations in our financial condition and operating results;
- actual or anticipated changes in our growth rate relative to our competitors;
- competition from existing products or new products that may emerge;
- announcements by us, our partners or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations, or capital commitments;
- failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public;
- issuance of new or updated research or reports by securities or industry analysts;
- fluctuations in the valuation of companies perceived by investors to be comparable to us; share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- additions or departures of key management or scientific personnel;
- disputes or other developments related to proprietary rights, including patents, litigation matters, and our ability to obtain patent protection for our technologies;
- changes to coverage policies or reimbursement levels by commercial third-party payers and government payers and any announcements relating to coverage policies or reimbursement levels;
- announcement or expectation of additional debt or equity financing efforts;
- public concern relating to the commercial value or safety of any of our products or product candidates;
- changes in government regulations;
- positive or negative results of testing and clinical trials by us, strategic partners or competitors;
- outcome of regulatory review of our product candidates;
- sales of the ADSs by us, our insiders or our other shareholders; and
- general economic and market conditions.

In addition, although the ADSs are listed on the Nasdaq Global Select Market stock exchange, we cannot assure that a trading market for those securities will be maintained.

These and other market and industry factors may cause the market price and demand for the ADSs to fluctuate substantially, regardless of our actual operating performance, which may limit or prevent investors from readily selling their ADSs and may otherwise negatively affect the liquidity of our capital shares. In addition, the stock market in general, and biotechnology and biopharmaceutical companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies.

We may be at an increased risk of securities class action litigation.

Historically, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biotechnology and biopharmaceutical companies have experienced significant share price volatility in recent years. If we were to be sued, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

Share ownership is concentrated in the hands of our principal shareholders and management, which may have the effect of delaying or preventing a change of control of our company.

As of the date of this annual report on FORM 20-F, our executive officers, directors, current 5% or greater shareholders and their affiliated entities, including Gilead Sciences, Inc. and its affiliates, together beneficially own approximately 43.52% of our ordinary shares, including shares in the form of ADSs. This concentration of ownership might have the effect of delaying or preventing a change of control of our company that other shareholders may view as beneficial, and might therefore negatively affect the market price of the ADSs.

Fluctuations in the exchange rate between the U.S. dollar and the euro may increase the risk of holding the ADSs.

Our ordinary shares currently trade on Euronext Brussels and Euronext Amsterdam in euros, while the ADSs trade on Nasdaq in U.S. dollars. Fluctuations in the exchange rate between the U.S. dollar and the euro may result in temporary differences between the value of the ADSs and the value of our ordinary shares, which may result in heavy trading by investors seeking to exploit such differences.

In addition, as a result of fluctuations in the exchange rate between the U.S. dollar and the euro, the U.S. dollar equivalent of the proceeds that a holder of the ADSs would receive upon the sale on Euronext Brussels or Euronext Amsterdam of any ordinary shares withdrawn from the depositary and the U.S. dollar equivalent of any cash dividends paid in euros on our shares represented by the ADSs could also decline.

If securities or industry analysts do not publish research or publish inaccurate research or unfavorable research about our business, the price of the ordinary shares and ADSs and trading volume could decline.

The trading market for the ordinary shares and ADSs depends in part on the research and reports that securities or industry analysts publish about us or our business. If no or few securities or industry analysts cover our company, the trading price for the ordinary shares and ADSs would be negatively impacted. If one or more of the analysts who covers us downgrades the ordinary shares and ADSs or publishes incorrect or unfavorable research about our business, the price of the ordinary shares and ADSs would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, or downgrades the ordinary shares and ADSs, demand for the ordinary shares and ADSs could decrease, which could cause the price of the ordinary shares and ADSs or trading volume to decline.

We have no present intention to pay dividends on our ordinary shares in the foreseeable future and, consequently, your only opportunity to achieve a return on your investment during that time is if the price of the ADSs appreciates.

We have no present intention to pay dividends in the foreseeable future. Even if future operations lead to significant levels of distributable profits, we currently intend that any and all earnings will be reinvested in our business. Any proposal by our Board of Directors to pay dividends will depend on many factors, including our financial condition (including losses carried-forward), results of operations, legal requirements, business prospects, cash requirements, new product development, and other factors. Furthermore, pursuant to Belgian law, the calculation of amounts available for distribution to shareholders, as dividends or otherwise, must be determined on the basis of our non-consolidated

statutory accounts prepared in accordance with Belgian accounting rules and Belgian generally accepted accounting principles as used by us in the preparation of these accounts. In addition, in accordance with Belgian law and our Articles of Association, we must allocate each year an amount of at least 5% of our annual net profit under our non-consolidated statutory accounts to a legal reserve until such legal reserve equals 10% of our share capital. Therefore, we are unlikely to pay dividends or other distributions in the foreseeable future. If the price of the ADSs declines before we pay dividends, you will incur a loss on your investment, without the likelihood that this loss will be offset in part or at all by potential future cash dividends. Accordingly, investors cannot rely on cash dividend income from ADSs and any returns on an investment in the ADSs will likely depend entirely upon any future appreciation in the price of the ADSs.

Future sales of ordinary shares or ADSs by existing shareholders could depress the market price of the ordinary shares and ADSs.

If our existing shareholders sell, or indicate an intent to sell, substantial amounts of ordinary shares or ADSs in the public market, the trading price of the ADSs could decline significantly. As of March 15, 2023, 48,845,244 shares were eligible for sale in the public market, 33,934 of which shares were held by directors, executive officers and other affiliates and are subject to volume limitations under Rule 144 under the Securities Act. In addition, the ordinary shares subject to outstanding subscription rights will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. We have filed registration statements on Form S-8 with the SEC covering ordinary shares available for future issuance under our subscription rights plans. Sales of a large number of the shares issued under these plans in the public market could have an adverse effect on the market price of the ADSs and ordinary shares, and could also dilute shareholders. We are also unable to predict the effect that such sales may have on the prevailing market price of ADSs and ordinary shares.

We are a Belgian public limited liability company, and shareholders of our company may have different and in some cases more limited shareholder rights than shareholders of a U.S. listed corporation.

We are a public limited liability company incorporated under the laws of Belgium. Our corporate affairs are governed by Belgian corporate law and our Articles of Association. The rights provided to our shareholders under Belgian corporate law and our articles of association may differ in certain respects from the rights that you would typically enjoy as a shareholder of a U.S. corporation under applicable U.S. federal and state laws.

Under Belgian corporate law, other than certain limited information that we must make public and except in certain limited circumstances, our shareholders may not ask for an inspection of our corporate records, while under Delaware corporate law any shareholder, irrespective of the size of its shareholdings, may do so. Shareholders of a Belgian corporation are also unable to initiate a derivative action, a remedy typically available to shareholders of U.S. companies, in order to enforce a right of our company, in case we fail to enforce such right ourselves, other than in certain cases of director liability under limited circumstances. In addition, a majority of our shareholders present or represented at our Shareholders' Meeting may release a member of our Board of Directors from any claim of liability we may have, including if he or she has acted in bad faith or has breached his or her duty of loyalty, provided, in some cases, that the relevant acts were specifically mentioned in the convening notice to the Shareholders' meeting of shareholders deliberating on the discharge. In contrast, most U.S. federal and state laws prohibit a company from releasing a director from liability altogether if he or she has acted in bad faith or has breached his or her duty of loyalty to the company. Finally, Belgian corporate law does not provide any form of appraisal rights in the case of a business combination. Please see the section of this annual report titled "Item 10.B.—Memorandum and Articles of Association."

The responsibilities of members of our Board of Directors may be different from these in companies governed by U.S. laws. In the performance of its duties, our Board of Directors is required by Belgian law to consider the interests of our company, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a shareholder.

As a result of these differences between Belgian corporate law and our Articles of Association, on the one hand, and the U.S. federal and state laws, on the other hand, in certain instances, you could receive less protection as an ADS holder of our company than you would as a shareholder of a listed U.S. company.

Takeover provisions in Belgian law may make a takeover difficult.

Public takeover bids on our ordinary shares and other voting securities, such as subscription rights or convertible bonds, if any, are subject to the Belgian Act of April 1, 2007, as amended, and to the supervision by the Belgian Financial Services and Markets Authority, or FSMA. Public takeover bids must be made for all of our voting securities, as well as for all other securities that entitle the holders thereof to the subscription to, the acquisition of or the conversion into voting securities. Prior to making a bid, a bidder must issue and disseminate a prospectus, which must be approved by the Belgian FSMA. The bidder must also obtain approval of the relevant competition authorities, where such approval is legally required for the acquisition of our company.

The Belgian Act of April 1, 2007, as amended, provides that a mandatory bid will be triggered if a person, as a result of its own acquisition or the acquisition by persons acting in concert with it or by persons acting on their account, directly or indirectly holds more than 30% of the voting securities in a company that has its registered office in Belgium and of which at least part of the voting securities are traded on a regulated market or on a multilateral trading facility designated by the Royal Decree of April 27, 2007, as amended, on public takeover bids. The mere fact of exceeding the relevant threshold through the acquisition of one or more shares will give rise to a mandatory bid, irrespective of whether or not the price paid in the relevant transaction exceeds the current market price.

There are several provisions of Belgian corporate law and certain other provisions of Belgian law, such as the obligation to disclose important shareholdings and merger control, that may apply to us and which may make an unfriendly tender offer, merger, change in management or other change in control, more difficult. These provisions could discourage potential takeover attempts that third parties may consider and thus deprive the shareholders of the opportunity to sell their ordinary shares at a premium (which is typically offered in the framework of a takeover bid). These provisions may also have the effect of depriving ADS holders of the opportunity to sell their ADSs at potential a premium.

Holders of the ADSs are not treated as shareholders of our company, do not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

Holders of the ADSs are not treated as shareholders of our company, unless they withdraw our ordinary shares underlying the ADSs in accordance with the deposit agreement and applicable laws and regulations. The depository, or its nominee, is the holder of the ordinary shares underlying the ADSs. Holders of ADSs therefore do not have any rights as shareholders of our company, other than the rights that they have pursuant to the deposit agreement.

Holders of ADSs may exercise voting rights attached to the ordinary shares represented by the ADSs only in accordance with the provisions of the deposit agreement. The deposit agreement provides that, upon receipt of notice of any meeting of holders of our ordinary shares, the depository will fix a record date for the determination of ADS holders who shall be entitled to give instructions for the exercise of voting rights. Upon timely receipt of notice from us, if we so request, the depository shall distribute to the holders as of the record date (1) the notice of the meeting or solicitation of consent or proxy sent by us and (2) a statement as to the manner in which instructions may be given by the holders.

Holders of ADSs may instruct the depository of their ADSs to vote the ordinary shares underlying their ADSs. Otherwise, ADS holders will not be able to exercise their right to vote, unless they withdraw the ordinary shares underlying the ADSs they hold. However, ADS holders may not know about the meeting far enough in advance to withdraw those ordinary shares. We cannot guarantee ADS holders that they will receive the voting materials in time to ensure that they can instruct the depository to vote their ordinary shares or to withdraw their ordinary shares so that they can vote them themselves. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that ADS holders may not be able to exercise their right to vote, and there may be nothing they can do if the ordinary shares underlying their ADSs are not voted as they requested.

We may not be able to complete equity offerings without cancellation or limitation of the preferential subscription rights of our existing shareholders, which may as a practical matter preclude us from timely completion of offerings.

In accordance with the Belgian Companies Code, our Articles of Association provide for preferential subscription rights to be granted to our existing shareholders to subscribe on a pro rata basis and in exchange for contributions in cash, for any issue of new shares, convertible bonds or subscription rights that, unless such rights are cancelled or

limited either by resolution of our Shareholders' Meeting or by our Board of Directors in the framework of the authorized capital, as described below. The Extraordinary Shareholders' Meeting authorized the Board of Directors to increase the share capital of Galapagos NV, in one or several times, and under certain conditions set forth in extenso in our articles of association. We refer to this authority for our Board of Directors to increase our share capital as our authorized capital. This authorization consists of two parts. A general authorization for capital increases up to 20% of the share capital at the time of convening the Shareholders' Meeting of October 22, 2019 (i.e. €67,022,402.04) was renewed and is valid for a period of five years from the date of publication of this renewal in the Annexes to the Belgian State Gazette, i.e. November 13, 2019, so until November 12, 2024. A specific authorization for capital increases of more than 20% and up to 33% of the share capital at the time of the convening the shareholders' meeting of April 25, 2017 (i.e. €82,561,764.93), was renewed and was valid for a period of five years from the date of publication of this renewal in the Annexes to the Belgian State Gazette, i.e. May 31, 2017, so until May 30, 2022. This specific part of the authorized capital can, however, only be used in a number of specific circumstances and upon a resolution of the Board of Directors that all its independent members within the meaning of article 7:87 of the Belgian Companies Code) approve. This specific authorization was not renewed in 2022. As of the date of this annual report, our Board of Directors may decide to issue up to 4,600,607.06 ordinary shares pursuant to the general authorization. Please see the section of this annual report titled "Item 10.B.—Memorandum and Articles of Association." Absent renewal by our shareholders of this authorization of the Board of Directors or absent cancellation or limitation by our shareholders of the preferential subscription rights of our existing shareholders, the requirement to offer our existing shareholders the preferential right to subscribe, pro rata, for new shares being offered may as a practical matter preclude us from timely raising capital on commercially acceptable terms or at all.

Shareholders may not be able to participate in equity offerings we may conduct from time to time.

If we conduct equity offerings in the future, certain shareholders, including those in the United States, may, even in the case where preferential subscription rights have not been cancelled or limited, not be entitled to exercise such rights, unless the offering is registered or the shares are qualified for sale under the relevant regulatory framework. As a result, there is the risk that investors may suffer dilution of their shareholdings should they not be permitted to participate in preference right equity or other offerings that we may conduct in the future.

Holders of ADSs may be subject to limitations on the transfer of their ADSs and the withdrawal of the underlying ordinary shares.

ADSs are transferable on the books of the depository. However, the depository may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository think it is advisable to do so because of any requirement of law, government or governmental body, or under any provision of the deposit agreement, or for any other reason, subject to the right of ADS holders to cancel their ADSs and withdraw the underlying ordinary shares. Temporary delays in the cancellation of your ADSs and withdrawal of the underlying ordinary shares may arise because the depository has closed its transfer books or we have closed our transfer books, the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting or we are paying a dividend on our ordinary shares. In addition, ADS holders may not be able to cancel their ADSs and withdraw the underlying ordinary shares when they owe money for fees, taxes and similar charges and when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

As a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and are permitted to file less information with the SEC than a U.S. company. This may limit the information available to holders of ADSs or our ordinary shares.

We are a "foreign private issuer," as defined in the SEC's rules and regulations and, consequently, we are not subject to all of the disclosure requirements applicable to public companies organized within the United States. For example (without any limitation), we are exempt from certain rules under the Securities Exchange Act 1937, as amended, (the Exchange Act) that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act, including the U.S. proxy rules under Section 14 of the Exchange Act. In addition, our officers and directors are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. Moreover, while we currently make annual and semi-annual filings with respect to

our listing on Euronext Brussels and Euronext Amsterdam and voluntarily report our results of operations on a quarterly basis, we will not be required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. domestic issuers and will not be required to file quarterly reports on Form 10-Q or current reports on Form 8-K under the Exchange Act. Accordingly, there is and will continue to be less publicly available information concerning our company than there would be if we were not a foreign private issuer.

As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with corporate governance listing standards.

As a foreign private issuer listed on the Nasdaq Global Select Market, we are subject to corporate governance listing standards. However, rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in Belgium, which is our home country, may differ significantly from corporate governance listing standards applicable to U.S. domestic issuers. For example (without any limitation), neither the corporate laws of Belgium nor our Articles of Association require a majority of the members of our Board of Directors to be independent, and we could include non-independent board members as members of our Nomination Committee and Remuneration Committee, and our independent board members would not necessarily hold regularly scheduled meetings at which only independent Board members are present. Currently, we intend to follow home country practice to the maximum extent possible. Therefore, our shareholders may be afforded less protection than they otherwise would have under corporate governance listing standards applicable to U.S. domestic issuers. See the sections of this annual report titled “Item 6—Directors, Senior Management and Employees” and “Item 16G—Corporate Governance.”

We may lose our foreign private issuer status in the future, which could result in significant additional cost and expense.

While we currently qualify as a foreign private issuer, and therefore we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers, the determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter and, accordingly, the next determination will be made with respect to us on June 30, 2023.

In the future, we would lose our foreign private issuer status if we fail to meet the requirements necessary to maintain our foreign private issuer status as of the relevant determination date. In order to maintain our current status as a foreign private issuer, either (a) a majority of our ordinary shares must be either directly or indirectly owned of record by non-residents of the United States or (b) (i) a majority of our executive officers or directors may not be U.S. citizens or residents, (ii) more than 50% of our assets cannot be located in the United States and (iii) our business must be administered principally outside the United States. As of March 15, 2023, a majority of our executive officers and directors are not U.S. citizens or residents.

The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly more than costs we incur as a foreign private issuer. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs and would make some activities highly time consuming and costly. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive in certain respects than the forms available to a foreign private issuer. We would be required under current SEC rules to prepare our financial statements in accordance with U.S. GAAP, rather than IFRS, in U.S. dollars rather than euros and modify certain of our policies to comply with corporate governance practices associated with U.S. domestic issuers. Such conversion of our financial statements to U.S. GAAP will involve significant time and cost. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers such as the ones described above and exemptions from procedural requirements related to the solicitation of proxies.

It may be difficult for investors outside Belgium to serve process on, or enforce foreign judgments against, us or our directors and senior management.

We are a Belgian public limited liability company. Less than a majority of the members of our Board of Directors and members of our Executive Committee are residents of the United States. All or a substantial portion of the assets of such non-resident persons and most of our assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or on us or to enforce against them or us a judgment obtained in U.S. courts. Original actions or actions for the enforcement of judgments of U.S. courts relating to the civil liability provisions of the federal or state securities laws of the United States (as amended from time to time) are not directly enforceable in Belgium. The United States and Belgium do not currently have a multilateral or bilateral treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, in civil and commercial matters. Consequently, a final judgment for payment given by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognized or enforceable in Belgium. This will depend on the applicable Belgian national rules.

In order for a final and conclusive judgment rendered by U.S. courts based on civil liability to produce any effect on Belgian soil, it is accordingly required that this judgment be recognized or be declared enforceable by a Belgian court in accordance with Articles 22 to 25 of the 2004 Belgian Code of Private International Law, as amended. Recognition or enforcement does not imply a review of the merits of the case and is irrespective of any reciprocity requirement. A U.S. judgment will, however, not be recognized or declared enforceable in Belgium if it infringes upon one or more of the grounds for refusal that are exhaustively listed in Article 25 of the Belgian Code of Private International Law, as amended. Actions for the enforcement of judgments of U.S. courts might be successful only if the Belgian court confirms the substantive correctness of the judgment of the U.S. court and if it is satisfied that:

- the effect of the enforcement judgment is not manifestly incompatible with Belgian public policy;
- the judgment did not violate the rights of the defendant;
- the judgment was not rendered in a matter where the parties transferred rights subject to transfer restrictions with the sole purpose of avoiding the application of the law applicable according to Belgian international private law;
- the judgment is not subject to further recourse under U.S. law;
- the judgment is not compatible with a judgment rendered in Belgium or with a subsequent judgment rendered abroad that might be enforced in Belgium;
- a claim was not filed outside Belgium after the same claim was filed in Belgium, while the claim filed in Belgium is still pending;
- the Belgian courts did not have exclusive jurisdiction to rule on the matter;
- the U.S. court did not accept its jurisdiction solely on the basis of either the nationality of the defendant or the location of the disputed goods; and
- the judgment submitted to the Belgian court is authentic.

Under the Belgian Code of Private International law, in addition to recognition or enforcement and before a Belgian court, a judgment by a federal or state court in the United States against us may also serve as evidence in a similar action in a Belgian court if it meets the conditions required for the authenticity of judgments according to the law of the state where it was rendered. The findings of a federal or state court in the United States will not, however, be taken into account to the extent they appear incompatible with Belgium's (international) public policy.

U.S. judgments ordering to pay a certain amount that are declared enforceable in Belgium are subject to the applicable registration tax in the same way as Belgian judgments. As such, a registration tax at the rate of 3% of the

amount awarded is payable by the debtor(s), if the sum of money exceeds EUR 12,500. If multiple debtors were held jointly liable to pay, the debtors are also jointly liable to pay the registration tax.

In light of the above, U.S. investors may not be able to enforce against us, or members of our Board of Directors or members of our Executive Committee who are residents of Belgium or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws (as amended from time to time).

Item 4 Information on the Company

A. History and development of the Company

Our legal and commercial name is Galapagos NV. We are a limited liability company incorporated in the form of a *‘haamloze vennootschap’* / *‘société anonyme’* under the laws of Belgium. We were incorporated in Belgium on June 30, 1999 for an unlimited duration. We are registered with the Register of Legal Entities (Antwerp, division Mechelen) under the enterprise number 0466.460.429. Our principal executive and registered offices are located at Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium and our telephone number is +32 15 342 900. Our agent for service of process in the United States is C T Corporation System, located at 28 Liberty Street, New York, New York, 10005, United States of America.

Our fiscal year ends December 31. We also maintain a corporate website at www.glp.com. Information contained on, or that can be accessed through, our website does not constitute a part of this annual report. We have included our website address in this annual report as an inactive textual reference only.

The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants, such as Galapagos NV, that file electronically with the SEC.

We are currently operating as a single operating segment. Prior to the disposal of Fidelta we had two reportable segments, R&D and fee-for-service business. On January 4, 2021 however we sold our Croatian subsidiary and fee for service business Fidelta to Selvita, who acquired 100% of the outstanding shares in Fidelta. Due to the disposal of Fidelta (our fee-for-service segment), we have reported this segment as discontinued operations.

On June 21, 2022, we acquired all outstanding shares of CellPoint B.V., a Dutch company dedicated to developing CAR-T therapies at the point-of-care, and AboundBio, Inc., a privately held U.S. biotechnology company. Each was acquired through an all-cash transaction. CellPoint was acquired for an upfront payment of €125 million, with milestone payments of up to €100 million. AboundBio was acquired for a payment of \$14 million. We believe we reinforced our portfolio through the acquisitions by gaining access to a new therapeutic area, oncology as well as a decentralized and automated point-of-care cell therapy supply model and a fully human antibody-based therapeutics platform.

Our actual capital expenditures for the years ended December 31, 2020, 2021, and 2022 amounted to €91.3 million, €57.9 million, and €36.9 million respectively. These capital expenditures primarily consisted of land, buildings, laboratory equipment, leasehold improvements, and intangible assets. We anticipate our capital expenditure in 2023 to be financed from our cash reserves. For more information on our capital expenditures, see the section of this annual report titled “Item 5.B.—Liquidity and capital resources—capital expenditures.”

B. Business overview

We are a fully integrated biotechnology company focused on discovering, developing, and commercializing innovative medicines. We are committed to improving patients’ lives worldwide by targeting diseases with high unmet needs. Our R&D capabilities cover multiple drug modalities, including small molecules and cell therapies. Our portfolio comprises discovery through to commercialized programs in immunology, oncology, and other indications. Our first medicine for rheumatoid arthritis and ulcerative colitis is on the market in Europe and Japan.

2022 was characterized by major transformation and change but our purpose remains unchanged: transforming patient outcomes through life-changing science and innovation for more years of life and quality of life.

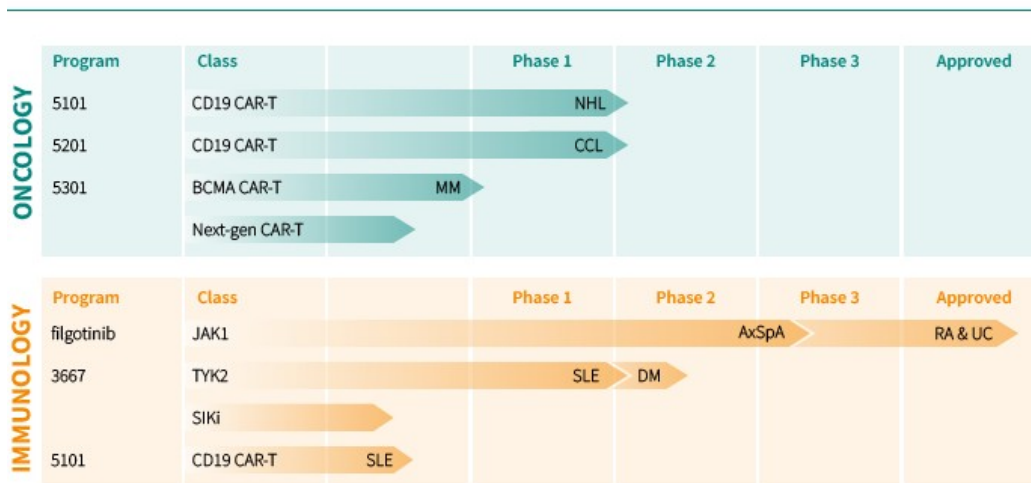
By year-end, we implemented a therapeutic area focused R&D model in immunology and oncology, and we added new drug modalities to include CAR-T cell therapy and biological capabilities. We aim to rebuild our portfolio with transformational medicines, by accelerating innovation and time-to-result.

Through the acquisitions of CellPoint and AboundBio, we gained access to a breakthrough, point-of-care CAR-T manufacturing platform, a clinical-stage CAR-T oncology pipeline and research capabilities for novel, differentiated CAR-T constructs, that together have the potential to deliver life-saving medicines to more patients, faster and more efficiently. Through the two acquisitions, we also onboarded an excellent team of cell therapy scientists and oncology experts.

Our differentiated clinical pipeline includes: 1) preferential JAK1 inhibitor filgotinib, which is on the market in Europe and Japan, and for which we aim to start a Phase 3 clinical trial in AxSpA in the first half of 2023; 2) GLPG3667, a TYK2 inhibitor for which we aim to start a Phase 2 clinical trial in DM and in SLE in 2023; 3) GLPG5101, a CD19 CAR-T product candidate manufactured at point-of-care for which we aim to start clinical development in rSLE in 2023; 4) GLPG5101 and GLPG5201, CD19 CAR-T product candidates manufactured at point-of-care, currently in Phase 1/2 in rrNHL and rrCLL, respectively; and 5) GLPG5301, a BCMA CAR-T product candidate manufactured at point-of-care, for which we aim to start clinical development in rrMM.

In both our immunology and oncology portfolios, we have multiple product candidates in early research.

Below is an overview of our current key pipeline assets:



Note: filgotinib is approved for RA and UC in Europe and Japan.
 AxSpA, axial spondyloarthritis; RA, rheumatoid arthritis; UC, ulcerative colitis; rSLE, refractory systemic lupus erythematosus; DM, dermatomyositis; NHL, non-Hodgkin lymphoma; CLL, chronic lymphocytic leukemia; MM, multiple myeloma

Lead programs

IMMUNOLOGY

1. SMALL MOLECULES PIPELINE

1.1 Jyseleca® franchise

1.1.1 Jyseleca® in rheumatoid arthritis (RA)

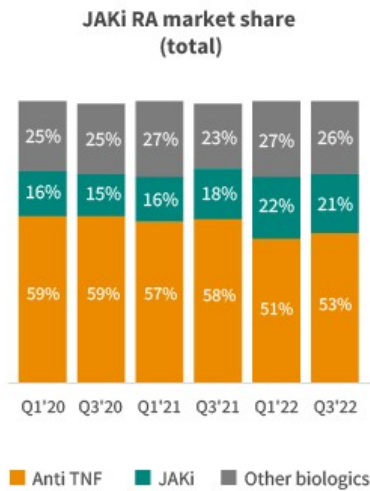
RA is a chronic autoimmune disease that affects more than three million patients in the United States and Europe. RA is characterized by inflammation and degeneration of the joints. Patients suffer from pain, stiffness, and restricted mobility due to a persistent inflammation of multiple joints, ultimately resulting in irreversible damage of the joint cartilage and bone. The current market for RA treatments in the five major European markets (EU5) is approximately €3.3 billion.

Despite progress in the treatment of RA, there remains a considerable unmet need as sustained remission remains rare!

In 2003, we discovered JAK1 as a novel, differentiated target in an inflammation target discovery assay and subsequently developed filgotinib as a novel small molecule inhibitor with preferential selectivity for JAK1.

To date there are 4 JAK inhibitors approved for the treatment of RA in the EU5, including Jyseleca® (filgotinib) an orally administered preferential JAK1 inhibitor.

Below we present the RA market in the EU5.



Source: Market research from Therapy Watch, Q3 2022 (6 month average)

¹Chen Y, et al. Clin Rheumatol. 2019 Mar;38(3):727-738. doi: 10.1007/s10067-018-4340-7. Epub 2018 Oct 19

Regulatory progress of Jyseleca® in RA

In 2020, Jyseleca® (filgotinib 200mg and 100mg) obtained regulatory approval in Europe, Great Britain, and Japan for the treatment of adult patients with moderate to severe active RA.

The European Summary of Product Characteristics for filgotinib, which includes contraindications and special warnings and precautions, is available at www.ema.europa.eu. The Great Britain Summary of Product Characteristics for filgotinib can be found at www.medicines.org.uk/emc and the Northern Ireland Summary of Product Characteristics for filgotinib can be found at www.emcmedicines.com/en-GB/northernireland, respectively. The interview form from the Japanese Ministry of Health, Labour and Welfare is available at www.info.pmda.go.jp.

Also in 2020, Gilead Sciences, Inc (Gilead) received a Complete Response Letter (CRL) from the US Food and Drug Administration (FDA) for the New Drug Application (NDA) for filgotinib. Consequently, Gilead decided not to advance with resubmission in the US for approval of filgotinib as a treatment for RA in the US.

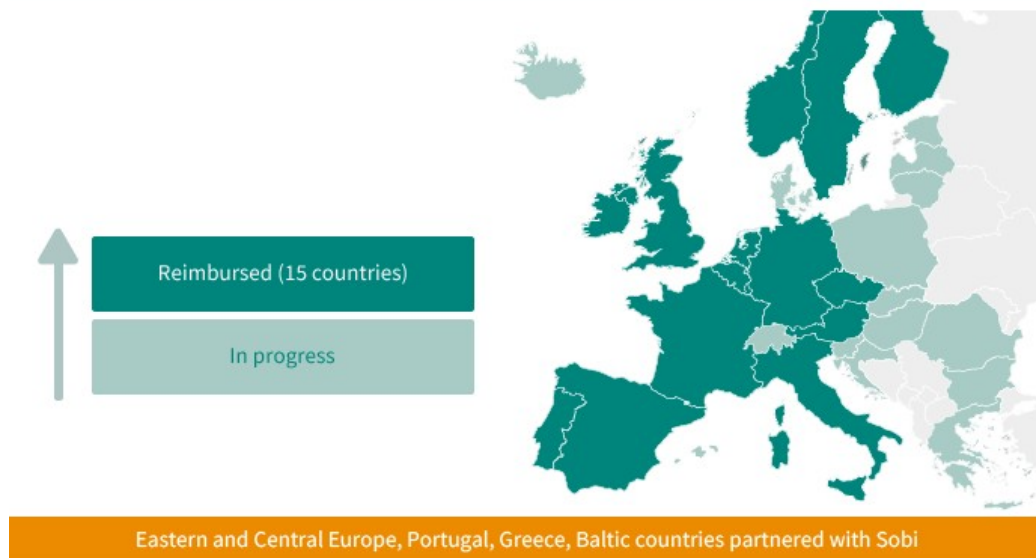
In 2022, the Pharmacovigilance Risk Assessment Committee (PRAC) of the European Medicines Agency (EMA) concluded its Article 20 safety review of all JAK inhibitors approved in the EU for the treatment of inflammatory diseases and recommended the harmonization of all labels. PRAC concluded that JAK inhibitors should maintain their indication for the treatment of patients with RA who have responded inadequately to or who cannot tolerate disease modifying anti-rheumatic drugs (DMARDs) therapy, and for patients with UC who have responded inadequately to or who cannot tolerate conventional therapy or biologics. PRAC also recommended all JAK inhibitor product labels be updated to include a precautionary approach for use of JAK inhibitors in patients with identified risk factors only if no suitable treatment alternative is available (Section 4.4 of the product label – Warning and Precautions). On 11 November 2022, the Committee for Medicinal Products for Human Use (CHMP), the scientific committee of the EMA, adopted PRAC’s recommendation and on 10 March 2023, this decision was approved by the European Commission.

Commercialization of Jyseleca® in RA

In 2021, we took full ownership of the manufacturing and commercialization of Jyseleca® in Europe and became the Marketing Authorization Holder (MAH) in 27 countries in Europe. Jyseleca® is now reimbursed in 15 countries for RA, including the major markets Germany, France, Spain, Italy, and Great Britain. In Central and Eastern Europe, Portugal, Greece and the Baltic countries, our partner Swedish Orphan Biovitrum AB (Sobi) is responsible for the distribution and commercialization of Jyseleca®. The graphic below represents the reimbursement progress of Jyseleca® throughout Europe since its approval for RA in September 2020. See details on the Gilead collaboration on filgotinib in “Collaborations”.

Jyseleca® reimbursement in RA in Europe

Jyseleca® reimbursement in RA in Europe



Under our amended collaboration agreement with Gilead, Gilead remains responsible for the commercialization and distribution of Jyseleca® outside of Europe, including in Japan where Jyseleca® is approved in RA and is co-marketed with Eisai

Safety and efficacy in the filgotinib RA development program

Filgotinib has shown favorable results in terms of onset of action, efficacy, safety, and tolerability from the FINCH Phase 3 and DARWIN Phase 2 clinical programs.

As part of the filgotinib development program, we initiated FINCH 4 in RA. The FINCH 4 study is a multi-center, open-label, long-term extension study to assess the safety and efficacy of filgotinib in patients with RA, which enrolled subjects who completed either the FINCH 1, FINCH 2, or FINCH 3 studies.

We and Gilead published integrated safety data from 7 RA studies in *Annals of the Rheumatic Diseases* (Winthrop et al. 2021). Data were integrated from 3 Phase 3 studies (FINCH 1 – 3), 2 Phase 2 studies (DARWIN 1, 2), and 2 long-term extension studies (DARWIN 3, FINCH 4) including up to 5.6 years of filgotinib exposure, and over a median of 1.6 years. In this pooled analysis, filgotinib was well-tolerated, and no new safety concerns were identified. Adverse events of MACE and DVT/PE were rare and occurred in similar numbers among all treatment groups, and with a similar incidence rate across all dose groups. The data underscore the acceptable safety and tolerability profile of filgotinib as monotherapy and in conjunction with MTX/csDMARDs (Conventional synthetic DMARDs) in RA.

In preclinical animal toxicology studies, when administered at doses beyond its approved dose in humans, filgotinib induced adverse effects on semen parameters. Consequently, we and Gilead conducted dedicated male patient semen analysis studies in UC and CD patients called MANTA, and RA, ankylosing spondylitis (AS), and psoriatic arthritis (PsA) patients, called MANTA-RAy, concurrent to all Phase 3 programs.

In March 2021, we reported on the primary endpoint with the MANTA and MANTA-RAy studies investigating the effect on semen parameters, which indicated that 8.3% of patients on placebo and 6.7% of patients on 200mg filgotinib had a 50% or more decline in sperm concentration at Week 13. Subsequently, a Type II variation application was submitted to the EMA in June 2022, supported by interim data on the primary, secondary and exploratory endpoints at Week 13 and 26 for subjects who met a prespecified sperm decrease at these timepoints (up to Week 52) from the MANTA and MANTA-RAy studies. Following assessment of the interim data by the CHMP, it was concluded in the opinion that the data did not reveal a difference between treatment groups in the proportion of patients who had a 50% or more decrease from baseline in semen parameters at Week 13 (pooled primary endpoint: filgotinib 6.7%, placebo 8.3%) and at Week 26. Further, CHMP concluded that the data did not show any relevant changes in sex hormone levels or change from baseline in semen parameters across treatment groups. The CHMP concluded that these clinical data were not suggestive of filgotinib-related effects on testicular function. In October 2022, we received a positive CHMP opinion to update the European label whereby the language in the section of the Special Warnings and Precautions about the potential effect of filgotinib on sperm production and male fertility was removed from the Summary of Product Characteristics (SmPC). In addition, the MANTA/RAy studies were removed from the Risk Management Plan (RMP).

In 2022, we presented preliminary results from our first international, real-world arthritis study, FILOSOPHY, FILgotinib Observational Study Of Patient Health-related outcomes, at the American College of Rheumatology (ACR) Convergence 2022 meeting. The data showed that filgotinib induced rapid relief in pain and fatigue as early as Week 1 as well as improvements in disease activity² at Month 1. These interim results were based on data from 200 real-world patients with moderate to severe active RA enrolled in Germany, the United Kingdom, the Netherlands, Belgium, and Italy.

² Galloway J, Bevers K, Vershueren P, et al. Presented at: ACR Convergence 2022; November 10-14, 2022; Philadelphia, Pennsylvania.

1.1.2 Jyseleca® in ulcerative colitis (UC)

UC is an inflammatory bowel disease (IBD) resulting in ulcerations and inflammation of the inner layer of the colon and rectum. The current market for UC treatments is estimated at ~€1.0 billion in the EU5.

Current treatment landscape in UC in Europe

Biologic therapies for UC were dominated by tumor necrosis factor (TNF) antagonists for nearly 20 years, but anti-integrin and anti-interleukin IL-12/IL-23 antibodies have recently become available.

Although the introduction of advanced therapies has improved the treatment of UC for some patients, 30% of patients do not respond to treatment³, and 19% to 59% of initial responders do not have a sustainable treatment response.⁴ Therefore, the medical need for improved treatment efficacy with additional treatment options remains high.

The current market in Europe for UC is approximately €1.0 billion and is expected to grow at a CAGR of 10% between 2020 and 2029.⁵

Current European treatment landscape in UC



Source: UC Therapy Watch (Research Partnership) Q3 2021. Share of prescriptions of advanced therapies

³Allez M et al. Report of the ECCO pathogenesis workshop on anti-TNF therapy failures in inflammatory bowel diseases: definitions, frequency and pharmacological aspects. *J Crohns Colitis*. 2010 Oct;4(4):355-66

⁴Ma C et al. Outpatient Ulcerative Colitis Primary Anti-TNF Responders Receiving Adalimumab or Infliximab Maintenance Therapy Have Similar Rates of Secondary Loss of Response. *J Clin Gastroenterol*. 2015 Sep;49(8):675-82

⁵CAGR: compounded annual growth rate. Source: UC Therapy Watch

Regulatory progress and commercialization of Jyseleca® in UC

Filgotinib obtained regulatory approval for the treatment of adults with moderate to severe UC in the European Union in 2021, and in Great Britain and Japan in January and March 2022, respectively.

Filgotinib is marketed as Jyseleca® in Europe and Japan for the treatment of adult patients with moderate to severe active UC who have had an inadequate response with, lost response to, or were intolerant to either conventional therapy or a biologic agent. Jyseleca (filgotinib) 100mg and 200mg are registered in the above-mentioned territories.

The European Summary of Product Characteristics for filgotinib, which includes contraindications and special warnings and precautions, is available at www.ema.europa.eu. The Great Britain Summary of Product Characteristics for filgotinib can be found at www.medicines.org.uk/emc and the Northern Ireland Summary of Product Characteristics for filgotinib can be found at www.emcmedicines.com/en-GB/northernireland, respectively. The interview from the Japanese Ministry of Health, Labour and Welfare is available at www.info.pmda.go.jp.

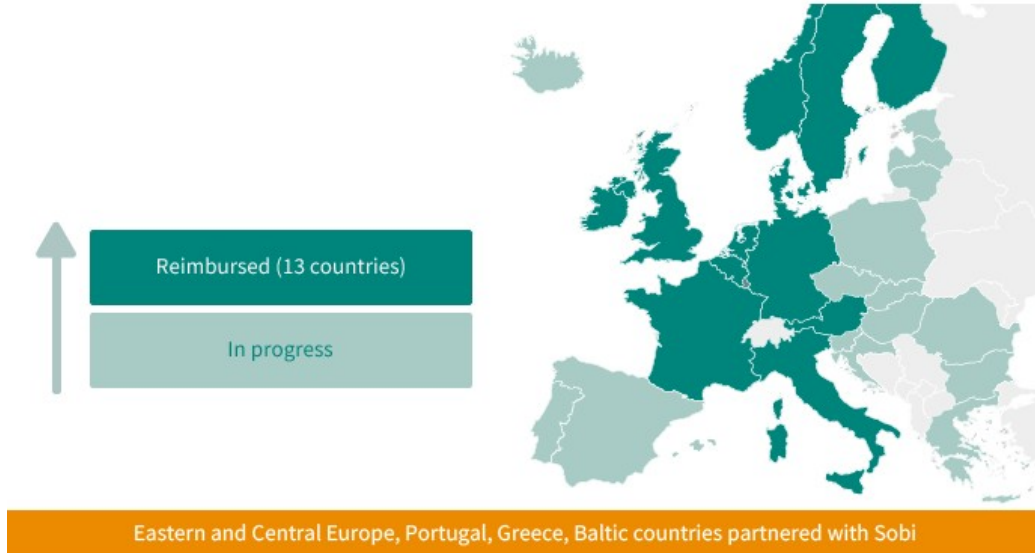
Jyseleca® reimbursement in UC in Europe

Jyseleca® is marketed by Galapagos in Europe and is now reimbursed in 13 countries in Europe (see graph below), including the major markets Great Britain, France and Germany. In Central and Eastern Europe, Portugal, Greece and the Baltic countries, our partner Sobi is responsible for the distribution and commercialization of Jyseleca®.

Gilead is responsible for the distribution and commercialization of Jyseleca® outside of Europe, including in Japan where Jyseleca® is approved in UC and is co-marketed with Eisai.

Financial information related to our operational segment and geographic information is contained in “Note 5—Segment information” in our consolidated financial statements appended to this annual report.

Jyseleca® reimbursements in UC

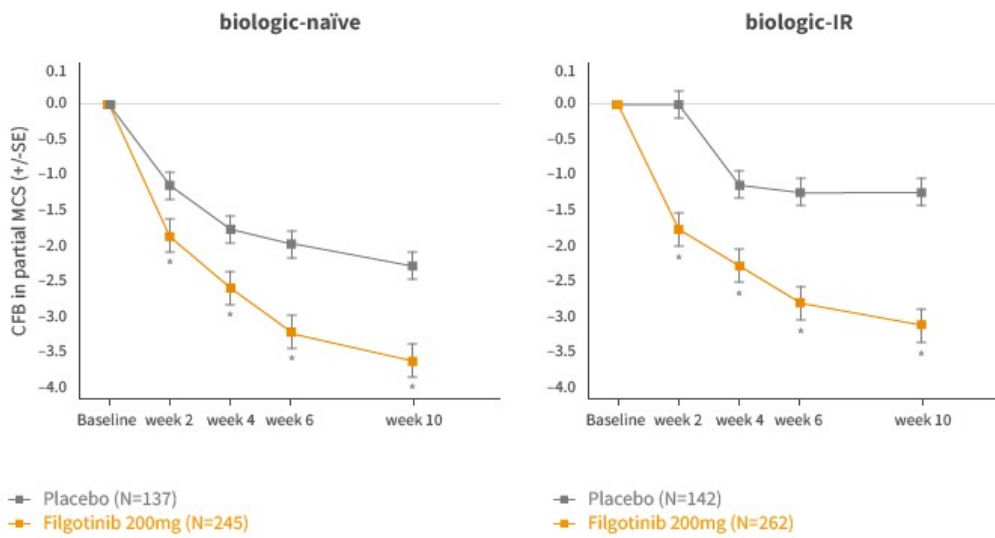


Safety and efficacy in the filgotinib UC development program

Filgotinib 200mg has shown favorable results in terms of rapid onset of action, efficacy, safety, and tolerability from the SELECTION Phase 3 program in patients with moderate to severe UC. The SELECTION Phase 3 data (Feagan *et al.* 2021) were published in *The Lancet*.

Both in biologic-naïve and in biologic-experienced patients, a rapid onset of action for filgotinib 200mg at Week 2, with a sustained effect up to 10 weeks, was observed in a pre-specified exploratory analysis of the SELECTION study. The graph below shows the rapid onset in both cohorts using the partial Mayo Clinic Score.

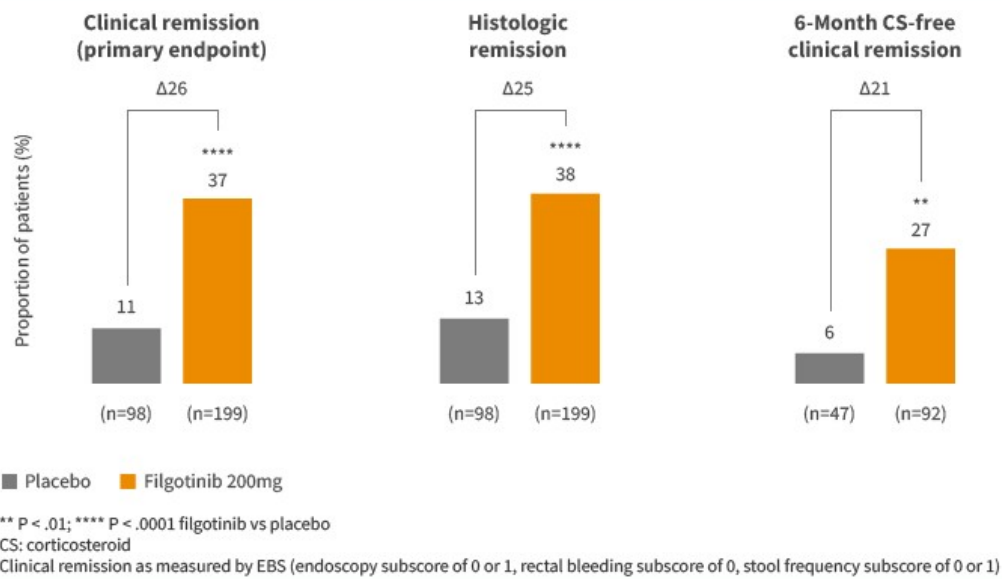
Induction (SELECTION)



Results from a pre-specified exploratory analysis
 * P < .05 filgotinib vs placebo (nominal p-values)
 Biologic-IR: biologic-inadequate response, CFB: change from baseline, partial MCS: partial Mayo Clinic Score
 Partial Mayo Clinic Score is based on all MCS subscores except for the endoscopy score

Additionally, data from a post-hoc analysis of the maintenance study showed a greater proportion of biologic-naïve and biologic-experienced patients receiving filgotinib 200mg maintained clinical remission up to 58 weeks versus those receiving placebo (37% versus 11% p<0.001) and had histologic remission (38% versus 13% p<0.001) and, 6-month corticosteroid-free clinical remission (27% versus 6% p<0.01), as shown in the graph below, and published in *The Lancet* (Feagan *et al.* 2021).

Maintenance (SELECTION)



Furthermore in 2021, additional safety data from the SELECTION studies were presented at the 16th European Crohn's and Colitis Organisation (ECCO) 2021 virtual congress (Schreiber et al. 2021). Data were analyzed from the SELECTION induction, maintenance, and long-term extension study with a cumulative treatment exposure of 1,207 patient years for filgotinib 200mg versus 318 patient years for placebo, showing results consistent with the original induction and maintenance studies, where filgotinib was well tolerated in patients with moderate to severe active UC.

In 2022, we presented a set of new data from the SELECTION study and SELECTION long-term extension study in UC at the (ECCO 2022 annual conference. The key findings were:

- (1) Continued treatment with filgotinib for up to an additional 96 weeks in the long-term extension study was effective in maintaining long-term improvements in UC symptoms;
- (2) Retreatment with filgotinib upon interruption resulted in recovery of efficacy in most patients and filgotinib was well tolerated with no new safety concerns;
- (3) Filgotinib's efficacy profile was consistent and the safety profile acceptable regardless of the age group, analysing patients up to 75 years of age; and
- (4) Filgotinib was able to achieve the high bar of efficacy as defined by a combined endpoint of clinical and quality of life (QoL) remission, endoscopic and biomarker improvement.

In 2023, we presented additional new analyses from the SELECTION program with filgotinib at the annual ECCO congress. These include new analysis from the long-term extension (LTE) study evaluating the safety and efficacy of filgotinib in UC for nearly four years; an analysis of the prolonged benefit of filgotinib in UC; an analysis exploring factors associated with the partial Mayo Clinic Score (pMCS) over time; and analysis of the effect of filgotinib on anaemia in UC patients. Additionally, we presented pooled data from five Phase 2/3 trials, and two long-term extension trials of filgotinib designed to further understand the safety profile of filgotinib in UC and RA. Data from the SELECTIONLTE study showed that filgotinib 200mg maintained symptomatic remission and health-related quality of life (HRQoL) for up to approximately four years. Amongst subjects who completed the study, the reduction in mean pMCS in SELECTION was maintained up to LTE Week 144. In non-responders, mean pMCS decreased from LTE baseline to Week 192. The results also showed that a high proportion of completers (>80% of patients) and non-responders (>70% of patients) achieved remission according to the Inflammatory Bowel Disease Questionnaire⁶. The safety profile of filgotinib 200mg in the SELECTIONLTE study was generally consistent with the safety profile observed in previous SELECTION studies, with no new safety signals observed.

⁶The Inflammatory Bowel Disease Questionnaire is a widely used questionnaire for HRQoL assessment in patients with inflammatory bowel diseases.

1.1.3 Filgotinib in Crohn's disease (CD)

CD is an IBD of unknown cause, which results in chronic inflammation of the gastrointestinal (GI) tract with a relapsing and remitting course.

FITZROY Phase 2 program in CD

The FITZROY Phase 2 trial evaluated the efficacy and safety of 200mg once-daily filgotinib in 174 patients with moderate to severe active CD and mucosal ulceration, who were either anti-TNF naive or anti-TNF failures. As reported in *The Lancet* (Vermeire *et al.* 2016), the FITZROY Phase 2 trial achieved the primary endpoint of clinical remission at Week 10, and filgotinib demonstrated a favorable tolerability profile consistent with the DARWIN trials in RA.

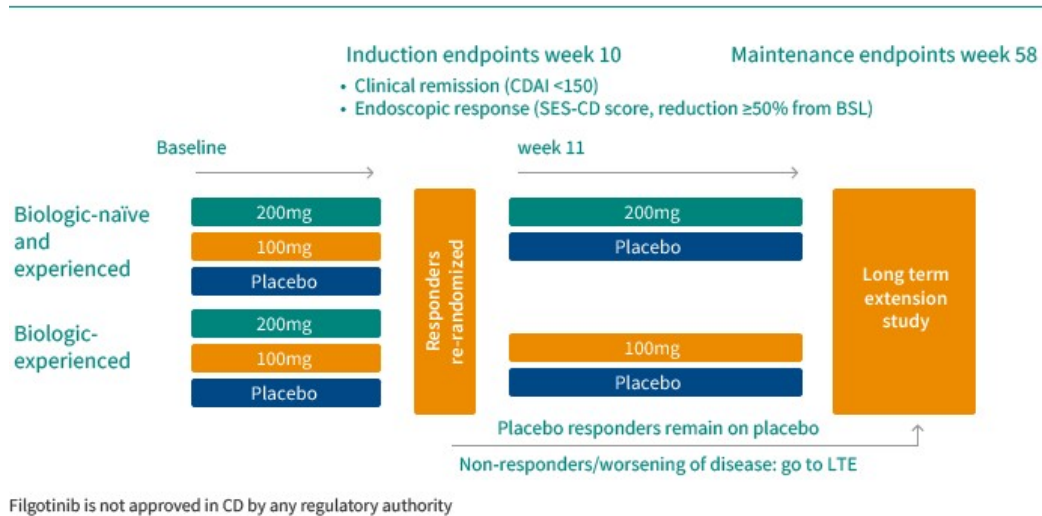
DIVERSITY Phase 3 program in CD

Gilead initiated the Phase 3 DIVERSITY trial with filgotinib in CD in November 2016, and following our amended collaboration agreement with Gilead, Galapagos became the sole sponsor of DIVERSITY (including all development costs) and the long-term extension study, and the parties completed the transfer of all data to Galapagos in March 2023. Under the terms of the amended agreement, Gilead made a one-time payment of \$15 million to Galapagos.

DIVERSITY consisted of a combined (induction and maintenance), double-blind, placebo-controlled Phase 3 trial, enrolling 1,374 biologic-naive and biologic-experienced patients with moderate to severe active CD in 384 centers worldwide. The primary objectives of the trial were to evaluate the safety and efficacy of filgotinib 100mg or 200mg, once-daily oral treatments, versus placebo.

The co-primary endpoints at Week 10 and Week 58 were clinical remission per Patient Reported Outcome (PRO-2) and endoscopic response per Simple Endoscopic Score for Crohn's Disease (SES-CD). Clinical remission measured by the Crohn's Disease Activity Index (CDAI) was a key secondary endpoint in the induction and maintenance phase of the study. Additional secondary endpoints were clinical remission and endoscopic response (combined into a single endpoint on a patient level) at Week 10, clinical remission and endoscopic response (combined into a single endpoint on a patient level) at Weeks 10 and 58, sustained clinical remission and endoscopic response at Weeks 10 and 58, and 6-month corticosteroid-free clinical remission at Week 58 (see graphic below).

Induction Cohort A included biologic-naïve (54%) and biologic-experienced (46%) patients; induction Cohort B included biologic-experienced patients. In total, 33% of patients in Cohort A and 52% of patients in Cohort B had failed treatment with 3 or more biologic drugs.



On 8 February 2023, Galapagos announced topline results from the DIVERSITY study.

Both induction cohorts of the study failed to meet the co-primary endpoints of clinical remission and endoscopic response for filgotinib, 100mg and 200mg once-daily. In the maintenance phase of the study, a statistically significant higher proportion of patients receiving filgotinib 200mg once-daily achieved the co-primary endpoints of clinical remission (43.8% vs. 26.4%; p=0.0382) and endoscopic response (30.4% vs. 9.4%; p=0.0038) compared to placebo at Week 58.

The safety observations of the study were in line with the underlying disease and were consistent with the safety profile of filgotinib observed in previous studies across indications.

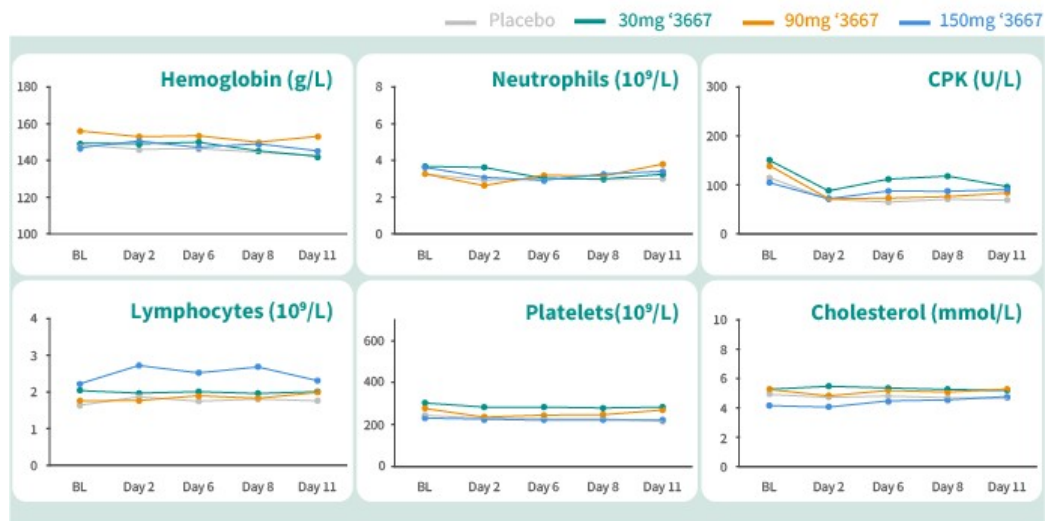
Based on these topline data, Galapagos decided not to submit a Marketing Authorization Application in Europe for filgotinib in CD. The full results will be further analyzed to gain valuable insights to guide future research efforts.

1.2 Our TYK2 program: GLPG3667

GLPG3667 is an investigational reversible and selective TYK2 kinase domain inhibitor that was discovered by us and evaluated in a Phase 1 healthy volunteer study in 2020. The Phase 1 study was a randomized, double-blind, placebo-controlled dose escalation study evaluating safety, tolerability, pharmacokinetics (PK) and pharmacodynamics (PD) of single and multiple ascending oral doses of GLPG3667 for 13 days.

Blood was drawn at multiple time points on Day 1 and on Day 10 and stimulated ex vivo with several cytokines, including IFN α , to analyze the level of inhibition of inflammation, including the effect on phosphorylated signal transducer and activator of transcription (pSTAT) signaling as well as hematological parameters, lipids and creatine-phosphokinase (CPK) (see graphs below).

No effect on hematological parameters, lipids and CPK



Mean values. Source: company data. CPK: creatine phosphokinase

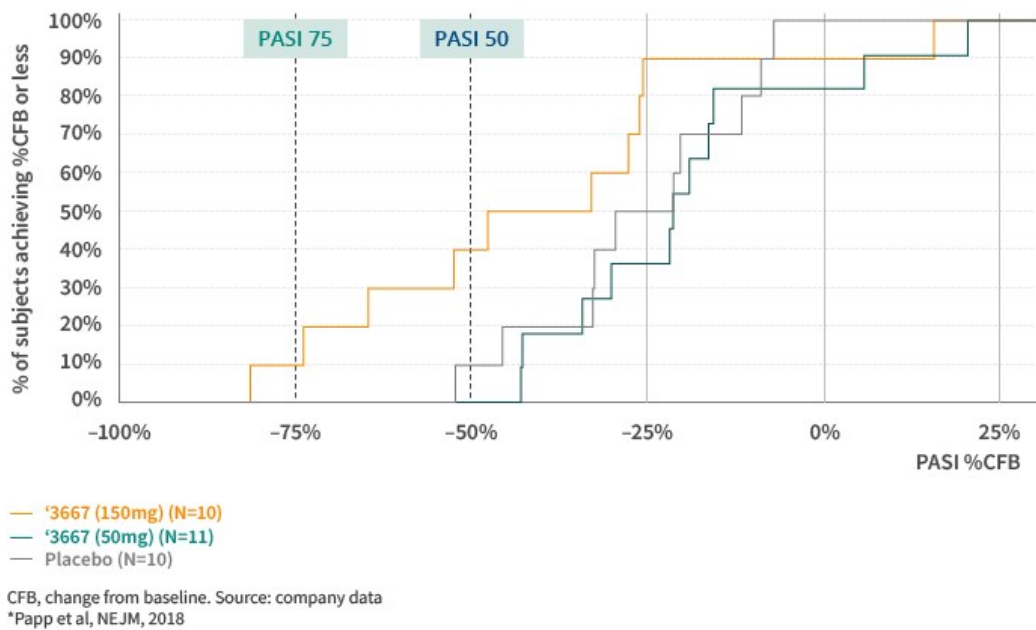
Following these results, we initiated a randomized, placebo-controlled, double-blind Phase 1b study in 31 patients with moderate to severe plaque psoriasis. Patients were randomized in a 1:1:1 ratio to a daily oral dose of GLPG3667 (low dose or high dose) or placebo, for a total of 4 weeks.

In July 2021, we announced positive topline results demonstrating that GLPG3667 was generally well tolerated with a positive response signal at Week 4 (see graph below):

- At Week 4, four out of 10 patients in the high dose group had a Psoriasis Area and Severity Index (PASI) 50 response, defined as at least a 50% improvement in PASI from baseline, compared to one out of 10 subjects on placebo. There were no subjects with a PASI 50 response on the low dose of GLPG3667. The 4 responders in the high dose group of GLPG3667 achieved a 52%, 65%, 74% and 81% improvement respectively in their PASI scores from baseline, while the subject randomized to placebo improved by 52%. Positive efficacy signals were also observed with the high dose for other endpoints, including affected Body Surface Area and physician and patient global assessment, versus placebo at Week 4.

Phase 1b psoriasis study with `3667

Clinical activity at 4 weeks with once daily dosing



- One subject in the low dose group interrupted participation in the study for one day due to exacerbation of psoriasis. The majority of treatment related adverse events (AEs) were mild in nature and transient. There were no deaths or serious adverse events (SAEs) in this 4-week study.

Following these results, in 2022, we initiated the preparations for the Phase 2 studies with GLPG3667 in dermatomyositis (DM) and systemic lupus erythematosus (SLE).

DM is the most common form of idiopathic inflammatory myopathies (IIM) and is characterized by inflammatory and degenerative changes of the muscles and skin. IIMs are a heterogeneous group of rare autoimmune disorders primarily affecting the proximal muscles. They are characterized by severe muscle weakness, muscle enzyme elevations, inflammation on muscle biopsy, and extra-muscular manifestations. The quality of life of patients with DM is impaired due to muscle weakness and pain, and skin disease activity⁷. The overall mortality ratio in DM patients also remains three times higher compared to the general population, with cancer, lung, and cardiac complications and infections being the most common causes of death.

The Phase 2 studies in DM and SLE are expected to start later in 2023.

⁷ Goreshi R, et al. Quality of life in dermatomyositis. *J Am Acad Dermatol.* 2011 Dec;65(6):1107-16.

1.3 Our SIK program

The Salt-Inducible Kinases (SIK) belong to a novel class of targets with immune-modulatory function discovered in an inflammation phenotypic cell assay with our proprietary target discovery platform. The search, identification, and validation for this novel class of targets started with the ambition to find novel druggable targets with a differentiating mechanism-of-action to develop new therapeutic candidates demonstrating an improved efficacy and safety profile relative to existing therapies. Although significant progress has been made with novel therapies in recent years, for instance in psoriasis, the unmet need to manage chronic inflammatory diseases related to joints, the bowel, and other organs remains an important objective in public health.

The SIK family, which includes 3 members SIK1, SIK2, and SIK3, has been shown to contribute to biologic pathways across multiple immune cells. SIK inhibition has the potential to reduce the production of pro-inflammatory cytokines coupled with enhanced production of immunoregulatory mediators. This unique mechanism-of-action offers the potential to restore the immune balance that is typically out of balance in autoimmune diseases, and differentiate product candidates from existing therapies that predominantly act by suppressing the immune system.

We have been focusing our medicinal chemistry efforts on these targets, delivering over 5,000 synthesized molecules, and more than 11 different chemical series with different SIK-isoform selectivity profiles. The first lead molecule from this program, GLPG3970, a selective SIK2/SIK3 inhibitor, has demonstrated a response across several disease models that has led to the investigation of a series of early-stage clinical trials in psoriasis (CALOSOMA), UC (SEA TURTLE), and RA (LADYBUG). The topline results for GLPG3970 were announced in July 2021.

Thorough analysis of clinical endpoints and exploratory biomarker research has confirmed meaningful signals of biological activity in psoriasis and UC patients despite short treatment duration and suboptimal PK properties. A second candidate, GLPG4399, selective for SIK3 was tested in a Phase 1 healthy volunteer study but will not be further pursued for clinical development.

SIK portfolio outlook

From the clinical studies described above we learned that the SIK pathway has the potential to play an important role in inflammation and confirms the therapeutic potential of SIK inhibitors in inflammatory diseases. Although we will not progress GLPG3970 and GLPG4399 further into clinical development, the study results are an essential part of the broad evidence package that we are assembling on our SIK program. This strengthens our understanding of the best approach going forward. We are currently performing medicinal chemistry activities with the goal to start preclinical development with a selective SIK inhibitor later in 2023.

2. CAR-T PIPELINE

2.1 GLPG5101 in refractory SLE

SLE is a female predominant, relapsing and remitting autoimmune disease, characterized by the formation of autoantibodies and immune complex-mediated inflammation. This results in systemic progressive multiple organ damage, which is associated with high morbidity and mortality.

Recently published data from a pilot study indicate that CAR-T cell therapy may have the potential to achieve long-term drug-free SLE remission.^{9,10} Given our deep disease knowledge and expertise in the field of immunology and our novel approach in the manufacturing of CAR-T therapies at the point-of care (see "*ONCOLOGY*"), we plan to initiate a Phase 1b patient study with our CD19 CAR-T candidate, GLPG5101, later in 2023.

⁹ Anti-CD19 CAR-T cell therapy for refractory systemic lupus erythematosus. Mackensen A, Müller F, Mougiakakos D, et al. *Nat Med.* 2022 Sep 15.

¹⁰ CD19-targeted CAR-T Cells in Refractory Systemic Lupus Erythematosus. Mougiakako Ds, Krönke G Völkl S, et al. N Engl J Med. 2021 Aug 5;385(6):567-569.

ONCOLOGY

1. Our differentiating approach

In 2022, we entered the field of oncology, CAR-T, and antibody-therapy research and development through the acquisitions of CellPoint and AboundBio. The transactions provide us with end-to-end capabilities in CAR-T therapy development and offer the potential for a paradigm shift in the space through the implementation of a breakthrough, decentralized point-of-care manufacturing model, and cutting-edge fully human antibody-based capabilities to design next-generation CAR-Ts and biologicals.

a. Point-of-care manufacturing

Despite continued progress with current CAR-T cancer therapies, long lead times, costly central manufacturing and complex logistics continue to be limiting factors for large-scale capacity and broad patient access.

To address important limitations of current CAR-T treatments, CellPoint (*a Galapagos company*) has developed, in a strategic collaboration with Lonza, a novel decentralized delivery model designed to manufacture non-frozen CAR-T therapies at the point-of-care. Through decentralized manufacturing, complex logistics and cryopreservation of the cells can be avoided, and the average vein-to-vein time can be drastically reduced from up to months for currently approved CAR-T therapies to 7 days with our CAR-T candidates currently observed in our clinical trials.

The proprietary platform consists of CellPoint's end-to-end xCellit workflow management and monitoring software and Lonza's Cocoon[®], a functionally closed, automated manufacturing platform for cell therapies.

The novel point-of-care model is compliant with the EMA and the FDA guidance for clinical trials.



Increase patient access with point-of-care manufacturing



*vein to vein time: time between leukapheresis and infusion delivery at the hospital

Streamlining CAR-T Therapy



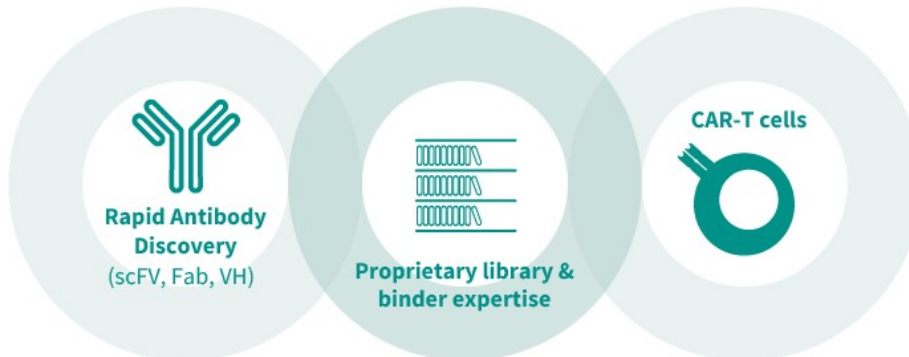
b. Antibody engineering capabilities

AboundBio (a Galapagos company) has developed several very large, diverse human antibody libraries in standard fragments of antigen binding (Fab), single-chain variable fragments (scFv), and unique variable (VH) domain formats. The team can rapidly (days to weeks) discover novel, high affinity, binders in multiple formats, engineer them if needed to improve their developability properties, and convert them for multiple uses including multi-specific, CARs, fusion proteins and antibody drug conjugates (ADCs). The proprietary methodologies to build large fully-human antibody-based libraries offer the potential to increase binder diversity, affinity and specificity; coverage of potential antigens; screening capacity; and probability of identifying a lead therapeutic antibody candidate.

In the field of oncology, AboundBio provides unique research capabilities for next generation CAR-T therapies that have the potential to deliver deeper and durable clinical responses, as well as additional drug modalities beyond small molecules.

Our new generation of fully human, multi-specific CAR-T constructs have the potential to transform patient outcomes through potentially more effective and longer-lasting care options, even in the event of relapse after previous CAR-T-cell therapy. Together with the decentralized CAR-T point-of-care manufacturing model, we aim to broaden patient access and ultimately hope to change their lives.

Scientific capabilities



scFV, single-chain fragment variable; Fab, fragment antigen-binding; VH, heavy chain variable domain

2. Pipeline: CAR-T candidates manufactured at point-of-care

a. GLPG5101: CD19 CAR-T in relapsed/refractory non-Hodgkin's lymphoma

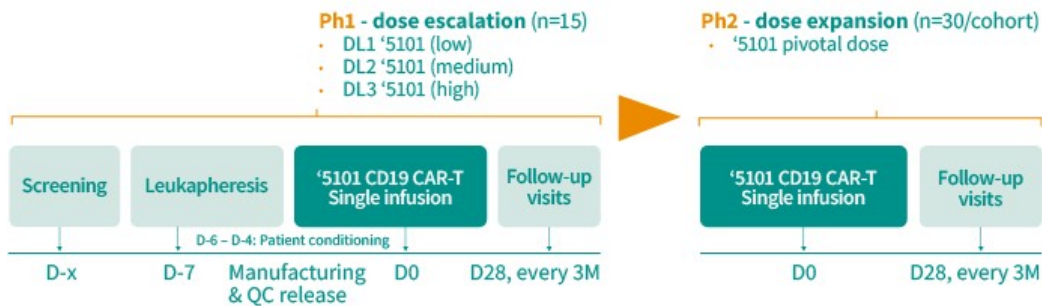
Non-Hodgkin's lymphoma (NHL) is a cancer originating from lymphocytes, a type of white blood cell which is part of the body's immune system. NHL can occur at any age although it is more common in adults over 50 years old. Initial symptoms usually are enlarged lymph nodes, fever, and weight loss. There are many different types of NHL. These types can be divided into aggressive (fast-growing) and indolent (slow-growing) types, and they can be formed from either B lymphocytes (B cells) or in lesser extent from T lymphocytes (T cells) or Natural Killer cells (NK cells). B-cell lymphoma makes up about 85% of NHL cases diagnosed in the US. Prognosis and treatment of NHL depend on the stage and type of disease.

GLPG5101 is our second generation anti-CD19/4-1BB CAR-T product candidate, administered as an intravenous infusion of a fresh product candidate in a single fixed dose. Its feasibility, safety, and efficacy of point-of-care manufacturing are currently being evaluated in the ATALANTA Phase 1/2, open-label, multicenter study in patients with relapsed/refractory non-Hodgkin lymphoma (rrNHL).

The primary objective of the Phase 1 part of the ATALANTA-1 study is to evaluate safety and to determine the recommended dose for the Phase 2 part of the study. Secondary objectives include assessment of efficacy and feasibility of point-of-care manufacturing of GLPG5101. The dose levels that are evaluated in the Phase 1 part are 50×10^6 (DL1), 110×10^6 (DL2) and 250×10^6 (DL3) CAR-T cells. The primary objective of the Phase 2 part is to evaluate the objective response rate (ORR) while the secondary objectives include complete response rate (CRR), duration of response, progression free survival, overall survival, safety, pharmacokinetic profile, and feasibility of point-of-care manufacturing. Each enrolled patient will be followed for 24 months.

ATLANTA CD19 CAR-T Phase 1/2a in r/rNHL

Evaluating feasibility, safety and efficacy of point-of-care CD19 CAR-T



DL, dose level; r/rNHL, refractory/relapsed non-Hodgkin lymphoma. Start of dose expansion in 2023 pending regulatory approval

In December 2022, we presented initial data from the ATLANTA-1 Phase 1 study during a poster session at the 64th Annual American Society of Hematology (ASH) Congress in New Orleans, Louisiana. The initial results from 7 patients that were eligible for efficacy evaluation (ATLANTA-1 Phase 1 study cut-off date: 8 November 2022) indicated that a 7-day vein-to-vein time was feasible and demonstrated strong and consistent *in vivo* CAR-T expansion levels. Moreover, the initial efficacy results were encouraging with an observed ORR of 86% and a complete response (CR) observed in all responding patients. A duration of response of up to 7 months has been reported and follow-up is ongoing. Two patients who received DL1 that progressed after initial stable disease or CR respectively, had a CD19-negative escape. No CD19-positive relapses have been observed.

In the initial safety analysis of these 7 patients, adverse events were consistent with the known toxicities of CD19 CAR-T treatment. No grade 3 or higher cytokine release syndrome (CRS) or immune effector cell-associated neurotoxicity syndrome (ICANS) was observed in any of the patients. At DL2, CRS grade 1 or 2 was reported in 4 patients and ICANS grade 1 was reported in 3 patients. Patients at DL1 did not experience any grade of CRS or ICANS. Dose-limiting toxicity (neutropenia grade 4 for >21 days) was observed in 1 patient (DL2) and the majority of grade ≥ 3 adverse events were hematological toxicities.

The study is currently enrolling r/rNHL patients in Europe and the first expansion cohort for Mantle Cell Lymphoma, a form of NHL, is currently open for recruitment. We aim to provide Phase 1 topline results around mid-2023.

b. GLPG5201: CD19 CAR-T in relapsed and refractory chronic lymphocytic leukemia

Chronic lymphocytic leukemia (CLL) is one of the chronic lymphoproliferative disorders (lymphoid neoplasms). It is characterized by the excessive and uncontrolled proliferation of functionally incompetent B lymphocytes from monoclonal origin. CLL and small cell lymphocyte leukemia (SLL) are essentially the same type of B-cell non-Hodgkin lymphoma (NHL), with the only difference the location where the primary cancer occurs. CLL affects B-cells in the blood and bone marrow and SLL cancer cells are located in lymph nodes and/or the spleen. Richter's Transformation (RT) is an uncommon clinicopathological condition observed in patients with CLL. It is characterized by the sudden transformation of the CLL into a significantly more aggressive form of large cell lymphoma, and occurs in approximately 2-10%¹⁰ of all CLL patients. CLL/SLL usually follows an indolent course and is an incurable disease. Patients who develop relapsed and refractory disease and become resistant to new agents have a dismal prognosis and a high unmet medical need for new therapeutic options such as CAR-T cells.

With an estimated incidence rate of 4.7 new cases per 100,000 individuals, CLL/SLL are the most prevalent lymphoid malignancies and the most common forms of adult leukemia in the US and in Europe¹¹.

EUPLAGIA-1 is an ongoing Phase 1/2 study in heavily pre-treated patients with rrCLL and rrSLL, with or without RT, to evaluate the safety, efficacy, and feasibility of GLPG5201, a non-frozen CD19 CAR-T product candidate manufactured at point-of-care.

GLPG5201 is our second generation anti-CD19/4-1BB CAR-T product candidate, administered as an intravenous infusion of a fresh product candidate in a single fixed dose.

Patients with CD19 rrCLL or rrSLL with >2 lines of therapy are eligible to participate, and patients with RT are eligible regardless of prior therapy. The primary objective of the Phase 1 part of the study is to evaluate safety and determine the recommended dose for the Phase 2 part of the study. The dose levels that are evaluated in the Phase 1 part of the study are 35×10^6 (DL1), 100×10^6 (DL2) and 300×10^6 (DL3) CAR+ viable T cells. The primary objective of the Phase 2 part of the study is to assess the ORR and the secondary objectives include the analysis of the CRR, duration of response, progression free survival, overall survival, safety pharmacokinetic profile, and feasibility of point-of-care manufacturing.

We presented initial encouraging safety and efficacy data from the EUPLAGIA -1 Phase 1 study during a poster session at the EBMT-EHA¹² 5th European CAR-T cell Meeting in Rotterdam in February 2023 (EUPLAGIA-1 Phase 1 study data cut-off date: 9 January 2023). At the moment of analysis on 9 January 2023, 7 patients diagnosed with rrCLL (4 patients of which have RT) were enrolled in the study (n=4 at dose level 1 (DL1); n=3 at dose level 2 (DL2)). All patients received GLPG5201 as a fresh infusion with a median vein-to-vein time of 7 days.¹³

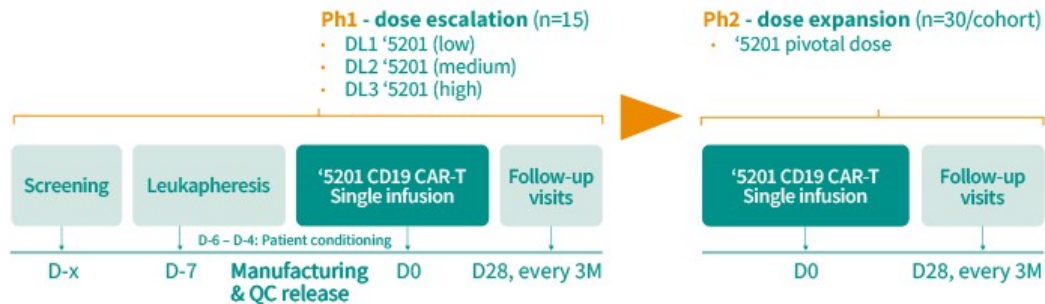
The initial results from these 7 patients that were eligible for efficacy analysis (EUPLAGIA-1 Phase 1 cut-off date: 9 January 2023) indicated that a 7 day vein-to-vein time was feasible and that the ‘fresh’ CAR-T product candidate demonstrated strong and consistent in vivo CAR-T expansion levels. Moreover, the initial efficacy results were encouraging with an observed ORR of 100%. A CR was observed in 6 out of 7 patients (86%) and in all 4 patients with RT. A duration of response of up to 7.9 months has been reported and follow-up is ongoing. Only 1 patient (DL1) progressed (progressive disease after partial response, (PR)) and had a CD19-negative relapse with confirmed Richter’s transformation.

In the safety analysis of these 7 patients, adverse events were consistent with the known toxicities of CD19 CAR-T treatment. None of the patients experienced a cytokine release syndrome (CRS) higher than grade 2 at both dose levels and no immune effector cell associated neurotoxicity syndrome (ICANS) was reported. No dose limiting toxicities (DLTs) were reported and the majority of grade ≥ 3 adverse events were hematological. Only one serious adverse event was reported at DL2 with a patient experiencing a CRS grade 2, but the event was resolved after 7 days.

The EUPLAGIA-1 study is continuing to enrol rrCLL and rrSLL patients in Europe, including patients with RT, and we aim to provide Phase 1 topline results around mid-2023.

EUPLAGIA CD19 CAR-T Ph1/2a in r/rCLL

Evaluating feasibility, safety and efficacy of point-of-care CD19 CAR-T



DL, dose level; r/rCLL, relapsed/refractory chronic lymphocytic leukemia

¹⁰ CD19-targeted CAR-T cells in refractory systemic lupus erythematosus. Mougiakako Ds , Krönke G Völkl S, et al. N Engl J Med. 2021 Aug 5;385(6):567-569.

¹¹ Siegel RL, Miller KD, Fuchs HE, Jemal A. Cancer Statistics, 2021. CA: A Cancer Journal for Clinicians. 2021;71(1):7-33. <https://www.ncbi.nlm.nih.gov/books/NBK493173>

¹² European Society for Blood and Marrow Transplantation (EBMT)-European Hematology Association (EHA)

¹³ N. Martinez-Cibrian , S. Betriu , V. Ortiz-Maldonado , D. Esteban , L. Alserawan , M. Montoro , A.D. Van Muyden , M. Spoon , M.J Pont , C. Jacques , J.Delgado (2023, February 9-11) Initial clinical results of Euplagia-1, a Phase I/II Trial of Point-of-Care Manufactured GLPG5201 in R/R CLL/SLL with or without Richter's transformation [Poster presentation]. EBMT-EHA 5th European CAR T-cell Meeting, Rotterdam, the Netherlands

c. GLPG5301: BCMA CAR-T in relapsed and refractory multiple myeloma

Multiple myeloma (MM) is typically characterized by the neoplastic proliferation of plasma cells producing a monoclonal immunoglobulin. The plasma cells proliferate in the bone marrow and may result in extensive skeletal destruction with osteopenia, and osteolytic lesions with or without pathologic fractures. The diagnosis of MM is made when one (or more) of the following clinical presentations are present: bone pain with lytic lesions discovered on routine skeletal films or other imaging modalities, an increased total serum protein concentration with the presence of a monoclonal protein in the urine or serum, and anemia, hypercalcemia or renal failure. The patient may be either symptomatic or their disease may be discovered incidentally.

PAPILIO-1 is a Phase 1/2, open-label, multicenter study to evaluate the feasibility, safety, and efficacy of point-of-care manufactured GLPG5301, our BCMA CAR-T product candidate, in patients with relapsed/refractory multiple myeloma (rrMM).

GLPG5301 is a second generation anti-BMCA/4-1BB CAR-T product candidate, administered as an intravenous infusion of a fresh product candidate in a single fixed dose. Each enrolled patient will be followed for 24 months.

The primary objective of the Phase 1 part of the PAPILIO-1 study is to evaluate safety and determine the recommended dose for the Phase 2 part of the study. Secondary objectives of the Phase 1 part of the study include assessment of efficacy and feasibility of point-of-care manufacturing of GLPG5301.

The primary objective of Phase 2 of the study is to evaluate the ORR while the secondary objectives include assessment of CRR, duration of response, progression free survival, overall survival, safety, pharmacokinetic profile, and feasibility of point-of-care manufacturing.

We expect to start enrolling patients with rrMM in Europe in the second quarter of 2023.

Other pipeline

Our CFTR program with GLPG2737 in ADPKD

Following the new strategic direction and the renewed focus on immunology and oncology, we discontinued our activities in fibrosis and kidney disease in 2022.

Early 2023, we completed the MANGROVE Phase 2 study with GLPG2737. MANGROVE was a randomized, double-blind, placebo-controlled trial evaluating a once-daily oral dose of GLPG2737. GLPG2737 or placebo is administered for 52 weeks, followed by an open-label extension period of 52 weeks, in ADPKD patients with rapidly progressing disease. The primary objectives of the trial were to assess the effect on growth of total kidney volume over 52 weeks compared to placebo as well as overall safety and tolerability. The secondary objectives included renal function, pharmacokinetics, and pharmacodynamics.

We decided not to-out-license the program due to lack of effect of GLPG2737 on kidney volume and renal progression compared to placebo. The open-label extension study was subsequently stopped.

OUR STRATEGY

We are a fully integrated biotechnology company united around a single purpose: to transform patient outcomes worldwide through the relentless pursuit of life changing science and innovation for more years of life and quality of life.

More than two decades ago, Galapagos was founded to discover new medicines with novel modes of action. Since then, we identified numerous novel targets, generated an R&D pipeline across multiple indications, entered into a significant strategic partnership with Gilead, and successfully brought to market a medicine in two indications. We have built a solid foundation based on strong financials, deep scientific and therapeutic expertise in key areas, and a significant commercial footprint.

In 2022, we unveiled a new strategy to accelerate growth and value creation by reshaping the way we innovate and operate. This strategy provides a clear path forward based on three key pillars:

1. We shift from novel target-based discovery to patient-focused medical need research and development with a focus on our key therapeutic areas of immunology and oncology;
2. We build on our current capabilities and de-risk R&D through multiple drug modalities, including CAR-T, small molecules and biologicals, and by focusing on best-in-disease validated targets in our strategic therapeutic areas with shorter time-to-patient potential;
3. We increase our business development efforts to complement our internal pipeline and continue to work with our collaboration partner Gilead to bring more medicines to patients worldwide.

Our differentiation is our entrepreneurship and integrated approach – patient-focused, risk managed, collaborative and driven by medical need – combined with the scale of our resources and our deep scientific expertise in key therapeutic areas. Together, these enable us to significantly reduce time-to-results and accelerate delivery of transformational innovations and medicines to patients.

POTENTIAL EXTERNAL IMPACTS

COVID-19 impact

Whilst the beginning of 2022 was globally marked by steeply increasing infection rates mainly due to the spread of the highly infectious Omicron-variant, the situation improved significantly as of the second quarter and the strict

measures taken by local governments and us to help prevent the spread of the COVID-19 virus and protect the physical and mental health of our staff could gradually be loosened. We nevertheless continue to monitor COVID-19 infection rates at global and local levels, and have systems in place to react quickly where needed to guarantee business continuity. We report the following impacts.

- *Staff*

At Galapagos, we maintained the measures put in place by local governments to help prevent the spread of the COVID-19 virus and protect the physical and mental health of our staff, albeit that these measures were gradually loosened during 2022. The majority of our research staff continued to work from the office/labs. For teleworkable functions we continued the implementation of our hybrid working model launched in 2021, in locations where the ongoing COVID-19 situation and corresponding local governmental measures permitted us to do so. For those employees coming to the office, we maintained stringent cleaning and sanitation protocols. We further kept our global and site-specific business continuity plans up-to-date and continued to take appropriate recommended precautions.

- *Development portfolio*

We have a business continuity plan for our clinical development programs. We closely monitor each program in context of the current global and local situation of the COVID19 pandemic and the associated specific regulatory, institutional, government guidance and policies related to COVID-19. Within the boundaries of these guidances and policies, and in consultation with our contract research organizations (CROs) and clinical trial sites, we applied various measures to minimize the impact of the COVID-19 pandemic on our clinical development programs, with the primary aim to ensure the safety of our trial participants and to preserve the data integrity and scientific validity of the trials. These measures were implemented on a case-by-case basis, tailored to the specific study and country needs at any given time, with specific attention paid to vulnerable populations and the use of investigational medicines with immunosuppressive properties. The measures include, amongst others, increased, transparent communication to all stakeholders and the direct supply of investigational medicines to patients. For each clinical trial, we actively monitor and document the impact of COVID-19 to mitigate its effect on the study where necessary and to facilitate the interpretation and reporting of results.

- *Commercial organization*

The form of outreach of our commercial teams to physicians and hospitals was impacted by the COVID-19 pandemic and consequent travel restrictions, and thus became partially virtual. The teams invested in digital channels as part of the overall commercial build strategy, and these channels are being utilized during our ongoing commercial launch. Thus far we note no material impact on the relative competitiveness of our commercial operations due to travel restrictions, nor have the effects of COVID-19 our ability to engage in market access discussions. Nevertheless, healthcare systems are under pressure across Europe, increasing the volatility in reimbursement procedures and cost containment measures, and potentially reducing the number of new therapy options initiated by healthcare providers.

Conflict in Ukraine

We currently have no clinical studies that are enrolling patients in Ukraine and Russia. If our CROs experience significant or extended disruptions to their business due to the military conflict in Ukraine and the sanctions against Russia, it could result in delays in our clinical development activities, including delay of our clinical development plans and timelines, or could cause interruptions in operations of regulatory authorities. The impact on pivotal studies such as DIVERSITY has remained limited. We continue to monitor the situation and are taking measures to mitigate the impact on our ability to conduct clinical development activities. Interruptions or delays in our CROs' and our ability to meet expected clinical development deadlines or to comply with contractual commitments with respect to the same, could lead to delays in our overall developmental and commercialization timelines. This would adversely impact our ability to conduct clinical development activities and complete them on a timely basis. Since 24 February 2022, we have extended the focus of the business continuity plan to closely monitor each program in context of the currently ongoing Ukraine-Russia conflict and the associated specific regulatory, institutional, and government guidance and policies.

Intellectual property

The proprietary nature of, and protection for, our product candidates, their methods of use, and our platform technologies are an important part of our strategy to develop and commercialize novel medicines. We have obtained patents relating to certain of our product candidates, and are pursuing additional patent protection for them and for our other product candidates and technologies. We also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection. Additionally, we have registered and unregistered trademarks, including amongst others our company name.

Our success will depend significantly on our ability to obtain and maintain patent and other proprietary protection for commercially important products, technologies, inventions and know-how related to our business and our ability to defend and enforce our patents, preserve the confidentiality of our trade secrets and operate without infringing the valid and enforceable patents and proprietary rights of third parties. We also rely on know-how, continuing technological innovation and in-licensing opportunities to develop, strengthen and maintain the proprietary position of our development programs.

As of March 1, 2023, patent rights held by Galapagos NV relating to our product candidates include the following:

Filgotinib product candidate: We have seven U.S. patents claiming filgotinib compositions of matter, salts of filgotinib and methods of treatment using filgotinib, and one pending U.S. patent application. We have two patents granted via the European Patent Office (EPO). Counterpart patent applications are also pending in Australia, Canada, and other foreign countries. The seven issued U.S. patents, two European Patents, and any additional patents that may be granted based on our pending U.S. and foreign patent applications, are currently expected to expire in 2030, not including any potential extensions for the marketed product that may be available via supplementary protection certificates or patent term extensions. For example, supplementary protection certificates have been requested in Europe, and granted amongst others in France, Germany, the Netherlands, Italy, Norway, Sweden, Portugal, and Spain with an expiry date of 2035. In addition, we have four granted U.S. patents and one pending U.S. application, with counterpart applications pending in other foreign countries, which are directed to certain physical forms, including polymorphic forms and compositions, of our filgotinib product candidate, and patents, if granted, based on these patent applications are estimated to expire in 2035, not including any potential extensions that may be available for the marketed product via supplementary protection certificates or patent term extensions. We also have a U.S. patent, with counterpart applications pending in other foreign countries, related to the use of our filgotinib product candidate in cardiovascular disorders. Any patents, if granted, based on these patent applications are estimated to expire in 2036. We additionally have a pending U.S. application, with counterpart pending application in other foreign jurisdictions, which relates to specific methods of treatment using filgotinib. Any patents, if granted, based on this patent application are estimated to expire in 2039. We have a US pending application, with counterpart pending application in other foreign jurisdictions, which relate to solid formulations of a filgotinib salt, including polymorphic forms and if granted, these patent application would be currently expected to expire in 2038. We have additional patents and pending patent applications directed to the use of compounds related to our filgotinib product candidate and these patents, and patents that may be issued based on these pending patent applications, are currently expected to expire from 2029 to 2033, not including any potential extensions that may be available for the marketed product via supplementary protection certificates or patent term extensions.

GLPG3667 product candidate: We have a pending U.S. patent application, as well as counterpart foreign patent applications that are pending in Australia, Canada, Europe, Japan and other foreign countries claiming GLPG3667 compositions of matter and methods of treatment using GLPG3667. Patents, if any, that issue based on this pending patent application are estimated to expire in 2038, not including any potential extensions for the marketed product that may be available via supplementary protection certificates or patent term extensions. We also have three pending applications before the European Patent Office (EPO) relating to improved methods for treating inflammatory disorders using GLPG3667. Any patents, if granted, based on these patent applications are estimated to expire in 2042 and 2043 respectively.

GLPG5101 product candidate: We have a pending patent application under the PCT, claiming methods of treatment using GLPG5101. Patents, if any, that issue based on this pending patent application are estimated to expire in 2043, not including any potential extensions for the marketed product that may be available via supplementary protection certificates or patent term extensions. In addition, we have obtained an exclusive license outside China and Israel, to the use of the Cocoon in the manufacture of cell therapy for the treatment of hematological malignancies at the point-of-care.

GLPG5201 product candidate: We have a collaboration agreement to develop GLPG5201 and have a pending patent application under the PCT, claiming methods of treatment using GLPG5201. Patents, if any, that issue based on this pending patent application are estimated to expire in 2043, not including any potential extensions for the marketed product that may be available via supplementary protection certificates or patent term extensions. In addition, we have obtained, an exclusive license, to use GLPG5201 in combination with the Cocoon in the manufacture of cell therapy for the treatment of CLL, ALL and NHL.

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the date of filing the application. In the United States, a patent's term may be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the United States Patent and Trademark Office, or USPTO, in granting a patent, or may be shortened if a patent is terminally disclaimed over an earlier-filed co-owned patent. In addition, in certain instances, a patent term can be extended to recapture a portion of the term effectively lost as a result of the FDA regulatory review period. However, the restoration period cannot be longer than five years and the total patent term including the restoration period must not exceed 14 years following FDA approval. In certain foreign jurisdictions similar extensions as compensation for regulatory delays are also available. The actual protection afforded by a patent varies on a claim by claim and country to country basis for each applicable product and depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory related extensions, the availability of legal remedies in a particular country, and the validity and enforceability of the patent.

Furthermore, the patent positions of biotechnology and pharmaceutical products and processes that we intend to develop and commercialize are generally uncertain and involve complex legal and factual questions. No consistent policy regarding the breadth of claims allowed in such patents has emerged to date in the United States. The patent situation outside the United States is even more uncertain. Changes in either the patent laws or in interpretations of patent laws in the United States and other countries can diminish our ability to protect our inventions and enforce our intellectual property rights; more generally, changes could affect the value of intellectual property. Accordingly, we cannot predict the breadth of claims that may be allowed or enforced in our patents or in third-party patents.

The biotechnology and pharmaceutical industries are characterized by extensive litigation regarding patents and other intellectual property rights. Our ability to maintain and solidify our proprietary position for our product candidates and technology will depend on our success in obtaining effective claims and enforcing those claims once granted. We do not know whether any of the patent applications that we may file or license from third parties will result in the issuance of any patents. The issued patents that we own or may receive in the future, may be challenged, invalidated or circumvented, and the rights granted under any issued patents may not provide us with proprietary protection or competitive advantages against competitors with similar technology. Furthermore, our competitors may be able to independently develop and commercialize similar drugs or duplicate our technology, business model, or strategy, without infringing our patents. Because of the extensive time required for clinical development and regulatory review of a drug we may develop, it is possible that, before any of our product candidates can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of any such patent.

We may rely, in some circumstances, on trade secrets and unpatented know-how to protect our technology. However, trade secrets can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our consultants, scientific advisors, and contractors and invention assignment agreements with our employees. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. While we have confidence in these individuals, organizations and systems, agreements or security measures may be breached and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. To the extent that our consultants, contractors

or collaboration partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Our commercial success will also depend in part on not infringing the proprietary rights of third parties. It is uncertain whether the issuance of any third-party patent would require us to alter our development or commercial strategies, or our product candidates or processes, or obtain licenses or cease certain activities. Our breach of any license agreements or failure to obtain a license to proprietary rights that we may require to develop or commercialize our product candidates may have a material adverse impact on us. If third parties have prepared and filed patent applications in the United States that also claim technology to which we have rights, we may have to participate in interference proceedings in the USPTO to determine priority of invention if the patent applications were filed before March 16, 2013, or in derivation proceedings to determine inventorship for patent applications filed after such date.

In addition, substantial scientific and commercial research has been conducted for many years in the areas in which we have focused our development efforts, which has resulted in third parties having a number of issued patents and pending patent applications relating to such areas. Patent applications in the United States and elsewhere are generally published only after 18 months from the priority date. The publication of discoveries in the scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made. Therefore, patent applications relating to drugs similar to our current product candidates and any future drugs or discoveries and technologies we might develop may have already been filed by others without our knowledge. For more information on these and other risks related to intellectual property, see “Item 3.D.—Risk Factors—Risks Related to Our Intellectual Property.”

Collaborations

We have entered into multiple collaboration agreements with pharmaceutical partners, which have generated €4,944.7 million (\$5,273.8 million converted at EUR/USD closing rate on December 31, 2022) in cash through December 31, 2022 to fund discovery and development. We expect to continue to collaborate selectively with pharmaceutical and biotechnology companies to leverage our discovery platform and accelerate product candidate development. Our current alliances include the alliances with Gilead and the restructured alliance with AbbVie.

On July 20, 2022 our exclusive Collaboration and License agreement with Molecure (formerly know as Oncoarendi Therapeutics) terminated.

Option, License and Collaboration Agreement with Gilead

In July 2019, we entered into a 10-year global research and development collaboration with Gilead. We closed the transaction on August 23, 2019.

Upon closing of the option, license and collaboration agreement, we received an upfront payment of \$3.95 billion and a €960 million (\$1.1 billion) equity investment from Gilead. Under the terms of its equity investment, Gilead nominated two individuals to our Board of Directors, Dr. Linda Higgins and Mr. Daniel O'Day.

Under the terms of the option, license and collaboration agreement, Gilead received (a) an exclusive research and development license for Gilead to conduct certain contributions contemplated by the license and collaboration agreement and (b) an option to acquire exclusive commercial licenses in all countries outside of Europe to all current and future clinical programs of Galapagos (other than filgotinib, which is already subject to an existing collaboration between the parties, and certain other programs already committed to other companies) being developed during the 10-year initial option term of the collaboration (subject to extension in certain circumstances). Under the option, license and collaboration agreement, we will continue to lead and fund all discovery and development of our programs until the end of the relevant Phase 2 clinical trials. After the completion of the relevant Phase 2 clinical study for each program, Gilead will have the option to acquire an exclusive commercial license to that program in all countries outside of Europe. If the option is exercised, Gilead and we will co-develop the compound and share costs equally.

In addition, under the option, license and collaboration agreement, Gilead was deemed to have exercised its option, and an exclusive commercial license was granted in all countries outside of Europe, to ziritaxestat, our Phase 3 candidate for idiopathic pulmonary fibrosis. US approval of ziritaxestat would have entitled us to an additional \$325

million regulatory milestone fee. However, we and Gilead announced in February 2021 that all ongoing development activities with ziritaxestat would be discontinued.

For GLPG1972, a drug candidate resulting from our osteoarthritis collaboration with Servier that was subject to separate option and milestone payments under the option, license and collaboration agreement, Gilead declined to exercise its option under the agreement in November 2020.

For all other programs included in the option, license and collaboration agreement, Gilead will make a \$150 million opt-in payment per program with no subsequent milestones if Gilead decides to exercise its option. If Gilead declines to exercise its option with respect to a program, such program shall no longer be subject to the option, license and collaboration agreement and we may progress the program independently.

In addition, we will receive tiered royalties ranging from 20-24% on net sales of all products from all programs licensed by Gilead in all countries outside of Europe as part of the option, license and agreement subject to customary royalty terms and adjustments.

The collaboration is managed by a set of joint committees comprised of equal numbers of representatives from each of us and Gilead. The joint steering committee monitors and provides strategic oversight of the activities under the collaboration and facilitates communications between the parties. The joint development committee oversees and coordinates the development of the licensed products. The joint commercialization committee will oversee commercialization of licensed products. The joint communication review committee will oversee publications and other public communications related to licensed products.

Upon Gilead's exercise of its option with respect to any of our programs, Gilead will assume responsibility for seeking regulatory approval for the optioned product and for all regulatory matters in its territory. Each party will be solely responsible for all commercialization activities and costs for the optioned product in its territory.

Upon termination of the option, license and collaboration agreement with respect to any program licensed by Gilead, all rights and licenses granted by us will terminate, and we will obtain an exclusive, perpetual and irrevocable license from Gilead under certain intellectual property rights to exploit the licensed product that is the subject of development or commercialization at the time of termination in the field in the applicable terminated region (provided that if such termination is the result of our material breach, such license will be royalty-bearing). Either we or Gilead may terminate the option, license and collaboration agreement for the other party's uncured material breach. Either we or Gilead may terminate the option, license and collaboration agreement in the event of specified insolvency events involving the other party. Gilead may also terminate the option, license and collaboration agreement in its entirety or on a program-by-program and country-by-country basis with advance notice for convenience.

The option, license and collaboration agreement also contains customary provisions including representations and warranties of the parties, terms as to governance of the collaboration, commercialization and regulatory responsibilities of the parties, and manufacturing and supply.

Either party may, without the consent of the other party, assign the option, license and collaboration agreement to an affiliate or successor. If we undergo a change in control, all intellectual property of our acquirer or that becomes owned or controlled by our acquirer after such change of control shall be excluded from the scope of rights granted in the option, license and collaboration agreement.

In connection with entering into the option, license and collaboration agreement, we amended certain terms of our existing agreement with Gilead governing filgotinib, and in December 2020 and September 2021, we agreed with Gilead to further amend such agreement, as further described in "Item 4 – Collaborations -- Exclusive collaboration agreement with Gilead for filgotinib."

Exclusive collaboration agreement with Gilead for filgotinib

In December 2015, we entered into a global collaboration agreement with Gilead to develop and commercialize filgotinib for the treatment of inflammatory indications. In connection with entering into the option, license and collaboration agreement with Gilead, in August 2019 we amended and restated this agreement to increase our involvement in filgotinib's global strategy and participate more broadly in the commercialization of filgotinib in Europe.

In December 2020, we agreed to amend this agreement again, as a result of which we have assumed all development, manufacturing, commercialization and certain other rights for filgotinib in Europe through a transition largely completed at the end of 2021 and fully completed by the end of 2022. Gilead retains commercial rights and remains marketing authorization holder for filgotinib outside of Europe, including in Japan.

In connection with our entry into the collaboration agreement, we received in January 2016 an upfront payment of \$725 million consisting of a onetime, non-refundable, non-creditable license fee in the amount of \$300 million and a \$425 million equity investment. In November 2016, Gilead initiated a Phase 3 trial in CD, for which we received a \$50.0 million payment. In December 2016, Gilead initiated a Phase 2 trial in UC for which we received a \$10.0 million payment. In April 2017, Galapagos initiated a Phase 2 trial in psoriatic arthritis as a new indication, for which we received a \$10.0 million payment. In May 2018, Gilead initiated a phase 3 trial in UC for which we received \$15.0 million. In December 2019, Gilead initiated a Phase 3 trial in psoriatic arthritis as a new indication, for which we received \$10.0 million (€9.1 million). Also in December 2019, Gilead filed an NDA for filgotinib in the U.S. for which we received a \$20 million payment in January 2020. In September 2020, Gilead obtained marketing authorization for filgotinib in Europe and Japan for which we received an aggregate payment of \$105.0 million (€90.2 million) payment in October 2020. In connection with the agreement that we entered into with Gilead pursuant to the binding term sheet entered into in December 2020 to amend the existing arrangement for the commercialization and development of filgotinib, Gilead has agreed to irrevocably pay Galapagos €160 million, subject to certain adjustments for higher than budgeted development costs. Gilead paid €35 million in January 2021 an additional €75 million in April 2021 and €50 million in 2022. In addition, we will no longer be eligible to receive any future milestone payments relating to filgotinib in Europe. However, we will remain eligible to receive tiered royalty percentages ranging from 20% to 30% on Gilead's global net sales of filgotinib outside of Europe and future development and regulatory milestone-based payments of up to \$275 million and sales-based milestone payments of up to \$600 million. All payments by Gilead to us are made in U.S. dollars.

Under the terms of the collaboration, Gilead is primarily responsible for seeking regulatory approval of filgotinib in countries outside of Europe. Pursuant to the amended arrangements agreed in December 2020, we are responsible for commercializing filgotinib in Europe.

Under the amended and restated filgotinib agreement, we agreed on a 50% / 50% cost split for development costs of filgotinib, in lieu of the 20% (us) /80% (Gilead) cost split under the original filgotinib agreement. Beginning on January 1, 2021, we bore the development costs for certain studies, in lieu of the equal cost split contemplated by the 2019 agreement. These studies include the DARWIN3, FINCH4, FILOSOPHY, and Phase 4 studies and registries in RA, MANTA and MANTA-RAY, the PENGUIN1 and 2 and EQUATOR2 studies in PsA, the SEALION1 and 2 studies in AS, the HUMBOLDT study in uveitis in addition to other clinical and non-clinical expenses supporting these studies and support for any investigator sponsored trials in non-IBD conditions and non-clinical costs on all current trials. The existing 50/50 global development cost sharing arrangement will continue for the following studies: SELECTION and its long-term extension study (LTE) in UC, DIVERSITY and its LTE, DIVERGENCE 1 and 2 and their LTEs and support for Phase 4 studies and registries in Crohn's disease, pediatric studies and their LTEs in RA, UC and Crohn's disease, and support for investigator sponsored trials in IBD. Under the 2021 amendment, the 50/50 development cost sharing arrangement ceased for DIVERSITY and its LTE starting from April 1, 2022. As from that date, Galapagos was solely responsible for all development costs. In consideration for Galapagos assuming responsibility for the DIVERSITY study, Gilead made a one-time payment to Galapagos of \$15 million in 2022.

The original filgotinib agreement included a co-promotion / co-commercialization option for filgotinib, which we exercised with respect to eight European countries in December 2017. We agreed in December 2020 with Gilead to transfer the sole right to commercialize filgotinib in Europe to us after a transition period, pursuant to which most activities were transferred to us by December 31, 2021 and that we intend to complete by December 31, 2022. Until December 31, 2021, we continued to share equally with Gilead in the net profit and net losses in each of the Netherlands, Belgium, Luxembourg, France, Germany, Italy, Spain and UK. During this period, this profit and loss sharing replaces our right to receive royalties with respect to filgotinib sales by Gilead in these countries. All commercial economics on filgotinib in Europe transferred to us as of January 1, 2022, subject to payment of tiered royalties of 8 to 15 percent of net sales in Europe to Gilead, starting in 2024.

Gilead will retain sole responsibility for commercializing filgotinib outside of Europe. We will be eligible to receive tiered royalty percentages ranging from 20% to 30% on Gilead's global net sales of filgotinib outside of Europe. The royalties payable to us under the filgotinib agreement may be reduced under certain circumstances. Our right to

receive royalties under the filgotinib agreement continues, on a country-by-country basis, until the later to occur of certain specified events.

Under the amended and restated collaboration agreement, the collaboration was managed by a set of joint committees comprised of equal numbers of representatives from each of us and Gilead. The joint steering committee monitors and provides strategic oversight of the activities under the collaboration and facilitates communications between the parties. The joint development committee oversees and coordinates the development of filgotinib. The joint commercialization committee will oversee commercialization of filgotinib globally, and the shared territory joint commercialization committee will coordinate and integrate the activities of, and facilitate the communication and exchange of information between, us and Gilead with respect to the co-commercialization of filgotinib. Gilead and Galapagos will jointly prepare the global commercialization strategy. Under the transition and amendment agreement following the 2020 amendment, the joint commercialization committee and the shared territory joint commercialization committee were disbanded and the transition steering committee and joint transition team were created to oversee the transition activities. Under the second amended and restated collaboration agreement following the 2020 amendment, the transition steering committee and joint transition team were disbanded and the Jyseleca Scientific Publication Team and the Communication Points of Contact were created to facilitate the parties publication and communication activities. The filgotinib agreement, as amended, will expire on a country-by-country basis at the end of the royalty term in such country. Upon expiration of the royalty term, the licenses will become fully-paid, perpetual and irrevocable. Either we or Gilead may terminate the filgotinib agreement for the other party's uncored material breach. Either we or Gilead may terminate the filgotinib agreement in the event of specified insolvency events involving the other party. Gilead may also terminate the filgotinib agreement in its entirety for convenience following a certain period, upon prior written notice.

If the collaboration agreement terminates in its entirety for any reason, all rights and licenses granted by either party will terminate, and we will obtain an exclusive, perpetual, irrevocable, royalty-bearing license from Gilead under certain intellectual property rights to exploit filgotinib. If the filgotinib agreement is terminated in a specific territory, all rights and licenses granted by us will be deemed to be amended not to include such territory, and we will have a corresponding license with respect to such terminated country. The filgotinib agreement also contains other termination rights specified therein.

Either party may, without the consent of the other party, assign the filgotinib agreement to an affiliate or successor. Any other assignment requires written consent of the other party. However, with respect to an assignment to an affiliate, the assigning party will remain bound by the terms of the filgotinib agreement.

In September 2021, Gilead and Galapagos agreed to further amend the collaboration. Following such amendment, Galapagos assumed sponsorship of and operational and financial responsibility for the ongoing DIVERSITY clinical study, evaluating filgotinib in CD, and its long-term extension study. The transfer was intended to be completed by June 30, 2022 and completed by March 2023. Under the terms of the agreement, Gilead made a one-time payment of \$15 million to Galapagos in consideration for Galapagos assuming responsibility for the DIVERSITY clinical study. From April 1, 2022, Galapagos was also solely responsible for all development costs for the DIVERSITY clinical study. In addition, if the EMA grants regulatory approval of filgotinib for the treatment of CD based on data from the DIVERSITY trial, then royalties payable by Galapagos to Gilead will be reduced by 30% across all filgotinib indications and will become 5.6 to 10.5% of net sales in Europe. On February 8, 2023, Galapagos announced that it decided not to submit a Marketing Authorization Application in Europe based on topline data from the DIVERSITY study and as a result, these adjustments to the royalties will not made. These royalties are payable as of 2024. Gilead remains responsible for commercial activities outside of Europe.

In March 2022, Gilead and Galapagos agreed to further amend the collaboration. Following such amendment, Galapagos assumed sponsorship of and operational responsibility for the MANTA study and its long-term extension. The transfer was largely completed by December 31, 2022.

On March 28, 2022 filgotinib was approved by the Japanese Ministry of Health, Labour and Welfare for UC, for which we received a \$20.0 million (€18.2 million) regulatory milestone payment from Gilead in May 2022.

Also in March 2022, Gilead and Galapagos agreed to further amend the collaboration by adding the following countries to the Galapagos territory: Andorra, San Marino, Monaco, and Vatican City.

Second amended and restated collaboration agreement with AbbVie

On October 24, 2018, we and AbbVie amended and restated the CF collaboration agreement for a second time to restructure the entire collaboration.

Pursuant to the second amended and restated agreement, AbbVie took over all programs in CF. AbbVie obtained exclusive worldwide rights to the current CF investigational drug candidate portfolio developed by the two companies in the course of the collaboration. The portfolio includes all potentiator and corrector candidates, with the exception of GLPG1837 and a specific arrangement for GLPG2737. We retain rights to these two compounds for use outside the field of CF. AbbVie will be responsible for all future activities and will bear all costs associated with this portfolio in CF going forward.

We received an upfront payment of \$45 million and a milestone of \$25 million in 2019 from AbbVie. We will be eligible to receive up to \$175 million in additional milestone payments from AbbVie pending completion of certain development, regulatory, and commercial achievements in CF by AbbVie. In the event AbbVie receives regulatory approval and realizes commercial sales in CF, we are further eligible to receive royalties ranging from single digit to low teens. AbbVie further agrees to pay us tiered single digit royalties of global commercial sales, if approved, from these candidates achieved in indications outside of CF.

We retain exclusive global commercial rights to develop GLPG2737, a candidate C2 corrector, in all indications outside of CF. AbbVie is eligible to receive up to \$20 million upon achievement of a late stage development milestone, and tiered single digit royalties on future global commercial sales, if approved, in indications outside CF.

We further retain exclusive global commercial rights to develop GLPG1837, a candidate potentiator, in all indications outside of CF. AbbVie is eligible for a low single digit royalty on future global commercial sales, if approved, in indications outside CF.

As of the date of this annual report, we have achieved \$112.5 million as milestones under the agreement, in addition to the \$90 million aggregate upfront payments received upon entry into the original agreement and the second amended and restated agreement.

Product development, license and commercialization agreement with Servier

On August 30, 2021, we formalized the termination of the agreement with Servier by executing a termination agreement.

As a result of such termination, rights to the GLPG1972 were returned to us, subject to payment of a regulatory milestone, a commercial milestone and a mid-single digit sales-based royalty due upon the successful commercialization of GLPG1972 in countries outside the U.S.

Exclusive license agreement with MorphoSys AG

On November 5, 2021, we and MorphoSys ended our collaboration by executing a transition agreement. Pursuant to this agreement, MorphoSys has the right to continue research and development activities for MOR106 in all indications. Galapagos also assigned and transferred all of its patent rights and know-how to MorphoSys, and in exchange Galapagos remains eligible to receive single-digit royalties upon the worldwide successful commercialization of MOR106.

Distribution agreement for Jyseleca with Sobi

In October 2021, we signed an agreement (as amended from time to time) with Swedish Orphan Biovitrum AB ('Sobi') regarding the distribution of Jyseleca®. Sobi acts as our distribution and commercialization partner of Jyseleca® and will distribute the medicine in Central and Eastern Europe, Greece, Portugal, and the Baltic countries. Launches or first sales of Jyseleca in the aforementioned countries trigger milestone payments. In 2022, we recorded milestones of €2.0 million triggered by the first sale of Jyseleca in the Czech Republic and Portugal by Sobi.

Seasonality

Our business is currently not materially affected by seasonality.

Manufacturing and supply

We currently do not own or operate manufacturing facilities for the production of product candidates for preclinical, clinical, or commercial use.

For non-cell therapy products, we currently outsource to a limited number of external service providers the production of all drug substances and drug products, and we expect to continue to do so to meet the preclinical and clinical requirements of our product candidates and for the production in support of our commercial sales. We have framework agreements with most of our external service providers, under which they generally provide services to us on a project-by-project basis. For our point-of-care cell therapy products, we are establishing a network of decentralized production sites at or near the hospitals, which will manufacture and test our autologous CAR-T product candidates. With each point-of-care site we need to establish the necessary agreements to manufacture and test these product candidates, and oversee the GMP activities performed at these contracted sites.

Our drug raw materials which support our clinical trials are manufactured by multiple suppliers. We have agreements for the supply of such drug materials with manufacturers or suppliers that we believe have sufficient capacity to meet our demands. In addition, we believe that adequate alternative sources for such supplies exist. However, there is a risk that, if supplies are interrupted, it would materially harm our business. We typically order raw materials and services on a purchase-order basis, and do not enter into long-term dedicated capacity or minimum supply arrangements. To date, the prices of our principal raw materials have not been volatile.

Manufacturing is subject to extensive regulations that impose various procedural and documentation requirements, which govern record keeping, manufacturing processes and controls, personnel, quality control and quality assurance, among others. The contract manufacturing organizations we use to manufacture our product candidates operate under current good manufacturing practice, or cGMP, conditions. cGMPs are regulatory requirements for the production of pharmaceuticals that will be used in humans. For most of our manufacturing processes a back-up GMP manufacturer is in place or can easily be identified.

Competition

Our industry is highly competitive and subject to rapid and significant change. While we believe that our development and commercialization experience, scientific knowledge, and industry relationships provide us with competitive advantages, we face competition from pharmaceutical, medical device, and biotechnology companies, including specialty pharmaceutical companies, generic drug companies, academic institutions, government agencies, and research institutions.

In the field of RA, therapies include conventional synthetic disease-modifying antirheumatic drugs (csDMARDs), such as methotrexate, which is considered the standard-of-care for the treatment of RA. In fact, both the European Alliance of Associations for Rheumatology (EULAR) recommendations and the American College of Rheumatology guidelines recommend inclusion of methotrexate in first-line therapies for patients with RA. Given that csDMARDs may be ineffective for some patients with RA or cause side effects, additional therapies for patients who do not respond adequately or who are intolerant to standard-of-care treatments are needed. Accordingly, in addition to csDMARDs, biological DMARDs, such as monoclonal antibodies targeting TNF, like AbbVie's Humira, or against IL-6 Receptor (IL-6R) like Roche's RoActemra in EU, and Actemra as marketed in the US, have been developed. These biologics which must be delivered via injection or infusion. In November 2012, Xeljanz, marketed by Pfizer, was approved by the FDA as an oral treatment of adult patients with RA who have had an inadequate response to, or who are intolerant to, MTX. Xeljanz was approved by the EMA in 2017. Olumiant, a once-daily JAK1/2 inhibitor, marketed by Eli Lilly, was approved by the EMA for RA with 2 dosages in 2017 and by the FDA in 2018. A JAK inhibitor called Rinvoq which received approval for use with 1 dosage in RA from FDA and EMA in 2019 and in UC from FDA and EMA in 2022 is marketed by AbbVie. Filgotinib (Jyseleca), developed by us in collaboration with Gilead, is a preferential JAK1 inhibitor approved in 2020 for use in RA with 2 dosages and in 2022 in UC in European Union, Great Britain and Japan. We expect that Jyseleca is competing with all of these advanced therapies now that it is marketed. If generic or

biosimilar versions of these therapies are approved, we would also expect Jyseleca to compete against these versions of the therapies.

In the field of AxSpA, axial spondyloarthritis (AxSpA) is an umbrella term that includes different inflammatory diseases primarily targeting the sacro-iliac joints and the spine. The most notable diseases of the AxSpA group are radiographic AxSpA (r-AxSpA; also known as ankylosing spondylitis, AS) and non-radiographic AxSpA (nr-AxSpA). The latter was introduced by the Assessment in SpondyloArthritis International Society (ASAS) to classify a group of patients who did not meet criteria for radiographic sacroiliitis but still experienced a burden of disease that comparable to patients with well-defined AS. The disease usually arises in the third decade of life and is characterised by a chronic course, flares and high permanent invalidity rates. Next to physiotherapy, pharmacological therapy to treat signs and symptoms of the disease is based on the use of NSAIDs. In patients who do not respond or cannot tolerate first line treatments, biologic anti-rheumatic disease modifying (bDMARDs) drugs such as anti-TNF and IL-17 can be used. These include AbbVie's Humira (AS only in US), UCB's Cimzia (severe only in EU), Novartis' Cosentyx and Lilly's Taltz. Bimzelix (bimekizumab) from UCB is currently under regulatory review for AS and nr-AxSpA and Netakimab (BCD-085) from Biocad is in Phase 3 for AS. Inhibition of the JAK pathway with tsDMARDs has recently shown to be a good additional strategy to effectively manage AxSpA. Both tofacitinib and upadacitinib have been approved in the European Union (EU) for the treatment of adult patients with active AS who have responded inadequately to conventional therapy. Furthermore, upadacitinib has been approved in the EU for the treatment of active non-radiographic axial spondyloarthritis (nrAxSpA) in adult patients with objective signs of inflammation, as indicated by elevated C-reactive protein (CRP) and/or MRI, who have responded inadequately to NSAIDs.

In the field of UC, first line therapies are oral (or local) treatments with several low-cost generic compounds such as mesalamine. Steroids such as budesonide are also used in UC. For more advanced therapy, monoclonal antibodies with various targets such as TNF and more recently, integrins such as vedolizumab (Entyvio, marketed by Takeda) are approved. We are also aware of other biologics currently approved or in clinical development for these indications, such as ustekinumab (Stelara), developed by Johnson & Johnson, which is approved for UC, and risankizumab (Skyrizi), developed by AbbVie and under development for UC. Celgene/BMS has a new oral therapy, ozanimod (Zeposia), approved in UC. Pfizer's Xeljanz was approved by the FDA for UC in 2018. Filgotinib (Jyseleca) is approved in the European Union, Great Britain and Japan for UC. Abbvie's Rinvoq is approved for UC. The number of treatments for UC presents a substantial level of competition for any new treatment entering the IBD market. We expect that Jyseleca competes with all of these therapies now marketed for UC. If generic or biosimilar versions of these therapies are approved, we would also expect Jyseleca to compete against these versions of the therapies.

In the field of DM, DM is commonly treated with physical therapy, exercise and medication including corticosteroids, immunosuppressants or recently immunoglobulin treatment. Treatment of this disease has relied for many years on off-label medication and in 2021 the FDA approved immunoglobulin treatment Octagam, based on the Phase 3 ProDerm trial of Octapharma.

In the field of SLE, corticosteroids, antimalarials and immunosuppressants are commonly used to control lupus disease activity. Only two products are approved to treat SLE, both as add-on therapy: Belimumab (Benlysta) (anti-BAFF) from GSK and recently anifrolumab (Saphnelo) (anti-IFN) from Astra Zeneca. There are currently 8 product at Phase 3 for SLE, only two of which are oral – deucravacitinib (Sotyktu) (TYK2) from BMS and cenerimod (S1P1) from Idorsia. .

In the field of hematologic malignancies, such as Non-Hodgkin's Lymphoma (NHL), Chronic Lymphocytic Leukemia (CLL) and Multiple Myeloma (MM), there are many approved therapies or therapies in development (chemotherapy, BTKi, antibodies, bispecific antibodies, antibody drug conjugates, CAR-Ts, cytokines, NK and T-cell engagers, etc.) and many different types of cell therapy in development (allogeneic / autologous, T / NK / CAR-NK, TIL, TCR-T, dendritic, etc.) which creates a highly competitive environment. New technologies and therapies such as in vivo modification of immune cells may further disrupt this market in the long-term. Six CAR T treatments have been approved for hematological cancers, being Novartis' Kymriah (CD19 CAR T), Gilead/Kite's Yescarta (CD19 CAR T) and Tecartus (CD19 CAR T), J&J's Carvykti (BCMA CAR T) and BMS' Breyanzi (CD19 CAR T) and Abecma (BCMA CAR T).

Many of our competitors have significantly greater financial, technical, and human resources than we have. Mergers and acquisitions in the pharmaceutical, medical device and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Our commercial opportunity could be reduced

or eliminated if our competitors develop or market products or other novel therapies that are more effective, safer, or less costly than our current or future product candidates, or obtain regulatory approval for their products more rapidly than we may obtain approval for our product candidates. Our success will be based in part on our ability to identify, develop, and manage a portfolio of product candidates that are safer and more effective than competing products.

Government regulation

Government regulation and product approval

Government authorities in the United States at the federal, state, and local level, and in other countries, extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, marketing, export, and import of products such as those we are developing. In the United States, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act (the FDCA) and related regulations, and biological products under the FDCA and the Public Health Service Act (the PHS Act) and related regulations. Drugs and biological products also are subject to other federal, state, local and foreign statutes and regulations.

U.S. regulation

U.S. drug development and biological product process

The process of obtaining regulatory approvals and compliance with appropriate federal, state, local, and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include the FDA's refusal to approve pending applications, withdrawal of an approval, or license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement, or civil or criminal penalties. The process required by the FDA before a drug or biological product may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests, animal studies and formulation studies according to Good Laboratory Practices regulations;
- submission to the FDA of an investigational new drug application, or IND, which must become effective before human clinical trials may begin;
- performance of adequate and well-controlled human clinical trials according to Good Clinical Practices, or GCP, to establish the safety and efficacy of the proposed drug or biological product for its intended use;
- preparation and submission to the FDA of a new drug application, or NDA, or biologics license application, or BLA;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the product candidate, or components thereof, are produced to assess compliance with cGMP;
- potential FDA audit of the clinical trial sites that generated the data in support of the NDA or BLA; and
- FDA review and approval of the NDA or BLA.

The testing and approval process requires substantial time, effort, and financial resources and we cannot be certain that any approvals for our product candidates will be granted on a timely basis, if at all.

Once a pharmaceutical or biological product candidate is identified for development, it enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. An IND sponsor must submit the results of the preclinical tests together with manufacturing

information, analytical data, and any available clinical data or literature, to the FDA as part of the IND. The sponsor must also include a protocol detailing, among other things, the objectives of the initial clinical trial, dosing procedures, subject selection, and exclusion criteria, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated if the initial clinical trial lends itself to an efficacy evaluation. Some preclinical testing may continue even after the IND is submitted. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions related to a proposed clinical trial and places the trial on a clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. Clinical holds also may be imposed by the FDA at any time before or during clinical trials due to safety concerns or non-compliance, and may be imposed on all product candidates within a certain class. The FDA also can impose partial clinical holds, for example, prohibiting the initiation of clinical trials of a certain duration or for a certain dose.

All clinical trials must be conducted under the supervision of one or more qualified investigators in accordance with GCP regulations. These regulations include the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an institutional review board, or IRB, must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and reapprove the study at least annually. An IRB considers, among other things, whether the risks to individuals participating in the clinical trial are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the information regarding the clinical trial and the consent form that must be provided to each clinical trial subject or his or her legal representative, and must monitor the clinical trial until completed. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval.

Human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- Phase 1. The product candidate is initially introduced into a small number of healthy human subjects or patients and tested for safety, dosage tolerance, absorption, metabolism, distribution and excretion and, if possible, to gain early evidence on effectiveness. In the case of some product candidates for severe or life-threatening diseases, especially when the product candidate is suspected or known to be unavoidably toxic, the initial human testing may be conducted in patients.
- Phase 2. Involves clinical trials in a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product candidate for specific targeted diseases and to determine dosage tolerance and optimal dosage and schedule.
- Phase 3. Clinical trials are undertaken to further evaluate dosage, clinical efficacy, and safety in an expanded patient population at geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit relationship of the product candidate and provide an adequate basis for physician labeling.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA. Within 15 calendar days after the sponsor determines that the information qualifies for reporting, written IND safety reports must be submitted to the FDA and the investigators for serious and unexpected suspected adverse events, findings from other studies or animal or in vitro testing that suggest a significant risk to humans, and any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. The sponsor also must notify the FDA of any unexpected fatal or life-threatening suspected adverse reaction within seven calendar days after the sponsor's initial receipt of the information. Phase 1, Phase 2, and Phase 3 testing may not be completed successfully within any specified period, if at all. The FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements, or if the product candidate has been associated with unexpected serious harm to patients.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the composition and physical characteristics of the product candidate and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, the manufacturer must develop methods for testing the identity, strength, quality and purity of the final product.

Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

A drug or biological product being studied in clinical trials may be made available to individual patients in certain circumstances. Pursuant to the 21st Century Cures Act, or Cures Act, as amended, the manufacturer of an investigational drug or biological product for a serious disease or condition is required to make available, such as by posting on its website, its policy on evaluating and responding to requests for individual patient access to such investigational product. This requirement applies on the earlier of the first initiation of a Phase 2 or Phase 3 trial of the investigational product, or, as applicable, 15 days after the drug or biological product candidate receives a designation as a breakthrough therapy, fast track product, or regenerative advanced therapy. Further, the Right to Try Act of 2017, among other things, provides a federal framework for certain patients to request access to certain investigational products that have completed a Phase 1 clinical trial and that are undergoing investigation for FDA approval. There is no obligation for a pharmaceutical or biological product manufacturer to make its investigational products available to eligible patients as a result of the Right to Try Act.

U.S. review and approval processes

The results of product development, preclinical studies, and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product candidate, proposed labeling, and other relevant information, are submitted to the FDA as part of an NDA for a new drug or BLA for biological product, requesting approval to market the product candidate. The submission of an NDA and BLA is subject to the payment of a substantial user fee; although a waiver of such fee may be obtained under certain limited circumstances. For example, the agency will waive the application fee for the first NDA or BLA that a small business or its affiliate submits for review. The sponsor of an approved NDA and BLA is also subject to an annual prescription drug product program fee.

The FDA reviews all NDAs and BLAs submitted to ensure that they are sufficiently complete for substantive review before it accepts them for filing. The FDA may request additional information rather than accept an NDA or BLA for filing. In this event, the NDA or BLA must be re-submitted with the additional information. The re-submitted application also is subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review. The FDA reviews an NDA to determine, among other things, whether a drug is safe and effective for its intended use, and the FDA reviews a BLA to determine, among other things, whether a biological product is safe, pure and potent for its intended use. For both NDAs and BLAs, the FDA also reviews whether the manufacturing is cGMP-compliant to assure the product's identity, strength, quality, and purity. Before approving an NDA or BLA, the FDA typically will inspect the facility or facilities where the product is or will be manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the NDA or BLA to an advisory committee for review, evaluation, and recommendation as to whether the application should be approved and under what conditions. An advisory committee is a panel of experts, including clinicians and other scientific experts, who provide advice and recommendations when requested by the FDA. The FDA is not bound by the recommendation of an advisory committee, but it considers such recommendations when making decisions.

The approval process is lengthy and difficult and the FDA may refuse to approve an NDA or BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. Even if such data and information are submitted, the FDA may ultimately decide that the NDA or BLA does not satisfy the criteria for approval. Data obtained from clinical trials are not always conclusive and the FDA may interpret data differently than we interpret the same data. The FDA will issue a complete response letter if the agency decides not to approve the NDA or BLA in its present form. The complete response letter usually describes all of the specific deficiencies that the FDA identified in the NDA or BLA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. If a complete response letter is issued, the applicant may either resubmit the NDA or BLA, addressing all of the deficiencies identified in the letter, or withdraw the application, or request an opportunity for a hearing.

If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages, or the indications for use may otherwise be limited, which could restrict the commercial value of the product.

Further, the FDA may require that certain contraindications, warnings, or precautions be included in the product labeling. In addition, the FDA may require post-approval studies, including Phase 4 clinical trials, to further assess a product's safety and effectiveness after NDA or BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized. As part of the NDA or BLA, the FDA also may require the submission of a risk evaluation and mitigation strategy, or REMS, to ensure that the benefits of the product outweigh the risks of the product. The REMS plan could include medication guides, physician communication plans, and elements to assure safe use, such as restricted distribution methods, patient registries, or other risk minimization tools. An assessment of the REMS must be conducted at set intervals. Following product approval, a REMS also may be required by the FDA if new safety information is discovered and the FDA determines that a REMS is necessary to ensure that the benefits of the product outweigh the risks of the product.

Expedited programs

Fast track designation

The FDA has a fast track program that is intended to expedite or facilitate the process for reviewing new drugs or biological products that meet certain criteria. Specifically, new product candidates are eligible for fast track designation if they are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the condition. Fast track designation applies to the combination of the product candidate and the specific indication for which it is being studied. The sponsor of a new drug or biological product may request the FDA to designate the drug or biological product as a fast track product concurrently with, or at any time after, submission of an IND, and the FDA must determine if the product candidate qualifies for fast track designation within 60 days of receipt of the sponsor's request.

In addition to other benefits, such as the ability to engage in more frequent interactions with the FDA, the FDA may initiate review of sections of a fast track drug's NDA or BLA before the application is complete. This rolling review is available if the applicant provides, and the FDA approves, a schedule for the submission of each portion of the NDA or BLA and the applicant pays applicable user fees. However, the FDA's time period goal for reviewing an application does not begin until the last section of the NDA or BLA is submitted. Additionally, the fast track designation may be withdrawn by the FDA if the FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

Accelerated approval

Under FDA's accelerated approval regulations, the FDA may approve a drug or biological product for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments based upon a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. In clinical trials, a surrogate endpoint is a marker, such as a measurement of laboratory or clinical signs of a disease or condition that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. Surrogate endpoints can often be measured more easily or more rapidly than clinical endpoints. A product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of post-approval clinical trials sometimes referred to as Phase 4 trials to confirm the effect on the clinical endpoint. Under the Food and Drug Omnibus Reform Act of 2022, or FDORA, the FDA is now permitted to require, as appropriate, that such trials be underway prior to approval or within a specific time period after the date of approval for a product granted accelerated approval. FDORA also requires sponsors to send updates to the FDA every 180 days on the status of such studies, including progress toward enrollment targets, and the FDA must promptly post this information publicly. FDORA also gives the FDA increased authority to withdraw approval of a drug or biologic granted accelerated approval on an expedited basis if the sponsor fails to conduct such studies in a timely manner or send the necessary updates to the FDA, or if such post-approval studies fail to verify the drug's predicted clinical benefit. Under FDORA, the FDA also is empowered to take action, such as issuing fines, against companies that fail to conduct with due diligence any post-approval confirmatory study or submit timely reports to the agency on their progress. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

Breakthrough designation

The FDA expedites the development and review of a breakthrough therapy. A drug or biological product can be designated as a breakthrough therapy if it is intended to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that it may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints. A sponsor may request that a drug or biological product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of an IND, and the FDA must determine if the product candidate qualifies for breakthrough therapy designation within 60 days of receipt of the sponsor's request. If so designated, the FDA shall act to expedite the development and review of the product candidate's marketing application, including by meeting with the sponsor throughout the product candidate's development, providing timely advice to the sponsor to ensure that the development program to gather preclinical and clinical data is as efficient as practicable, involving senior managers and experienced review staff in a cross-disciplinary review, assigning a cross-disciplinary project lead for the FDA review team to facilitate an efficient review of the development program and to serve as a scientific liaison between the review team and the sponsor, and taking steps to ensure that the design of the clinical trials is as efficient as practicable.

Priority review

Priority review is granted where there is evidence that the proposed product would be a significant improvement in the safety or effectiveness of the treatment, diagnosis, or prevention of a serious condition. If a product candidate that contains a new molecular entity is granted priority review, the FDA aims to review the application six months after it accepts the application for filing. If criteria are not met for priority review, the application is subject to the standard FDA review period of ten months after FDA accepts the application for filing. Priority review designation does not change the scientific/medical standard for approval or the quality of evidence necessary to support approval.

Post-approval requirements

Any products which we receive FDA approval for are subject to continuing regulation by the FDA, including, among other things, record-keeping requirements, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, tracking and tracing requirements, complying with certain electronic records and signature requirements, and complying with FDA promotion and advertising requirements. The FDA strictly regulates labeling, advertising, promotion and other types of information on products that are placed on the market. Products may be promoted only for the approved indications and in accordance with the provisions of the approved label. Further, manufacturers must continue to comply with cGMP requirements, which are extensive and require considerable time, resources, and ongoing investment to ensure compliance. In addition, changes to the manufacturing process generally require prior FDA approval before being implemented and other types of changes to the approved product, such as adding new indications and additional labeling claims, are also subject to further FDA review and approval.

Manufacturers and other entities involved in the manufacturing and distribution of approved products, and those supplying products, ingredients, and components of approved products are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP and other laws. The cGMP requirements apply to all stages of the manufacturing process, including the production, processing, sterilization, packaging, labeling, storage, and shipment of the product. Manufacturers must establish validated systems to ensure that products meet specifications and regulatory standards, and test each product batch or lot prior to its release. We rely, and expect to continue to rely, on third parties for the production of clinical quantities of our product candidates. Future FDA and state inspections may identify compliance issues at the facilities of our contract manufacturers that may disrupt production, or distribution, or may require substantial resources to correct.

The FDA may withdraw a product approval if compliance with regulatory requirements is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product may result in restrictions on the product or even complete withdrawal of the product from the market. Newly discovered or developed safety or effectiveness data may require changes to a product's approved labeling, including the addition of new warnings and contraindications, and also may require the implementation of other risk management measures, including a REMS, or the conduct of post-marketing studies to assess a newly discovered safety issue. FDA has authority to require post-market studies, in certain circumstances, on reduced effectiveness of a product, and FDA may

require labeling changes related to new reduced effectiveness information. Further, the failure to maintain compliance with regulatory requirements may result in administrative or judicial actions, such as fines, untitled or warning letters, holds on clinical trials, voluntary or mandatory product recalls, product seizures, product detention or refusal to permit the import or export of products, refusal to approve pending applications or supplements, restrictions on marketing or manufacturing, injunctions, or civil or criminal penalties.

From time to time, legislation is drafted, introduced, and passed in Congress that could significantly change the statutory provisions governing the approval, manufacturing, and marketing of products regulated by the FDA. In addition to new legislation, FDA regulations, guidances, and policies are often revised or reinterpreted by the agency in ways that may significantly affect our business and our product candidates. It is impossible to predict whether further legislative or FDA regulation or policy changes will be enacted or implemented and what the impact of such changes, if any, may be.

Patent term restoration and marketing exclusivity

Depending upon the timing, duration and specifics of FDA approval of the use of our product candidates, some of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of an NDA or BLA plus the time between the submission date of an NDA or BLA and the approval of that application, less any time the applicant did not act with due diligence. Only one patent applicable to an approved drug or biological product is eligible for the extension, and the application for the extension must be submitted prior to the expiration of the patent. The U.S. Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for any patent terms extension or restoration. In the future, we intend to apply for restorations of patent term for some of our currently owned or licensed patents to add patent life beyond their current expiration dates, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA or BLA; however, there can be no assurance that any such extension will be granted to us.

Market exclusivity provisions under the FDCA can also delay the submission or the approval of certain applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to gain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application, or ANDA, or a 505(b)(2) NDA submitted by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement. The FDCA also provides three years of marketing exclusivity for an NDA, 505(b)(2) NDA, or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example, for new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the conditions of use associated with the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the original active agent. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

A biological product is granted twelve years of exclusivity from the time of first licensure of the biological product, which is referred to as a reference biological product. This twelve year exclusivity period was created by the Biologics Price Competition and Innovation Act of 2009, which was part of the Patient Protection and Affordable Care Act of 2010, which created an abbreviated approval pathway for biological products shown to be biosimilar to, or interchangeable with, an FDA-licensed reference biological product. This amendment to the PHS Act attempts to minimize duplicative testing. Biosimilarity, which requires that there be no clinically meaningful differences between the biological product and the reference product in terms of safety, purity, and potency, can be shown through analytical studies, animal studies, and a clinical trial or trials. Interchangeability requires that a biological product is biosimilar to the reference biological product and the product must demonstrate that it can be expected to produce the same clinical

results as the reference product and, for products administered multiple times, the product and the reference product may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biological product. The first biological product determined to be interchangeable with a branded reference product for any condition of use is also eligible for a period of exclusivity, during which time the FDA may not determine that another product is interchangeable with the same reference product for any condition of use. The FDA may approve multiple “first” interchangeable products so long as they are all approved on the same first day of marketing. This exclusivity period, which may be shared amongst multiple first interchangeable products, lasts until the earlier of: (1) one year after the first commercial marketing of the first interchangeable product; (2) 18 months after resolution of a patent infringement suit instituted under 42 U.S.C. § 262(l)(6) against the applicant that submitted the application for the first interchangeable product, based on a final court decision regarding all of the patents in the litigation or dismissal of the litigation with or without prejudice; (3) 42 months after approval of the first interchangeable product, if a patent infringement suit instituted under 42 U.S.C. § 262(l)(6) against the applicant that submitted the application for the first interchangeable product is still ongoing; or (4) 18 months after approval of the first interchangeable product if the applicant that submitted the application for the first interchangeable product has not been sued under 42 U.S.C. § 262(l)(6). Pediatric exclusivity is another type of exclusivity in the United States. Pediatric exclusivity, if granted, provides an additional six months to an existing exclusivity or statutory delay in approval resulting from a patent certification. This six-month exclusivity, which runs from the end of other exclusivity protection or patent delay, may be granted based on the voluntary completion of a pediatric clinical trial in accordance with an FDA-issued “Written Request” for such a clinical trial.

Orphan drugs

Under the Orphan Drug Act, the FDA may grant orphan drug designation to drugs or biological products intended to treat a rare disease or condition—generally a disease or condition that affects fewer than 200,000 individuals in the United States or that affects more than 200,000 individuals in the United States and for which there is no reasonable expectation that costs of research and development of the product for the indication can be recovered by sales of the product in the United States. Orphan drug designation must be requested before submitting an NDA or BLA.

After the FDA grants orphan drug designation, the generic identity of the drug or biological product and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process. The first NDA or BLA applicant to receive FDA approval for a particular active ingredient to treat a particular disease or condition with FDA orphan drug designation is entitled to a seven-year exclusive marketing period in the United States for that product, for that indication. Among the other benefits of orphan drug designation are tax credits for certain research and a waiver of the NDA or BLA application user fee.

During the exclusivity period, the FDA may not approve any other applications to market the same drug or biological product for the same disease or condition, except in limited circumstances, such as if the second applicant demonstrates the clinical superiority of its product to the product with orphan drug exclusivity through a demonstration of superior safety, superior efficacy, or a major contribution to patient care. “Same drug” means, a drug that contains the same identity of the active moiety if it is a drug composed of small molecules, or of the principal molecular structural features if it is composed of macromolecules and is intended for the same use as a previously approved drug, except that if the subsequent drug can be shown to be clinically superior to the first drug, it will not be considered to be the same drug. Orphan drug exclusivity does not prevent FDA from approving a different drug for the same disease or condition, or the same drug for a different disease or condition.

Pediatric information

Under the Pediatric Research Equity Act of 2003, or PREA, as amended, NDAs, BLAs or supplements to NDAs or BLAs must contain data adequate to assess the safety and effectiveness of the drug or biological product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the drug is safe and effective or the biological product is safe, pure, and potent. The FDCA requires that a sponsor who is planning to submit a marketing application for a product candidate that includes a new active ingredient, new indication, new dosage form, new dosing regimen, or new route of administration to submit an initial Pediatric Study Plan, or initial PSP, within sixty days of an end-of-phase 2 meeting or as may be agreed between the sponsor and the FDA. The initial PSP must include an outline of the pediatric study or studies that the sponsor plans to conduct, including study objectives and design, age groups, relevant endpoints and statistical approach, or a

justification for not including such detailed information, and any request for a deferral of pediatric assessments or a full or partial waiver of the requirement to provide data from pediatric studies along with supporting information. The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of data or full or partial waivers. The FDA and the sponsor must reach agreement on the PSP. A sponsor can submit amendments to an agreed-upon PSP at any time if changes to the pediatric plan need to be considered based on data collected from preclinical studies, early phase clinical trials, and/or other clinical development programs. Generally, the requirements of PREA do not apply to an application to market a drug for an orphan-designated indication.

Disclosure of clinical trial information

Sponsors of clinical trials of FDA-regulated products, including drugs and biological products, are required to register and disclose certain clinical trial information, which is publicly available at www.clinicaltrials.gov. Information related to the product, patient population, phase of investigation, study sites and investigators, and other aspects of the clinical trial is then made public as part of the registration. Sponsors are also obligated to disclose the results of their clinical trials after completion. Competitors may use this publicly available information to gain knowledge regarding the progress of development programs.

Pharmaceutical coverage, pricing and reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any drug products for which we may obtain regulatory approval. In the United States, sales of any products for which we may receive regulatory approval for commercial sale will depend in part on the availability of coverage and reimbursement from third-party payers. Third-party payers include government programs such as Medicare and Medicaid, managed care providers, private health insurers, and other organizations. The process for determining whether a payer will provide coverage for a drug product may be separate from the process for setting the reimbursement rate that the payer will pay for the drug product. In the United States, the principal decisions about reimbursement for new medicines are typically made by the Centers for Medicare & Medicaid Services, or CMS, an agency within the U.S. Department of Health and Human Services. CMS decides whether and to what extent a new medicine will be covered and reimbursed under Medicare and private payers tend to follow CMS to a substantial degree. Third-party payers may limit coverage to specific drug products on an approved list, or formulary, which might not include all of the FDA-approved drugs for a particular indication. Moreover, a payer's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development. Third-party payers are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. In order to obtain coverage and reimbursement for any product that might be approved for sale, we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of any products, in addition to the costs required to obtain regulatory approvals. Factors payers consider in determining reimbursement are based on whether the product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

Our product candidates may not be considered medically necessary or cost-effective. If third-party payers do not consider a product to be cost-effective compared to other available therapies, they may not cover the product after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow a company to sell its products at a profit.

The U.S. government and state legislatures have shown significant interest in implementing cost containment programs to limit the growth of government-paid health care costs, including price controls, restrictions on the

Affordable Care Act (ACA) contains provisions that may reduce the profitability of drug products, including, for example, increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries, and annual fees based on pharmaceutical companies' share of sales to federal health care programs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Adoption of government controls and measures, and tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for pharmaceuticals.

Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any product candidate that we commercialize and, if reimbursement is available, the level of reimbursement. In addition, many pharmaceutical manufacturers must calculate and report certain price reporting metrics to the government, such as average sales price, or ASP, and best price. Penalties may apply in some cases when such metrics are not submitted accurately and timely. Further, these prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs.

The marketability of any products for which we receive regulatory approval for commercial sale may suffer if the government and third-party payers fail to provide adequate coverage and reimbursement. In addition, an increasing emphasis on cost containment measures in the United States has increased and we expect will continue to increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Other healthcare laws and compliance requirements

If we obtain regulatory approval of our products, we may be subject to various federal and state laws targeting fraud, waste, and abuse in the healthcare industry. These laws may impact, among other things, our proposed sales, marketing, and education programs. In addition, we may be subject to patient privacy regulation by both the federal government and the states in which we conduct our business. The U.S. laws that may affect our ability to operate include:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, either the referral of an individual, or the purchase or recommendation of an item or service for which payment may be made under a federal healthcare program, such as the Medicare and Medicaid programs. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it to have committed a violation. Violations are subject to civil and criminal fines and penalties for each violation, plus up to three times the remuneration involved, imprisonment, and exclusion from government healthcare programs. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act or federal civil money penalties statute (as discussed below);
- U.S. federal civil and criminal false claims laws and civil monetary penalty laws, including the federal False Claims Act, which impose criminal and civil penalties against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, including the Medicare and Medicaid programs, claims for payment that are false or fraudulent, making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government, or knowingly concealing or knowingly and improperly avoiding or decreasing such an obligation. Manufacturers can be held liable under the federal False Claims Act even when they do not submit claims directly to government payors if they are deemed to "cause" the submission of false or fraudulent claims. The federal False Claims Act also permits a private

individual acting as a “whistleblower” to bring actions on behalf of the federal government alleging violations of the federal False Claims Act and to share in any monetary recovery;

- the U.S. federal Health Insurance Portability and Accountability Act of 1996, or HIPAA and its implementing regulations, which created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program and prohibit knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statements in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, which impose certain obligations, including mandatory contractual terms, on covered healthcare providers, health plans, and healthcare clearinghouses, as well as their business associates, with respect to safeguarding the privacy, security and transmission of individually identifiable health information. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys’ fees and costs associated with pursuing federal civil actions. In addition, there may be additional federal, state and non-U.S. laws which govern the privacy and security of health and other personal information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts;
- The U.S. federal Physician Payments Sunshine Act which requires certain manufacturers of drugs, devices, biologics, and medical supplies for which payment is available under Medicare, Medicaid, or the Children’s Health Insurance Program, with specific exceptions, to report annually to the Centers for Medicare & Medicaid Services information related to payments or transfers of value made to physicians (currently defined to include doctors, dentists, optometrists, podiatrists and chiropractors), certain other licensed health care practitioners, and teaching hospitals, as well as ownership and investment interests held by the physicians described above and their immediate family members;
- federal government price reporting laws, which require us to calculate and report complex pricing metrics in an accurate and timely manner to government programs;
- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers; and
- analogous state and laws and regulations in other jurisdictions, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payers, including private insurers, and state and laws in other jurisdiction governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Many U.S. states have adopted laws similar to the federal Anti-Kickback Statute and False Claims Act, and may apply to our business practices, including, but not limited to, research, distribution, sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental payors, including private insurers. In addition, some states have passed laws that require pharmaceutical companies to comply with the April 2003 Office of Inspector General Compliance Program Guidance for Pharmaceutical Manufacturers and/or the Pharmaceutical Research and Manufacturers of America’s Code on Interactions with Healthcare Professionals. Several states also impose other marketing restrictions or require pharmaceutical companies to make marketing or price disclosures to the state and require the registration of pharmaceutical sales representatives.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, in the event we obtain regulatory approval for any one of our products, it is possible that some of our business activities could be subject to challenge and may not comply under one or more of such laws, regulations, and guidance. Law enforcement authorities are increasingly focused on enforcing fraud and abuse laws, and it is possible that some of our practices may be challenged under these laws. Violations of these laws can subject us to administrative, civil and criminal penalties, damages, fines, disgorgement, the exclusion from participation in federal and state healthcare programs, individual imprisonment, reputational harm, and the curtailment or restructuring of our operations, as well as additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws. Efforts to ensure that our current and future business arrangements with third parties, and our business generally, will comply with applicable healthcare laws and regulations will involve substantial costs.

Patient Protection and Affordable Care Act and Healthcare Reform

In 2010, the ACA was enacted, which included measures that significantly change the way health care is financed by both U.S. governmental and private insurers. Among other changes, the ACA:

- subjected biologic products to potential competition by lower-cost biosimilars;
- increased the minimum Medicaid rebates owed by most manufacturers under the Medicaid Drug Rebate Program;
- extended the Medicaid Drug Rebate program to utilization of prescriptions of individuals enrolled in Medicaid managed care organizations;
- subjected manufacturers to new annual fees and taxes for certain branded prescription drugs;
- created a Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 70% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D; and
- provided incentives to programs that increase the federal government's comparative effectiveness research.

In addition, other legislative and regulatory changes have been proposed and adopted in the United States since the ACA was enacted:

- The Budget Control Act of 2011 and subsequent legislation, among other things, created measures for spending reductions by Congress that include aggregate reductions of Medicare payments to providers of 2% per fiscal year, which remain in effect through 2031. Due to the Statutory Pay-As-You-Go Act of 2010, estimated budget deficit increases resulting from the American Rescue Plan Act of 2021, and subsequent legislation, Medicare payments to providers will be further reduced starting in 2025 absent further legislation. The U.S. American Taxpayer Relief Act of 2012 further reduced Medicare payments to several types of providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.
- On April 13, 2017, CMS published a final rule that gives states greater flexibility in setting benchmarks for insurers in the individual and small group marketplaces, which may have the effect of relaxing the essential health benefits required under the ACA for plans sold through such marketplaces.
- On May 30, 2018, the Right to Try Act, was signed into law. The law, among other things, provides a federal framework for certain patients to access certain investigational new drug products that have completed a Phase 1 clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA permission under the FDA expanded access program. There is no obligation for a pharmaceutical manufacturer to make its drug products available to eligible patients as a result of the Right to Try Act.

- On May 23, 2019, CMS published a final rule to allow Medicare Advantage Plans the option of using step therapy for Part B drugs beginning January 1, 2020.

The Inflation Reduction Act of 2022, or IRA includes several provisions that may impact our business to varying degrees, including provisions that reduce the out-of-pocket spending cap for Medicare Part D beneficiaries from \$7,050 to \$2,000 starting in 2025, thereby effectively eliminating the coverage gap; impose new manufacturer financial liability on certain drugs under Medicare Part D, allow the U.S. government to negotiate Medicare Part B and Part D price caps for certain high-cost drugs and biologics without generic or biosimilar competition; require companies to pay rebates to Medicare for certain drug prices that increase faster than inflation; and delay until January 1, 2032 the implementation of the HHS rebate rule that would have limited the fees that pharmacy benefit managers can charge. Further, under the IRA, orphan drugs are exempted from the Medicare drug price negotiation program, but only if they have one rare disease designation and for which the only approved indication is for that disease or condition. If a product receives multiple rare disease designations or has multiple approved indications, it may not qualify for the orphan drug exemption. The effects of the IRA on our business and the healthcare industry in general is not yet known.

In addition, President Biden has issued multiple executive orders that have sought to reduce prescription drug costs. In February 2023, HHS also issued a proposal in response to an October 2022 executive order from President Biden that includes a proposed prescription drug pricing model that will test whether targeted Medicare payment adjustments will sufficiently incentivize manufacturers to complete confirmatory trials for drugs approved through FDA's accelerated approval pathway. Although a number of these and other proposed measures may require authorization through additional legislation to become effective, and the Biden administration may reverse or otherwise change these measures, both the Biden administration and Congress have indicated that they will continue to seek new legislative measures to control drug costs.

We expect that additional U.S. federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that the U.S. Federal Government will pay for healthcare drugs and services, which could result in reduced demand for our drug candidates or additional pricing pressures.

European Union regulation

Brexit

On June 23, 2016, the electorate in the UK voted in favor of leaving the EU (commonly referred to as "Brexit"), and the UK formally left the EU on January 31, 2020. There was a transition period during which EU pharmaceutical law remained applicable to the UK, which ended on December 31, 2020. However, the EU and the UK have concluded a trade and cooperation agreement, or TCA, which was provisionally applicable since January 1, 2021 and has been formally applicable since May 1, 2021. The TCA includes specific provisions concerning pharmaceuticals, which include the mutual recognition of GMP, inspections of manufacturing facilities for medicinal products and GMP documents issued, but does not foresee wholesale mutual recognition of UK and EU pharmaceutical regulations. At present, Great Britain has implemented EU legislation on the marketing, promotion and sale of medicinal products through the Human Medicines Regulations 2012 (as amended) (under the Northern Ireland Protocol, the EU regulatory framework will continue to apply in Northern Ireland). The regulatory regime in Great Britain therefore currently broadly aligns with EU regulations, however it is possible that these regimes will diverge in future now that Great Britain's regulatory system is independent from the EU and the TCA does not provide for mutual recognition of UK and EU pharmaceutical legislation. For example, the new Clinical Trials Regulation which became effective in the EU on January 31, 2022 and provides for a streamlined clinical trial application and assessment procedure covering multiple EU Member States has not been implemented into UK law, and a separate application will need to be submitted for clinical trial authorization in the UK.

Regulation in the European Union

Product development, the regulatory approval process, and safety monitoring of medicinal products and their manufacturers in the EU proceed in much the same manner as they do in the United States. Therefore, many of the issues discussed above apply similarly in the context of the EU. In addition, drugs are subject to the extensive price and reimbursement regulations of the various EU Member States.

Clinical trials

In April 2014, the EU adopted the new Clinical Trials Regulation (EU) No 536/2014, which replaced the Clinical Trials Directive. The Clinical Trials Regulation entered into application on January 31, 2022. The transitory provisions of the Clinical Trials Regulation offer sponsors the possibility to choose between the requirements of the previous Clinical Trials Directive and the Clinical Trials Regulation if the request for authorization of a clinical trial is submitted in the year after the Clinical Trials Regulation became applicable. If the sponsor chooses to submit under the Clinical Trials Directive, the clinical trial continues to be governed by the Clinical Trial Directive until three years after the Clinical Trials Regulation became applicable. If a clinical trial continues for more than three years after the Clinical Trials Regulation became applicable, the Clinical Trials Regulation will at that time begin to apply to the clinical trial. The Clinical Trials Regulation harmonises the assessment and supervision processes for clinical trials throughout the EU, via a Clinical Trials Information System (CTIS). CTIS contains the centralised EU portal and database for clinical trials foreseen by the Regulation. The EMA sets up and maintains CTIS, in collaboration with the Member States and the European Commission.

The goal of the Clinical Trials Regulation is to create an environment that is favourable to conducting clinical trials in the EU, with the highest standards of safety for participants and increased transparency of trial information. The Regulation requires:

- consistent rules for conducting clinical trials throughout the EU;
- information on the authorisation, conduct and results of each clinical trial carried out in the EU to be publicly available.

This will increase the efficiency of all trials in the EU with the greatest benefit for those conducted in multiple Member States. It aims to foster innovation and research, while helping avoid unnecessary duplication of clinical trials or repetition of unsuccessful trials. The key benefits of the Regulation include:

- harmonised electronic submission and assessment process for clinical trials conducted in multiple Member States;
- improved collaboration, information-sharing and decision-making between and within Member States;
- increased transparency of information on clinical trials; and
- highest standards of safety for all participants in EU clinical trials

The authorisation and oversight of clinical trials remains the responsibility of Member States, with EMA managing CTIS and supervising content publication on the public website.

Marketing approval

Marketing approvals in the EU may be obtained through a centralized, mutual recognition or decentralized procedure. The centralized procedure results in the grant of a single marketing authorization that is valid throughout the Member States, as well as the additional Member States of the European Economic Area (Norway, Iceland and Liechtenstein).

Pursuant to Regulation (EC) No. 726/2004, as amended, the centralized procedure is mandatory for certain products, including those developed by means of specified biotechnological processes, advanced therapy medicinal products (gene therapy, somatic cell therapy, and tissue-engineered products), products for human use containing a new active substance for which the therapeutic indication is the treatment of specified diseases, including AIDS, HIV, cancer, diabetes, neurodegenerative disorders, auto-immune diseases and other immune dysfunctions and viral diseases, as well as products designated as orphan medicinal products. The Committee for Medicinal Products for Human Use, or CHMP, of the EMA also has the discretion to permit other products to use the centralized procedure if it considers them sufficiently innovative or they contain a new active substance or they may be of benefit to public health at the EU level.

In the marketing authorization application, or MAA, the applicant has to properly and sufficiently demonstrate the quality, safety, and efficacy of the drug. Under the centralized approval procedure, the CHMP, possibly in conjunction with other committees, is responsible for drawing up the opinion of the EMA on any matter concerning the admissibility of the files submitted in accordance with the centralized procedure, such as an opinion on the granting, variation, suspension or revocation of a marketing authorization, and pharmacovigilance.

The CHMP and other committees, such as the Committee for Advanced Therapies, or CAT, are also responsible for providing guidelines and have published numerous guidelines that may apply to our product candidates. These guidelines provide additional guidance on the factors that the EMA will consider in relation to the development and evaluation of drug products and may include, among other things, the preclinical studies required in specific cases; and the manufacturing and control information that should be submitted in a MAA; and post-approval measures required to monitor patients and evaluate the long-term efficacy and potential adverse reactions. Although these guidelines are not legally binding, we believe that our compliance with them is likely necessary to gain approval for any of our product candidates. Following Article 6(3), first subparagraph, of Regulation (EC) No. 726/2004, the maximum timeframe for the evaluation of an MAA by the CHMP under the centralized procedure is 210 days after receipt of a valid application, excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the CHMP. Clock stops may extend the timeframe of evaluation of a MAA considerably beyond 210 days. When an application is submitted for a marketing authorization in respect of a drug which is of major interest from the point of view of public health and in particular from the viewpoint of therapeutic innovation, the applicant may request an accelerated assessment procedure. If the CHMP accepts such request, the time limit of 210 days will be reduced to 150 days (not including clock stops), according to Article 14(9) of Regulation (EC) No. 726/2004, but it is possible that the CHMP can revert to the standard time limit for the centralized procedure if it considers that it is no longer appropriate to conduct an accelerated assessment.

If the CHMP concludes that the quality, safety, and efficacy of the product are sufficiently proven, it adopts a positive opinion. This is sent to the European Commission which drafts a decision. After consulting with the Member States, the European Commission adopts a decision and grants a marketing authorization, which is valid for the whole of the EU. The marketing authorization may be subject to certain conditions, which may include, without limitation, the performance of post-authorization safety and/or efficacy studies. Pursuant to Regulation (EC) No. 726/2004, a new marketing authorization is valid for five years and may be renewed for an unlimited period on the basis of a re-evaluation of the risk-benefit balance after submission of a consolidated version of the initial marketing authorization application in addition to the pharmacovigilance data reported and all variations introduced since granting of the marketing authorization. The marketing authorization shall cease to be valid if the grant of such marketing authorization is not followed by the actual launch of the product on the market within three years or, if the product is no longer available on the market for three consecutive years.

Now that the UK (which comprises Great Britain and Northern Ireland) has left the EU, Great Britain will no longer be covered by centralized marketing authorizations (under the Northern Ireland Protocol, centralized marketing authorizations will continue to be recognized in Northern Ireland). All medicinal products with a current centralized marketing authorization were automatically converted to Great Britain marketing authorizations on January 1, 2021. For a period of two years from January 1, 2021, the Medicines and Healthcare products Regulatory Agency, or MHRA, the UK medicines regulator, may rely on a decision taken by the European Commission on the approval of a new marketing authorization in the centralized procedure, in order to more quickly grant a new Great Britain marketing authorization. A separate application will, however, still be required.

European Union legislation also provides for a system of regulatory data and market exclusivity. According to Article 14(11) of Regulation (EC) No. 726/2004, as amended, and Article 10(1) of Directive 2001/83/EC, as amended, upon receiving marketing authorization, innovative medicinal products approved on the basis of a complete independent data package benefit from eight years of data exclusivity and an additional two years of market exclusivity. Data exclusivity prevents generic or biosimilar applicants from referencing the innovator's pre-clinical or clinical trials data contained in the dossier of the reference product when applying for a generic or biosimilar marketing authorization, for a period eight years from the date on which the reference product was first authorized in the EU. During the additional two-year period of market exclusivity, a generic or biosimilar marketing authorization can be submitted, and the innovator's data may be referenced, but no generic or biosimilar medicinal product can be marketed until the expiration of the market exclusivity. The overall ten-year period will be extended to a maximum of eleven years if, during the first eight years of those ten years, the marketing authorization holder, or MAH, obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant

clinical benefit in comparison with existing therapies. There is no guarantee that a product will be considered by the EMA to be an innovative medicinal product, and products may not qualify for data exclusivity. Even if a compound is considered to be an innovative medicine and the innovator is able to gain the period of data exclusivity, another company nevertheless could also market another version of the drug if such company obtained marketing authorization based on an MAA with a complete independent data package of pharmaceutical test, preclinical tests and clinical trials. However, products designated as orphan medicinal products enjoy, upon receiving marketing authorization, a period of 10 years of orphan market exclusivity limited to the therapeutic indication for which orphan designation has been obtained—see also “—Orphan Regulation.” Depending upon the timing and duration of the EU marketing authorization process, products may be eligible for up to five years’ supplementary protection certification, or SPC, pursuant to Regulation (EC) No. 469/2009. Such SPCs extend the rights under the basic patent for the drug.

Orphan regulation

In the EU, Regulation (EC) No. 141/2000, as amended, states that a product will be designated as an orphan medicinal product if its sponsor can establish:

- that (i) it is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition;
- (ii) either such condition affects not more than five in ten thousand persons in the EU when the application is made, or where without incentives it is unlikely that the marketing of the product in the EU would generate sufficient return to justify the necessary investment in its development; and
- (iii) there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorized in the EU or, if such method exists, that the product will be of significant benefit to those affected by that condition.

Regulation (EC) No. 847/2000 sets out further provisions for implementation of the criteria for designation of a product as an orphan medicinal product. An application for the designation of a product as an orphan medicinal product must be submitted at any stage of development of the drug before filing of a marketing authorization application.

If an EU-wide centralized marketing authorization in respect of an orphan product is granted or if all the EU Member States have granted marketing authorizations in accordance with the procedures for mutual recognition, the EMA and the Member States will not, for a period of 10 years, accept another application for a marketing authorization, or grant a marketing authorization or accept an application to extend an existing marketing authorization, for the same therapeutic indication, in respect of a “similar medicinal product”. A “similar medicinal product” is defined as a medicinal product containing a similar active substance or substances as contained in an authorized orphan medicinal product, and which is intended for the same therapeutic indication. This period may however be reduced to six years if, at the end of the fifth year, it is established, with respect to the product concerned, that the criteria for orphan medicinal product designation are no longer met, such as when it is shown on the basis of available evidence that the product is sufficiently profitable not to justify maintenance of market exclusivity (cf. Article 8(s) of Regulation (EC) No. 141/2000). Notwithstanding the foregoing, Regulation (EC) No. 141/2000 states that a marketing authorization may be granted, for the same therapeutic indication, to a similar medicinal product if:

- the holder of the marketing authorization for the original orphan medicinal product has given its consent to the second applicant;
- the holder of the marketing authorization for the original orphan medicinal product is unable to supply sufficient quantities of the product; or
- the second applicant can establish in the application that the second product, although similar to the orphan medicinal product already authorized, is safer, more effective or otherwise clinically superior.

Other incentives available to orphan medicinal products in the EU include financial incentives such as a reduction of fees or fee waivers and protocol assistance. Orphan medicinal product designation does not convey any advantage in, or shorten the duration of the regulatory review and approval process.

Pediatric investigation plan

An application for marketing authorization of a medicinal product for human use which is not yet authorized in the EU shall be considered valid only if it includes a pediatric investigation plan, or PIP, according to Regulation (EC) No. 1901/2006, unless a waiver or deferral applies (for example if the disease or condition for which the product is intended occurs only in adult populations). The PIP or the application for waiver shall be submitted with a request for agreement, except in duly justified cases, early during the product development phase and not later than upon completion of the human pharmacokinetic studies in healthy subjects. In any case, submission of the PIP cannot be after initiation of pivotal trials or confirmatory (Phase 3) trials. The PIP sets out the timing and measures proposed to generate data to support a pediatric indication of the drug for which marketing authorization is being sought.

The Pediatric Committee, or PDCO, a scientific committee of the EMA, shall assess the content of any PIP, waivers and deferrals for a medicinal product submitted to it in accordance with the regulation on medicinal products for pediatric use and formulate an opinion thereon. If a marketing authorization is obtained and trial results in accordance with an agreed PIP are included in the product information, even when negative, the product is eligible for six months' supplementary protection certificate extension. In the case of orphan medicinal products, a two year extension of the orphan market exclusivity may be available. This pediatric reward is subject to specific conditions and is not automatically available when data in compliance with the PIP are developed and submitted.

Manufacturing and manufacturers' license

Pursuant to Directive 2003/94/EC, as transposed into the national laws of the Member States, the manufacturing of investigational medicinal products and approved products is subject to a separate manufacturer's license and must be conducted in strict compliance with cGMP requirements, which mandate the methods, facilities, and controls used in manufacturing, processing, and packing of drugs to assure their safety and identity. Manufacturers must have at least one qualified person permanently and continuously at their disposal. The qualified person is ultimately responsible for certifying that each batch of finished product released onto the market has been manufactured in accordance with cGMP and the specifications set out in the marketing authorization or investigational medicinal product dossier. cGMP requirements are enforced through mandatory registration of facilities and inspections of those facilities. Failure to comply with these requirements could interrupt supply and result in delays, unanticipated costs and lost revenues, and subject the applicant to potential legal or regulatory action, including but not limited to warning letters, suspension of manufacturing, seizure of product, injunctive action or possible civil and criminal penalties.

Wholesale distribution and license

Pursuant to Directive 2001/83/EC, the wholesale distribution of medicinal products is subject to the possession of an authorization to engage in activity as a wholesaler in medicinal products. Possession of a manufacturing authorization includes authorization to distribute by wholesale the medicinal products covered by that authorization. The distribution of medicinal products must comply with the principles and guidelines of good distribution practices, or GDP.

Advertising

In the EU, the promotion of prescription medicines is subject to intense regulation and control, including EU and national legislation as well as self-regulatory codes (industry codes). Advertising legislation inter alia includes a prohibition on direct-to-consumer advertising of prescription only medicinal products. All prescription medicines advertising must be consistent with the product's approved summary of product characteristics, and must be factual, accurate, balanced and not misleading. Advertising of prescription medicines to healthcare professionals pre-approval or off-label is not allowed.

Some jurisdictions require that all promotional materials for prescription medicines be subjected to either prior internal review and approval or regulatory review and approval.

Collection and use of personal data in the EU

As of May 25, 2018, the General Data Protection Regulation (GDPR) regulates the collection and use of personal data in the EU. The GDPR covers any business, regardless of its location, that provides goods or services to residents in the EU and, thus, could incorporate our activities in EU Member States. The GDPR imposes strict requirements on

controllers and processors of personal data, including special protections for “sensitive information,” which includes health and genetic information of individuals residing in the EU. The GDPR grants individuals the opportunity to object to the processing of their personal information, allows them to request deletion of personal information in certain circumstances, and provides the individual with an express right to seek legal remedies in the event the individual believes his or her rights have been violated. Further, the GDPR imposes strict rules on the transfer of personal data out of the EU to regions that have not been deemed to offer “adequate” privacy protections, such as the U.S. currently. Failure to comply with the requirements of the GDPR and the related national data protection laws of the EU Member States, which may deviate slightly from the GDPR, may result in warning letters, mandatory audits and financial penalties, including fines of up to 4 percent of global revenues, or €20,000,000, whichever is greater. As a result of the implementation of the GDPR, we may be required to put in place additional mechanisms ensuring compliance with the new data protection rules. In addition, once we begin to conduct business in the United Kingdom, we will be subject to stringent data protection laws that are in effect in the UK. As of January 1, 2021, the UK’s European Union (Withdrawal) Act 2018 incorporated the GDPR (as it existed on December 31, 2020 but subject to certain UK specific amendments) into UK law, referred to as the UK GDPR. The UK GDPR and the UK Data Protection Act 2018 set out the United Kingdom’s data protection regime, which is independent from but aligned to the European Union’s data protection regime. Non-compliance with the UK GDPR may result in monetary penalties of up to £17.5 million or 4% of worldwide revenue, whichever is higher. Although the UK is regarded as a third country under the EU’s GDPR, the European Commission has now issued a decision recognizing the UK as providing adequate protection under the EU GDPR and, therefore, transfers of personal data originating in the EU to the UK remain unrestricted. Like the EU GDPR, the UK GDPR restricts personal data transfers outside the UK to countries not regarded by the UK as providing adequate protection. The UK government has confirmed that personal data transfers from the UK to the EU remain free flowing.

There is significant uncertainty related to the manner in which data protection authorities will seek to enforce compliance with GDPR. For example, it is unclear whether the authorities will conduct random audits of companies doing business in the EU, or act solely after complaints are filed claiming a violation of the GDPR. The lack of compliance standards and precedent, enforcement uncertainty and the costs associated with ensuring GDPR compliance may be onerous and adversely affect our business, financial condition, results of operations and prospects.

Other regulatory requirements

A marketing authorization holder, or MAH, for a medicinal product is legally obliged to fulfill a number of obligations by virtue of its status as an MAH. The MAH can delegate the performance of related tasks to third parties, such as distributors or marketing partners, provided that this delegation is appropriately documented and the MAH maintains legal responsibility and liability.

The obligations of an MAH include:

Manufacturing and batch release. MAHs should guarantee that all manufacturing operations comply with relevant laws and regulations, applicable good manufacturing practices, with the product specifications and manufacturing conditions set out in the marketing authorization and that each batch of product is subject to appropriate release formalities.

Availability and continuous supply. Pursuant to Directive 2001/83/EC, as transposed into the national laws of the Member States, the MAH for a medicinal product and the distributors of the said medicinal product actually placed on the market in a Member State shall, within the limits of their responsibilities, ensure appropriate and continued supplies of that medicinal product to pharmacies and persons authorized to supply medicinal products so that the needs of patients in the Member State in question are covered.

Pharmacovigilance. MAHs are obliged to establish and maintain a pharmacovigilance system, including a qualified person responsible for oversight, submit safety reports to the regulators and comply with the good pharmacovigilance practice guidelines adopted by the EMA.

Advertising and promotion. MAHs remain responsible for all advertising and promotion of its products, including promotional activities by other companies or individuals on their behalf and in some cases must conduct internal or regulatory pre-approval of promotional materials. Regulation in this area also covers interactions with healthcare practitioners and/or patient groups, and in some jurisdictions legal or self-regulatory obligations to disclose such interactions exist.

Medical affairs/scientific service. MAHs are required to disseminate scientific and medical information on its medicinal products to healthcare professionals, regulators and patients. Legal representation and distributor issues. MAHs are responsible for regulatory actions or inactions of their distributors and agents.

Preparation, filing and maintenance of the application and subsequent marketing authorization. MAHs must maintain appropriate records, comply with the marketing authorization's terms and conditions, fulfill reporting obligations to regulators, submit renewal applications and pay all appropriate fees to the authorities. We may hold any future marketing authorizations granted for our product candidates in our own name, or appoint an affiliate or a collaboration partner to hold marketing authorizations on our behalf. Any failure by an MAH to comply with these obligations may result in regulatory action against an MAH and ultimately threaten our ability to commercialize our products.

Price and reimbursement

In the EU, the pricing and reimbursement mechanisms by private and public health insurers vary largely by country and even within countries. The public systems reimbursement for standard products is determined by guidelines established by the legislator or responsible national authority. The approach taken varies by Member State. Some jurisdictions operate positive and negative list systems under which products may only be marketed once a reimbursement price has been agreed. Other Member States allow companies to fix their own prices for medicines, but monitor and control company profits and may limit or restrict reimbursement. The downward pressure on healthcare costs in general, particularly prescription drugs, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products and some of EU Member States require the completion of studies that compare the cost-effectiveness of a particular product candidate to currently available therapies in order to obtain reimbursement or pricing approval. Special pricing and reimbursement rules may apply to orphan medicinal products. Inclusion of orphan medicinal products in reimbursement systems tend to focus on the medical usefulness, need, quality and economic benefits to patients and the healthcare system as for any product. Acceptance of any medicinal product for reimbursement may come with cost, use and often volume restrictions, which again can vary by country. In addition, results based rules of reimbursement may apply.

The aforementioned EU rules are generally applicable in the European Economic Area, or EEA, which consists of the EU Member States, plus Norway, Liechtenstein and Iceland.

Legal proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Glossary of terms

Glossary of terms, to be read only in conjunction with this annual report.

Term	Description
100 points clinical response	Percentage of patients achieving a 100-point decrease in CDAI score during a clinical trial in CD patients
ACR	American College of Rheumatology
ACR20 (ACR 20/50/70)	American College of Rheumatology 20% response rate signifies a 20% or greater improvement in the number of swollen and tender joints as well as a 20% or greater improvement in three out of five other disease-activity measures. ACR50 and ACR70 reflect the same, for 50% and 70% response rates, respectively

ADPKD	Autosomal dominant polycystic kidney disease, a disease where typically both kidneys become enlarged with fluid-filled cysts, leading to kidney failure. Other organs may be affected as well
ADS	American Depositary Share; Galapagos has a Level 3 ADS listed on Nasdaq with ticker symbol GLPG and CUSIP number 36315X101. One ADS is equivalent to one ordinary share in Galapagos NV
AFM	Dutch Authority for the Financial Markets
Anemia	Condition in which the patient has an inadequate number of red blood cells to carry oxygen to the body tissues
Antibody	A blood protein produced in response to and counteracting a specific antigen. Antibodies combine chemically with substances which the body recognizes as alien, such as bacteria, viruses, and foreign substances
Anti-TNF	Tumor necrosis factor. An anti-TNF drug acts by modulation of TNF
Assays	Laboratory tests to determine characteristics
ATALANTA-1	Phase 1/2 study in relapsed/refractory non-Hodgkin lymphoma (rrNHL) with CD19/4-1BB CAR-T candidate, GLPG5101, manufactured at point-of-care
Attrition rate	The historical success rate for drug discovery and development, based on publicly known development paths. Statistically seen, investment in at least 12 target-based programs is required to ensure that at least one of these will reach a Phase 3 study. Most new drug R&D programs are discontinued before reaching Phase 3 because they are not successful enough to be approved
Axial spondyloarthritis (AxSpA)	Axial spondyloarthritis (axSpA) is a type of arthritis. It mostly causes pain and swelling in the spine and the joints that connect the bottom of the spine to the pelvis (sacroiliac joint). Other joints can be affected as well. It is a systemic disease, which means it may affect other body parts and organs. The disease tends to run in families
BCMA	B cell maturation antigen (BCMA) is a member of the tumor necrosis factor receptor superfamily that plays an important role in regulating B-cell proliferation and survival. BCMA is central to the survival of multiple myeloma cells
BID dosing	Twice-daily dosing (bis in die)
Bioavailability	Assessment of the amount of product candidate that reaches a body's systemic circulation after (oral) administration
Biological	Biological therapeutics, also referred to as Biologicals, are those class of medicines which are grown and then purified from large-scale cell cultures of bacteria or yeast, or plant or animal cells. Biologicals are a diverse group of medicines which includes vaccines, growth factors, immune modulators, monoclonal antibodies, as well as products derived from human blood and plasma. What distinguishes biologicals from other medicines is that these are generally proteins purified from living culture systems or from blood, whereas other medicines are considered as 'small molecules' and are either made synthetically or purified from plants
Biomarker	Substance used as an indicator of a biological process, particularly to determine whether a product candidate has a biological effect
Bispecific antibody	An antibody that binds to two different antigens
Black & Scholes model	A mathematical description of financial markets and derivative investment instruments that is widely used in the pricing of European options and subscription rights
Bridging trial	Clinical trial performed to "bridge" or extrapolate one dataset to that for another situation, i.e. to extrapolate data from one population to another for the same drug candidate, or to move from IV to subcutaneous dosing
CALOSOMA	Phase 1 program with GLPG3970 in psoriasis

CAR-T	Chimeric antigen receptor T cells (also known as CAR-T cells) are T cells that have been genetically engineered to produce an artificial T cell receptor for use in immunotherapy
Cash position	Current financial investments and cash and cash equivalents
CD19	CD19 is a protein found on the surface of B-cells, a type of white blood cell. Since CD19 is a hallmark of B-cells, the protein has been used to diagnose cancers that arise from this type of cell - notably B-cell lymphomas
CDAI	Crohn's Disease Activity Index, evaluating patients on eight different factors, each of which has a pre-defined weight as a way to quantify the impact of CD
CDAI remission	In the FITZROY trial, the percentage of patients with CD who showed a reduction of CDAI score to <150
Cell therapy	Cell therapy aims to treat diseases by restoring or altering certain sets of cells or by using cells to carry a therapy through the body. With cell therapy, cells are cultivated or modified outside the body before being injected into the patient. The cells may originate from the patient (autologous cells) or a donor (allogeneic cells)
CFTR	Cystic fibrosis transmembrane conductance regulator (CFTR) is a membrane protein and chloride channel in vertebrates that is encoded by the CFTR gene. It is hypothesized that inhibition of the CFTR channel might reduce cyst growth and enlargement for patients with ADPKD. GLPG2737 is a CFTR inhibitor
CHIT1/AMCase	Chitotriosidase (CHIT1) is a protein coding gene, and AMCase is an inactive acidic mammalian chitinase. CHIT1 is predominantly involved in macrophage activation. Inhibition of chitinase activity translates into a potential therapeutic benefit in lung diseases like IPF, as shown in preclinical models. GLPG4716 is a CHIT1/AMCase inhibitor targeting a key pathway in tissue remodeling
Chitinase	Chitinase is an enzyme that degrades chitin, involved in the human innate immunity. Inhibition of chitinase activity translates into a potential therapeutic benefit in lung diseases like IPF, as shown in preclinical models
CHMP	Committee for Medicinal Products for Human Use is the European Medicines Agency's (EMA) committee responsible for human medicines and plays a vital role in the authorization of medicines in the European Union (EU)
Chronic Lymphocytic Leukemia (CLL)	Chronic lymphocytic leukemia is the most common leukemia in adults. It is a type of cancer that starts in cells that become certain white blood cells (called lymphocytes) in the bone marrow. The cancer (leukemia) cells originate in the bone marrow and migrate to the bloodstream
CIR	Crédit d'Impot Recherche, CIR or research credit. Under the CIR, the French government refunds up to 30% of the annual investment in French R&D operations, over a period of three years. Galapagos benefits from the CIR through its operations in Romainville, just outside Paris
Clinical Proof of Concept (PoC)	Point in the drug development process where the product candidate demonstrates for the first time a response in a therapeutic setting
Complete Response Letter (CRL)	A letter sent by the FDA to indicate that the review cycle for an application is complete and the application is not ready for approval in its present form
Complete Response Rate (CRR)	Term used for the absence of all detectable cancer after the treatment is completed
Compound	A chemical substance, often a small molecule with drug-like properties'
Contract research organization (CRO)	Organization which provides drug discovery and development services to the pharmaceutical, biotechnology and medical devices industry

[Table of Contents](#)

Corticosteroids	Any of a group of steroid hormones produced in the adrenal cortex or made synthetically. They have various metabolic functions and some are used to treat inflammation
Crohn's disease (CD)	An IBD involving inflammation of the small and large intestines, leading to pain, bleeding, and ultimately in some cases surgical removal of parts of the bowel
CRP	C-reactive protein is a protein found in the blood, the levels of which rise in response to inflammation
Cryopreservation	Process where biological material - cells, tissues, or organs - are frozen to preserve the material for an extended period of time
Cytokine	A category of small proteins which play important roles in signaling in processes in the body
Cytokine release syndrome (CRS)	Condition that develops when your immune system responds too aggressively to infection or after certain types of immunotherapy, such as CAR T-cell therapy
DARWIN	Phase 2 program for filgotinib in RA. DARWIN 1 explored three doses, in twice-daily and once-daily administration, for up to 24 weeks in RA patients with insufficient response to methotrexate (MTX) and who remained on their stable background treatment with MTX. DARWIN 2 explored three once-daily doses for up to 24 weeks in RA patients with insufficient response to methotrexate (MTX) and who washed out of their treatment with MTX. DARWIN 1 and 2 were double-blind, placebo-controlled trials which recruited approximately 900 patients globally and for which results were reported in 2015. DARWIN 3 is a long term extension trial in which all patients are on 200 mg filgotinib, except for U.S. males who are on 100 mg. The week 156 results from DARWIN 3 were reported in 2019
DAS28 (CRP)	DAS28 is an RA Disease Activity Score based on a calculation that uses tender and swollen joint counts of 28 defined joints, the physician's global health assessment and a serum marker for inflammation, such as C- reactive protein. DAS28 (CRP) includes the C-reactive protein score calculation: scores range from 2.0 to 10.0, with scores below 2.6 being considered remission
DDI study	Drug-drug interaction study. This type of study will assess if there is a change in the action or side effects of a drug caused by concomitant administration with another drug
Deep venous thrombosis (DVT)	The formation of one or more blood clots in one of the body's large veins, most commonly in the lower limbs. The blood clots can travel to the lung and cause a pulmonary embolism
Dermatomyositis (DM)	Dermatomyositis is a rare inflammatory disease. Common symptoms include distinctive skin rash, and inflammatory myopathy, or inflamed muscles, causing muscle weakness
Development	All activities required to bring a new drug to the market. This includes preclinical and clinical development research, chemical and pharmaceutical development and regulatory filings of product candidates
Discovery	Process by which new medicines are discovered and/or designed. At Galapagos, this is the department that oversees target and drug discovery research through to nomination of preclinical candidates
Disease-modifying	Addresses the disease itself, modifying the disease progression, not just the symptoms of the disease
DIVERGENCE	Phase 2 programs with filgotinib in Crohn's disease. DIVERGENCE 1 was an exploratory study in small bowel CD and DIVERGENCE 2 in fistulizing CD
DIVERSITY	Phase 3 program evaluating filgotinib in CD
DMARDs	Disease modifying anti rheumatic drugs; these drugs address the disease itself rather than just the symptoms

Dose-range finding study	Phase 2 clinical study exploring the balance between efficacy and safety among various doses of treatment in patients. Results are used to determine doses for later studies
Double-blind	Term to characterize a clinical trial in which neither the physician nor the patient knows if the patient is taking placebo or the treatment being evaluated
EC	European Commission
Efficacy	Effectiveness for intended use
EMA	European Medicines Agency, in charge of European market authorization of new medications
Endoscopy	A non-surgical procedure involving use of an endoscope to examine a person's digestive tract
End-to-end	A process that takes a system or service from beginning to end and delivers a complete functional solution, usually without strong reliance on third parties
EUPLAGIA-1	EUPLAGIA-1 Phase 1/2 study with point-of-care manufactured CD19 CAR-T candidate, GLPG5201, in patients with relapsed/ refractory chronic lymphocytic leukemia (rCLL) and small lymphocytic lymphoma (rSLL), with or without Richter's transformation (RT)
Fast Track	A designation by the FDA of an investigational drug for expedited review to facilitate development of drugs which treat a serious or life-threatening condition and fill an unmet medical need
FDA	The U.S. Food and Drug Administration is an agency responsible for protecting and promoting public health and in charge of American market approval of new medications
Fee-for-service	Payment system where the service provider is paid a specific amount for each procedure or service performed
FIH	First-in-human clinical trial, usually conducted in healthy volunteers with the aim to assess the safety, tolerability and pharmacokinetics of the product candidate
Filgotinib	Formerly known as GLPG0634, commercial name is Jyseleca. Small molecule preferential JAK1 inhibitor, approved in RA and UC in Europe and Japan. Phase 4 studies are ongoing in both RA and UC
FILOSOPHY	Phase 4 program evaluating filgotinib in RA
FINCH	Phase 3 program evaluating filgotinib in RA
Fistulizing CD	Fistulae are inflammatory tracts that most often occur between the distal colon and the perianal region. Fistulae are one of the most severe sequelae of luminal CD and the lifetime risk of occurrence is close to 50% of those with active CD
FITZROY	A double-blind, placebo controlled Phase 2 trial with filgotinib in 177 CD patients for up to 20 weeks. Full results were published in The Lancet in 2016
FORM 20-F	Form 20-F is an SEC filing submitted to the US Securities and Exchange Commission
FSMA	The Belgian market authority: Financial Services and Markets Authority, or <i>Autoriteit voor Financiële Diensten en Markten</i>
FTE	Full-time equivalent; a way to measure an employee's involvement in a project. For example, an FTE of 1.0 means that the equivalent work of one full-time worker was used on the project
Futility analysis	Analysis of the likelihood of a trial to meet its primary endpoint, based on a subset of the total information to be gathered. The term 'futility' is used to refer to the low likelihood of a clinical trial to achieve its objectives. In particular, stopping a clinical trial when the interim results suggest that it is unlikely to achieve statistical significance can save resources that could be used on more promising research

G&A expenses	General & administrative expenses
GLPG0555	A JAK1 inhibitor in Phase 1b. Development was stopped in July 2022
GLPG0634	Molecule number currently known as filgotinib and Jyseleca®
GLPG2737	A compound evaluated in Phase 2 in ADPKD. This compound is part of the CF collaboration with AbbVie but Galapagos retained rights outside of CF
GLPG3121	A compound in Phase 1 targeting JAK1/TYK2 directed toward inflammation (IBD). Development was stopped in July 2022
GLPG3667	A TYK2 kinase inhibitor discovered by us, topline results from the Phase 1b in psoriasis reported in July 2021
GLPG3970	A SIK2/3 inhibitor evaluated in multiple Phase 2 proof-of-concept studies. Topline results from the studies in UC, psoriasis and RA were reported in July 2021. The compound was discontinued in March 2022
GLPG4399	A SIK3 inhibitor currently in Phase 1 directed toward inflammation. The development was halted in 2022
GLPG4586	A compound with undisclosed mode of action in preclinical phase directed toward fibrosis and inlicensed from Fibrocor. The Development was stopped in July 2022
GLPG4605	A SIK2/3 inhibitor in the preclinical phase, currently directed toward fibrosis. The development was halted in 2022
GLPG4716	A chitinase inhibitor inlicensed from Molecure (previously OncoArendi). The rights to the molecule have been returned to Molecure in July 2022
GLPG5101	A second generation anti-CD19/4-1BB CAR-T product candidate currently in Phase 1/2 study in rNHL
GLPG5201	A second generation anti-CD19/4-1BB CAR-T product candidate currently in Phase 1/2 study in rCLL/SLL with or without RT
GLPG5301	A BCMA CAR-T product candidate
IBD	Inflammatory Bowel Disease. This is a general term for an autoimmune disease affecting the bowel, including CD and UC. CD affects the small and large intestine, while UC affects the large intestine. Both diseases involve inflammation of the intestinal wall, leading to pain, bleeding, and ultimately, in some cases, surgical removal of part of the bowel
Immune effector cell-associated neurotoxicity syndrome (ICAN)	Clinical and neuropsychiatric syndrome that can occur in the days to weeks following administration of certain types of immunotherapy, especially immune effector cell (IEC) and T cell engaging therapy
Immunology	The study of the immune system and is a very important branch of the medical and biological sciences. The immune system protects humans from infection through various lines of defence. If the immune system is not functioning as it should, it can result in disease, such as autoimmunity, allergy and cancer
In vitro	Studies performed with cells outside their natural context, for example in a laboratory
In vivo	Studies performed with animals in a laboratory setting
In-/out-licensing	Receiving/granting permission from/to another company or institution to use a brand name, patent, or other proprietary right, in exchange for a fee and/or royalty
Intellectual property	Creations of the mind that have commercial value and are protected or protectable, including by patents, trademarks or copyrights
Intersegment	Occurring between the different operations of a company

Investigational New Drug (IND) Application	United States Federal law requires a pharmaceutical company to obtain an exemption to ship an experimental drug across state lines, usually to clinical investigators, before a marketing application for the drug has been approved. The IND is the means by which the sponsor obtains this exemption, allowing them to perform clinical studies
JAK	Janus kinases (JAK) are critical components of signaling mechanisms utilized by a number of cytokines and growth factors, including those that are elevated in RA. Filgotinib is a preferential JAK1 inhibitor
Jyseleca®	Jyseleca® is the brand name for filgotinib
LDL	Low-density lipoprotein. LDL contributes to heart disease at high levels
Leukapheresis	Laboratory procedure in which white blood cells are separated from a sample of blood
Lipoprotein	Lipoproteins are substances made of protein and fat that carry cholesterol through your bloodstream. There are two main types of cholesterol: High-density lipoprotein (HDL), or "good" cholesterol and Low-density lipoprotein (LDL), or "bad" cholesterol
Liver enzymes	Inflamed or injured liver cells secrete higher than normal amounts of certain chemicals, including liver enzymes, into the bloodstream
Lymphocyte	Type of white blood cell that is part of the immune system
MACE	Major adverse cardiovascular events; a composite endpoint frequently used in cardiovascular research
MANGROVE	Phase 2 program with GLPG2737 in autosomal dominant polycystic kidney disease
MANTA	A Phase 2 semen parameter trial with filgotinib in male patients with CD or UC
MANTA-RAY	Phase 2 semen parameter trial with filgotinib in male patients with RA, PsA, or AS
Mayo Score	Mayo Score is a Disease Activity Score for ulcerative colitis. It is a composite of subscores from four categories, including stool frequency, rectal bleeding, findings of flexible proctosigmoidoscopy or colonoscopy, and physician's global assessment, with a total score ranging from 0 to 12
MHLW	Japanese Ministry of Health, Labor and Welfare (MHLW), in charge of Japanese market authorization of new medications
MHRA	Medicines and Healthcare products Regulatory Agency in Great Britain
Milestone	Major achievement in a project or program; in our alliances, this is usually associated with a payment
Molecule collections	Chemical libraries, usually consisting of drug-like small molecules that are designed to interact with specific target classes. These collections can be screened against a target to generate initial "hits" in a drug discovery program
MTX	Methotrexate; a first-line therapy for inflammatory diseases
Multiple myeloma (MM)	Multiple myeloma (MM) is typically characterized by the neoplastic proliferation of plasma cells producing a monoclonal immunoglobulin. The plasma cells proliferate in the bone marrow and can result in extensive skeletal destruction with osteolytic lesions, osteopenia, and/or pathologic fractures.
NDA	New Drug Application
NICE	The National Institute for Health and Care Excellence; an independent public body that provides national guidance and advice to improve health and social care in the UK
NK cells	Natural killer cells, type of white blood cell with granules of enzymes which can attack tumors or viruses

Non-Hodgkin's lymphoma (NHL)	Non-Hodgkin's lymphoma is a type of cancer that begins in the lymphatic system, which is part of the body's germ-fighting immune system. In non-Hodgkin lymphoma, white blood cells called lymphocytes grow abnormally and form tumors throughout the body
Objective Response Rate (ORR)	The response rate is the percentage of patients on whom a therapy has some defined effect; for example, the cancer shrinks or disappears after treatment. When used as a clinical endpoint for trials of cancer treatments, this is often called the objective response rate
Oncology	Field of medicine that deal with the diagnosis, treatment, prevention, and early detection of cancer
Oral dosing	Administration of medicine by the mouth, either as a solution or solid (capsule, pill) form
Osteoarthritis (OA)	The most common form of arthritis, usually occurring after middle age, marked by chronic breakdown of cartilage in the joints leading to pain, stiffness, and swelling
Outsourcing	Contracting work to a third party
PAPILIO-1	Phase 1/2 study with GLPG5301 in patients with relapsed/refractory multiple myeloma
PASI	Psoriasis Area and Severity Index; an index used to express the severity of psoriasis. It combines the severity (erythema, induration and desquamation) and percentage of affected area
Pharmacokinetics (PK)	Study of what a body does to a drug; the fate of a substance delivered to a body. This includes absorption, distribution to the tissues, metabolism and excretion. These processes determine the blood concentration of the drug and its metabolite(s) as a function of time from dosing
Phase 1	First stage of clinical testing of an investigational drug designed to assess the safety and tolerability, pharmacokinetics of a drug, usually performed in a small number of healthy human volunteers
Phase 2	Second stage of clinical testing, usually performed in no more than several hundred patients, in order to determine efficacy, tolerability and the dose to use
Phase 3	Large clinical trials, usually conducted in several hundred to several thousand patients to gain a definitive understanding of the efficacy and tolerability of the candidate treatment; serves as the principal basis for regulatory approval
Pivotal trials	Registrational clinical trials
Placebo	A substance having no pharmacological effect but administered as a control in testing a biologically active preparation
Point-of-care	Drug treatment is provided close to or near the patient
PRAC	Pharmacovigilance Risk Assessment Committee of the European Medicines Agency, responsible for assessing all aspects of risk management of human medicines
Preclinical	Stage of drug research development, undertaken prior to the administration of the drug to humans. Consists of <i>in vitro</i> and <i>in vivo</i> screening, pharmacokinetics, toxicology, and chemical upscaling
Preclinical candidate (PCC)	A new molecule and potential drug that meets chemical and biological criteria to begin the development process
Product candidate	Substance that has satisfied the requirements of early preclinical testing and has been selected for development, starting with formal preclinical safety evaluation followed by clinical testing for the treatment of a certain disorder in humans
Proof-of-concept (POC)	A clinical trial in which first evidence for efficacy of a candidate drug is gathered. A proof-of-concept trial is usually with a small number of patients and for short duration to get a first impression of drug activity

[Table of Contents](#)

Proof-of-concept study	Phase 2 patient study in which activity as well as safety in patients is evaluated, usually for a new mechanism of action
PROTAC	Proteolysis targeting chimera, a special small molecule capable of removing unwanted proteins that play a role in disease processes
QD dosing	Once-daily dosing (qd from the Latin quaque die)
R&D operations	Research and development operations; unit responsible for discovery and developing new product candidates for internal pipeline or as part of risk/reward sharing alliances with partners
Refractory	"Refractory" refers to a patient with cancer that is/has become resistant to, or does not respond to, treatment
Relapsed	"Relapsed" refers to a patient with cancer that develops cancer again after a period of improvement
Rheumatoid arthritis (RA)	A chronic, systemic inflammatory disease that causes joint inflammation, and usually leads to cartilage destruction, bone erosion and disability
Richter's transformation	Richter's Transformation (RT) is an uncommon clinicopathological condition observed in patients with CLL. It is characterized by the sudden transformation of the CLL into a significantly more aggressive form of large cell lymphoma, and occurs in approximately 2-10% of all CLL patients.
S&M expenses	Sales and marketing expenses
SEA TURTLE	Phase 2 program with GLPG3970 in ulcerative colitis
SEC	Securities and Exchange Commission in the US
SELECTION	Phase 3 program evaluating filgotinib in UC patients. Full results were published in The Lancet in 2021
SES-CD scores	Simple endoscopic score for CD, involving review of five pre-defined bowel segments, assigning values from 0 (unaffected) to 3 (highly affected)
SIK	Salt-inducible kinase
Small bowel CD (SBCD)	CD causes chronic inflammation and erosion of the intestines. It can affect different regions of gastrointestinal tract including the stomach and small and large intestines. While isolated SBCD is an uncommon presentation of CD, involvement of some portion of the small bowel, particularly the ileum, is common
Small cell lymphocyte leukemia (SLL)	Small cell lymphocyte leukemia is a type of B-cell non-Hodgkin lymphoma, where the SLL cancer is located in lymph nodes and/or the spleen
Statin	Statins are a class of lipid-lowering medications that reduce illness and mortality in those who are at high risk of cardiovascular disease. They are the most common cholesterol-lowering drugs. Low-density lipoprotein (LDL) carriers of cholesterol play a key role in the development of atherosclerosis and coronary heart disease via the mechanisms described by the lipid hypothesis
Systemic lupus erythematosus (SLE)	An autoimmune disease, with systemic manifestations including skin rash, erosion of joints or even kidney failure
Target	Protein that has been shown to play a role in a disease process and that forms the basis of a therapeutic intervention or discovery of a medicine
Target discovery	Identification and validation of proteins that have been shown to play a role in a disease process
TEAE	Treatment Emergent Adverse Event, is any event not present prior to the initiation of the treatments or any event already present that worsens in either intensity or frequency following exposure to the treatments

Technology access fee	License payment made in return for access to specific technology (e.g. compound or virus collections)
Topical corticosteroids	Corticosteroids which are administered through the skin using an ointment
TYK	Tyrosine kinase is an enzyme that can transfer a phosphate group from ATP to the tyrosine residues of specific proteins inside a cell. It functions as an "on" or "off" switch in many cellular functions. Tyrosine kinases belong to a larger class of enzymes known as protein kinases which also attach phosphates to other amino acids such as serine and threonine. GLPG3667 is a reversible and selective TYK2 kinase domain inhibitor
Ulcerative colitis (UC)	UC is an IBD causing chronic inflammation of the lining of the colon and rectum (unlike CD with inflammation throughout the gastrointestinal tract)
Venous thrombotic events (VTE)	When a blood clot breaks loose and travels in the blood. The abbreviation DVT/PE refers to a VTE where a deep vein thrombosis (DVT) has moved to the lungs (PE or pulmonary embolism)

C. Organizational structure.

As of December 31, 2022, we had 21 subsidiaries. The following table sets out for each of our subsidiaries, the country of incorporation, and percentage ownership and voting interest held by us (directly or indirectly through our subsidiaries) (situation as per December 31, 2022).

Company	Country of incorporation	Percentage ownership and voting interest
Galapagos B.V.	The Netherlands	100%
Galapagos GmbH	Switzerland	100%
Galapagos, Inc.	United States	100%
Galapagos SASU	France	100%
Galapagos Biotech Ltd.	United Kingdom	100%
Galapagos Real Estate Belgium BV	Belgium	100%
Xenometrix, Inc. in liquidation	United States	100%
Galapagos Biopharma Belgium BV	Belgium	100%
Galapagos Biopharma Netherlands B.V.	The Netherlands	100%
Galapagos Biopharma Spain S.L.U	Spain	100%
Galapagos Biopharma Italy S.r.l.	Italy	100%
Galapagos Biopharma Germany GmbH	Germany	100%
Galapagos Real Estate Netherlands B.V.	The Netherlands	100%
Galapagos Biopharma Sweden AB	Sweden	100%
Galapagos Biopharma Norway AS	Norway	100%
Galapagos Biopharma Finland Oy	Finland	100%
Galapagos Biopharma Denmark ApS	Denmark	100%
Galapagos Biopharma Austria GmbH	Austria	100%
Galapagos Biopharma Ireland Ltd	Ireland	100%
AboundBio, Inc.	United States	100%
CellPoint B.V.	The Netherlands	100%

In 2022, we acquired all issued and outstanding shares of AboundBio and CellPoint.

D. Property, plants and equipment.

We have our principal executive, operational offices and laboratory space located in Mechelen, Belgium. Our main facilities owned or leased as of December 31, 2022 are set forth in the following table:

Facility location	Use	Approx. size (m2)	Lease expiry
Mechelen, Belgium (leased)	Headquarters, R&D, Operations	12,964	December 31, 2025
Romainville, France (leased)	R&D	6,753	March 25, 2027
Oegstgeest, the Netherlands (owned)	R&D, Operations	6,943	

In addition to the facilities listed in the table above, we also lease office space in Basel (Switzerland), Madrid (Spain) and Boston (United States), as well as R&D space in Pittsburgh (United States). In addition, we use short-term co-working spaces in London (United Kingdom), Paris (France), Milan (Italy), Copenhagen (Denmark), Stockholm (Sweden), Vienna (Austria) and Munich (Germany) to temporarily house our local commercial and medical affairs teams while we look for permanent locations in the aforementioned countries.

In the last quarter of 2022, some of our Dutch subsidiaries moved to our new building with offices and laboratory space in Oegstgeest, the Netherlands. In 2023, we plan to further furnish the laboratory spaces. We estimate that the total expenditures for the construction project in Oegstgeest will amount to approximately €85 million.

In Belgium, we purchased land in Mechelen at the end of 2019, on which we intend to construct our new building headquarters with design adjusted to our future way-of-working and the corresponding need for offices and laboratory space. In 2022, we applied and successfully received the environmental permit for the new building.

Environmental issues

For more information on environmental issues that may affect our utilization of our facilities, please see the section of this annual report titled “Item 3.D.—Risk factors—Risks related to our organization, structure and operation—.” We could be subject to (a) liabilities under environmental, health and safety laws or regulations, and (b) if we fail to comply with such laws and regulations, fines, penalties or other sanctions, or otherwise incur costs, that could have a material adverse effect on the success or operational results of our business.

Item 4A Unresolved staff comments

Not applicable.

Item 5 Operating and financial review and prospects

Overview

We are a fully integrated biotechnology company focused on discovering, developing, and commercializing innovative medicines. We are committed to improving patients’ lives worldwide by targeting diseases with high unmet needs. Our R&D capabilities cover multiple drug modalities, including small molecules and cell therapies. Our portfolio comprises discovery through to commercialized programs in immunology, oncology, and other indications. Our first medicine for rheumatoid arthritis and ulcerative colitis is on the market in Europe and Japan.

2022 was characterized by major transformation and change but our purpose remains unchanged: transforming patient outcomes through life-changing science and innovation for more years of life and quality of life.

By year-end, we implemented a therapeutic area focused R&D model in immunology and oncology, and we added new drug modalities to include CAR-T cell therapy and biological capabilities. We aim to rebuild our portfolio with transformational medicines, by accelerating innovation and time-to-result.

Through the acquisitions of CellPoint and AboundBio, we gained access to a breakthrough, point-of-care CAR-T manufacturing platform, a clinical-stage CAR-T oncology pipeline and research capabilities for novel, differentiated CAR-T constructs, that together have the potential to deliver life-saving medicines to more patients, faster and more

efficiently. Through the two acquisitions, we also onboarded an excellent team of cell therapy scientists and oncology experts.

Our differentiated clinical pipeline includes: 1) preferential JAK1 inhibitor filgotinib, which is on the market in Europe and Japan, and for which we aim to start a Phase 3 clinical trial in AxSpA in the first half of 2023; 2) GLPG3667, a TYK2 inhibitor for which we aim to start a Phase 2 clinical trial in DM and in SLE in 2023; 3) GLPG5101, a CD19 CAR-T product candidate manufactured at point-of-care for which we aim to start clinical development in rSLE in 2023; 4) GLPG5101 and GLPG5201, CD19 CAR-T product candidates manufactured at point-of-care, currently in Phase 1/2 in rNHL and rCLL, respectively; and 5) GLPG5301, a BCMA CAR-T product candidate manufactured at point-of-care, for which we aim to start clinical development in rMM.

In both our immunology and oncology portfolios, we have multiple product candidates in early research.

We devote substantially all of our resources to our drug discovery efforts from target discovery through clinical development, and to our commercialization efforts for filgotinib in Europe. To date, we funded our operations through public and private placements of equity securities, upfront payments, milestone payments, royalties received from pharmaceutical partners under our collaboration and alliance agreements, payments received from wholesalers and hospitals for Jyseleca sales, payments under our fee-for-service contracts, funding from governmental bodies, interest income as well as the net proceeds from the sale of our service division in 2014 and of our fee-for-service division in 2021. From January 1, 2020 until December 31, 2022 we received €335.1 million in payments through our collaboration and alliance agreements. These are items which have a significant impact upon the profitability or cash flow of our business in each year in which they are received and earned. Fee-for-service payments and payments from governmental bodies contributed €14.9 million and €112.3 million, respectively. In 2021 we realized €28.7 million of net proceeds from the disposal of Fidelta. For the years ended December 31, 2021 and December 31, 2022, we received respectively €13.1 million and €90.0 million from gross sales to customers for Jyseleca in Europe. As of December 31, 2022, we had cash and cash equivalents of €508.1 million and current financial investments of €3,585.9 million.

For the year ended December 31, 2020, we incurred a net loss of €305.4 million. For the year ended December 31, 2021, we incurred a net loss of €103.2 million. For the year ended December 31, 2022, we incurred a net loss of €218.0 million. We expect to continue incurring significant research, development, and other expenses related to our ongoing operations, and to continue incurring operating losses for the foreseeable future.

Collaboration and alliance agreements

Our main collaborations and alliance agreements are summarized below. All U.S. dollar payment amounts which have been received in cash regarding our Gilead and AbbVie collaborations in this Item 5 are converted into euros as per historical exchange rates (i.e., the spot rate at the moment of the transaction).

Option, License and Collaboration Agreement with Gilead

On July 14, 2019 we entered into a 10-year global research and development collaboration with Gilead. Through this agreement, Gilead gained exclusive access to our innovative portfolio of compounds, including molecules currently in clinical trials, our preclinical programs and a proven drug discovery platform.

At inception of this collaboration in 2019 we received an upfront payment of €3,569.8 million (\$3.95 billion) and a €960.1 million (\$1.1 billion) equity investment from Gilead.

On the closing date of the transaction (August 23, 2019) we concluded that the upfront payment implicitly included a premium for the future issuance of warrant A and initial and subsequent warrant B. The expected value of the warrants to be issued is treated as a contract liability ("warrant issuance liability") and reducing the transaction price until the approval date of the issuance of the underlying warrant. As from approval date, the allocation of the upfront payment to the respective warrant becomes fixed and future changes in the fair value of the respective warrant will be recognized as either a profit or loss. As such, the part of the upfront payment allocated to the warrant A and initial warrant B reflects the fair value of these financial liabilities at the warrant approval date (October 22, 2019). The value allocated to the subsequent warrant B reflects the fair value of the underlying liability as of December 31, 2020, 2021 and 2022 since subsequent warrant B is not yet approved for issuance. Subsequent warrant B is included in our deferred income in our statement of financial position.

On November 6, 2019 Gilead exercised warrant A, which resulted in an additional equity investment of €368.0 million.

At the inception of the collaboration with Gilead we identified the following three performance obligations: (i) the transfer of an extended license on GLPG1690, (ii) the granting of exclusive access to our drug discovery platform (i.e. the IP, technology, expertise and capabilities) during the collaboration period and exclusive option rights on our current and future clinical programs after Phase 2 (or, in certain circumstances, the first Phase 3 study) outside Europe and (iii) an increased cost share from 20/80 to 50/50 for the global development activities of filgotinib, as a result of the revised license and collaboration agreement. As part of the collaboration, Gilead also received option rights for GLPG1972, a Phase 2b candidate for osteoarthritis, in the United States. Please refer to the Critical accounting judgments and key sources of estimation uncertainty section for further explanation of critical judgments in applying accounting policies.

From the transaction proceeds received from Gilead, \$738.0 million (€667.0 million) was allocated to the license on GLPG1690, \$710.0 million (€641.7 million) was allocated increasing the cost share from 20/80 to 50/50 on the global development activities of filgotinib, and on December 31, 2019, \$2,528.1 million (€2,284.7 million) was allocated to obtain exclusive access rights to our drug discovery platform. The amount allocated to the drug discovery platform also considered the additional effects on the transaction price from derivative financial instruments triggered by the share subscription agreement and the warrants granted to Gilead. We refer to the note 6 of this annual report titled "Total net revenues" for the allocation of the transaction price received from Gilead.

By virtue of the collaboration with Gilead, Gilead obtained the right to propose two individuals for nomination to our Board of Directors, Gilead's representatives were nominated during our special general meeting of the shareholders which occurred on October 22, 2019.

Terms of the collaboration

We will fund and lead all discovery and development autonomously until the end of Phase 2. After the completion of a qualifying Phase 2 study (or, in certain circumstances, the first Phase 3 study), Gilead will have the option to acquire a license to the compound outside Europe. If the option is exercised, we and Gilead will co-develop the compound and share costs equally. Gilead will maintain option rights to our programs through the 10-year term of the collaboration. This term can be extended for up to an additional three years thereafter for those programs, if any, that have entered clinical development prior to the end of the collaboration term. In addition, a final term extension can be granted in certain circumstances. Development of GLPG1690 was discontinued in February 2021.

After the completion of the ongoing Phase 2b study of GLPG1972 concerning osteoarthritis, Gilead had the option to pay a \$250 million fee to license the compound in the United States. In November 2020, Gilead declined to exercise its option to GLPG1972.

For any additional programs resulting from the collaboration, Gilead will make a \$150 million opt-in payment per program and will not be subject to subsequent milestones payments. We will receive tiered royalties ranging from 20%-24% on net sales of all our products licensed by Gilead in all countries outside Europe. The collaboration is further described in "Item 4 – Collaborations – Option, License and Collaboration Agreement with Gilead".

Filgotinib collaboration

In accordance with the collaboration agreement, as revised in 2019, we and Gilead would co-commercialize filgotinib in France, Germany, Italy, Spain and the United Kingdom and retain a 50/50 profit share in these countries pursuant to the original filgotinib license agreement. We would also share future global development costs for filgotinib equally with Gilead until a predetermined level, in lieu of the 80/20 cost split provided by the original agreement.

In December 2020, we agreed under a binding term sheet to further amend the collaboration agreement between us and Gilead, and as a result of such amendment we have assumed all development, manufacturing, commercialization and certain other rights for filgotinib in Europe. Through a phased transition during which most of the activities concerning filgotinib were transferred by Gilead to us by December 31, 2021, we became the marketing authorization holder for Jyseleca in the European economic area and Great Britain, that was completed by December 31, 2022, leaving us with the sole right to commercialize filgotinib in Europe. Until December 31, 2021, we continued to share equally with Gilead in the net profit and net losses in each of the Netherlands, Belgium, Luxembourg, France, Germany, Italy,

Spain and UK. All commercial activities and economics concerning filgotinib in Europe transferred to us as of January 1, 2022, subject to payment of tiered royalties of 8% to 15% of net sales in Europe to Gilead, starting in 2024. Gilead retains commercial rights and remain marketing authorization holder for filgotinib outside of Europe, including in Japan.

Since January 1, 2021, we have been responsible for the development costs for certain studies concerning filgotinib, in lieu of the equal cost split contemplated by the previous agreement. These studies include the DARWIN3, FINCH4, FILOSOPHY, and Phase 4 studies and registries in RA, MANTA and MANTA-RAY, the PENGUIN1 and 2 and EQUATOR2 studies in PsA, the SEALION1 and 2 studies in AS, the HUMBOLDT study in uveitis in addition to other clinical and non-clinical expenses supporting these studies and support for any investigator sponsored trials in non-IBD conditions and non-clinical costs on all current trials. The existing 50/50 global development cost sharing arrangement between us and Gilead continues for the following studies: SELECTION and its long-term extension study (LTE) in UC, DIVERSITY and its LTE, DIVERGENCE 1 and 2 and their LTEs and support for Phase 4 studies and registries in Crohn's disease, pediatric studies and their LTEs in RA, UC and Crohn's disease, and support for investigator sponsored trials in IBD.

In September 2021, we and Gilead agreed to transfer the sponsorship of the DIVERSITY study and its LTE study from Gilead to us. The transfer was intended to be completed by June 30, 2022 and completed by March 2023. Since April 1, 2022, we are solely responsible for all development costs for the DIVERSITY study and the related LTE study.

In March 2022, we and Gilead agreed to transfer the sponsorship of and the operational responsibility for the MANTA study and its long-term extension to Galapagos. The transfer was substantially completed by December 31, 2022.

In connection with our entry into the initial collaboration agreement with Gilead on filgotinib, we received in January 2016 an upfront payment of \$725 million consisting of a one-time, non-refundable, non-creditable license fee in the amount of \$300 million and a \$425 million equity investment by Gilead. In November 2016, Gilead initiated a Phase 3 trial in CD, for which we received a \$50.0 million (€45.7 million) payment. In December 2016, Gilead initiated a Phase 2 trial in UC for which we received a \$10.0 million (€9.4 million) payment. In April 2017, Galapagos initiated a Phase 2 trial in psoriatic arthritis as a new indication, for which we received a \$10.0 million (€9.4 million) payment. In May 2018, Gilead initiated a Phase 3 trial in UC for which we received \$15.0 million (€12.4 million).

In connection with the revised agreement in July 2019, \$710 million (€641.7 million) of upfront consideration received from Gilead was allocated to the extended cost sharing for development costs of filgotinib.

In December 2019, Gilead initiated a Phase 3 trial in psoriatic arthritis for which we received \$10.0 million (€9.1 million). In December 2019, Gilead filed an NDA for filgotinib in the U.S. for which we received a \$20 million payment in January 2020. In September 2020 filgotinib was approved by both the European and the Japanese authorities, for which we received a \$105.0 million (€90.2 million) payment in October 2020. In connection with the December 2020 binding term sheet that we entered into with Gilead, pursuant to which we agreed to amend the existing arrangement for the commercialization and development of filgotinib, Gilead agreed to irrevocably pay Galapagos €160 million, subject to certain adjustments for higher than budgeted development costs. Gilead paid €35 million in January 2021, €75 million in April 2021 and €50 million in March 2022. In addition, we will no longer be eligible to receive any future milestone payments relating to filgotinib in Europe.

Under the terms of the agreement of September 2021, in July 2022, Gilead made a one-time payment of \$15 million to us.

In March 2022 filgotinib was approved by the Japanese authorities for UC, for which we received a \$20.0 million (€18.2 million) payment in May 2022.

We remain eligible to receive tiered royalty percentages ranging from 20% to 30% on Gilead's global net sales of filgotinib outside of Europe and future development and regulatory milestone-based payments of up to \$275 million and sales-based milestone payments of up to \$600 million.

From January 1, 2020 until December 31, 2022, we received €28.1 million of royalties on Jyseleca from Gilead.

The collaboration is further described in “Item 4 – Collaborations -- Exclusive collaboration agreement with Gilead for filgotinib”.

Terms of the equity investment

As part of the research and development collaboration Gilead also entered into a share subscription agreement with us. Gilead’s equity investment consisted of a subscription for new Galapagos shares at a price of €140.59 per share, representing at July 14, 2019 a 20% premium to Galapagos’ 30-day, volume-weighted average price. This equity subscription took place at the close of the transaction, on August 23, 2019 and increased Gilead’s stake in Galapagos from approximately 12.3% to 22.04% of the then issued and outstanding shares of Galapagos.

In addition, the extraordinary general meeting of the shareholders held on October 22, 2019 approved the issuance of warrant A and initial warrant B allowing Gilead to further increase its ownership of Galapagos to up to 29.9% of the company’s issued and outstanding shares. The initial warrant B has a term of five years and an exercise price per share equal to the greater of (i) 120% multiplied by the arithmetic mean of the 30-day daily volume weighted average trading price of Galapagos’ shares as traded on Euronext Brussels and Euronext Amsterdam, and (ii) EUR 140.59.

Subsequent warrant B is still subject to approval by an extraordinary general meeting of the shareholders. This extraordinary general meeting of shareholders shall take place between 57 and 59 months after the closing of the subscription agreement (August 23, 2019) and this warrant will have substantially similar terms, including the exercise price, to the initial warrant B. The agreement also includes a 10-year standstill restricting Gilead’s ability to propose a business combination with or acquisition of Galapagos or increase its stake in Galapagos beyond 29.9% of the company’s issued and outstanding shares, subject to limited exceptions.

On November 6, 2019 Gilead exercised warrant A and increased its ownership in Galapagos to 25.10% of the then outstanding shares of us. Gilead’s ownership at December 31, 2022 was 25.38%.

Product development, license and commercialization agreement with Servier

On August 30, 2021, we formalized the termination of the agreement by executing a termination agreement.

As a result of such termination, rights to the GLPG1972 were returned to us, subject to payment of a regulatory milestone, a commercial milestone and a mid single digit sales-based royalty due upon the successful commercialization of GLPG1972 in countries outside the U.S.

Exclusive license agreement with MorphoSys AG and Novartis Pharma AG

On November 5, 2021, we and MorphoSys ended our collaboration by executing a transition agreement. Pursuant to this agreement, MorphoSys has the right to continue research and development activities for MOR106 in all indications. Galapagos also assigned and transferred all of its patent rights and know-how to MorphoSys, and in exchange Galapagos remains eligible to receive single-digit royalties upon the worldwide successful commercialization of MOR106.

Amended AbbVie collaboration agreement for CF

On October 24, 2018 we and AbbVie amended and restated the CF collaboration agreement for a second time to restructure the entire collaboration. A detailed summary of this collaboration agreement is set forth in the section of this annual report titled “Item 4.B.—Business Overview—Collaborations— Second Amended and Restated Collaboration with AbbVie.”

Upon execution of the initial collaboration agreement, we received a one-time non-refundable, non-creditable upfront payment of \$45.0 million (€34.0 million). Upon execution of the second amended and restated collaboration agreement, we received an additional one-time non-refundable, non-creditable upfront payment of \$45.0 million (€38.9 million). As of the date of this annual report, we have also received a total of \$112.5 million (€99.3 million) in milestone payments under the agreement. All payments made by AbbVie to us are in U.S. dollars.

Under the second amended and restated agreement, we are still eligible to receive up to \$175 million in total additional developmental, regulatory, and sales-based milestone payments. In addition, we will be eligible to receive tiered royalty percentages ranging from single digit to low teens on net sales of licensed products payable on a product-by-product basis in the event AbbVie receives regulatory approval and realizes commercial sales in CF. AbbVie further agrees to pay us tiered single digit royalties of global commercial sales, from these candidates achieved in indications outside of CF, if and when the candidates are approved.

We retain exclusive global commercial rights to develop GLPG2737, a candidate C2 corrector, in all indications outside of CF. AbbVie is eligible to receive up to \$20 million upon the achievement of a late stage development milestone, and tiered single digit royalties on future global commercial sales, if approved, in indications outside CF. We further retain exclusive global commercial rights to develop GLPG1837, a candidate potentiator, in all indications outside of CF. AbbVie is eligible for a low single digit royalty on future global commercial sales, if approved, in indications outside CF.

Distribution agreement for Jyseleca with Sobi

In October 2021, we signed an agreement (as amended from time to time) with Swedish Orphan Biovitrum AB ('Sobi') regarding the distribution of Jyseleca. Sobi acts as our distribution and commercialization partner of Jyseleca and will distribute the medicine in Central and Eastern Europe, Greece, Portugal, and the Baltic countries. Launches or first sales of Jyseleca in the aforementioned countries trigger milestone payments. In 2022, we recorded milestones of €2.0 million triggered by the first sale of Jyseleca in the Czech Republic and Portugal by Sobi.

Financial operations overview

Product net sales

Revenue on the sale of Jyseleca® is recorded as "Product net sales" in our consolidated statement of operations.

Product net sales is the net amount of revenue recognized resulting from transferring control over our products to our customer (for example wholesalers and hospitals). Product sales revenue is recognized at a point in time when control of the goods has been transferred to the customer. This is generally when the goods are delivered to the customer depending on the specific incoterms in the contract with a customer.

The amount of revenue recognized is the amount allocated to the satisfied performance obligation taking into account variable consideration. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration that is included in the transaction price is primarily composed of rebates, discounts, cash discounts and chargebacks granted to various customers that are part of commercial and governmental contractual arrangements or other reimbursement programs. Shelf stock adjustments are granted to some of our customers to cover the inventory held by them at the time of a price decrease becomes effective. A liability is recognized for expected rebates, cash discounts, chargebacks or other reimbursements payable directly or indirectly to customers in relation to sales made until the end of the reporting period.

The amount of variable consideration is estimated using several elements such as third-party market data, product pricing, the specific terms in the individual agreements, estimated inventory levels and the shelf life of our product. If actual results differ, these estimates will be adjusted.

Net sales are presented net of value added tax and other sales related taxes.

Collaboration Revenue

Collaboration revenues to date have consisted principally of milestones, license fees, non-refundable upfront fees and royalties received in connection with collaboration and license agreements. Until 2020 we also generated revenue from our fee-for-service activities.

The revenue recognition policy can be summarized as follows:

We recognize revenue when our customer obtains control of promised goods or services, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. To determine revenue recognition for agreements that we determine are within the scope of IFRS 15, we perform the following five steps:

(i) identify the contract

In our agreements with customers, we are mainly transferring licenses on our IP and in some cases this is combined with access rights and/or providing research and development services and/or cost sharing mechanisms. In some cases our collaborations also include an equity subscription component. If this is the case, we analyze if the criteria to combine contracts, as set out by IFRS 15, are met.

(ii) identify the performance obligations in the contract

Depending on the type of the agreement, there can be one or more distinct performance obligations under IFRS 15. This is based on an assessment of whether the promises in an agreement are capable of being distinct and are distinct from the other promises to transfer goods and/or services in the context of the contract. For some of our agreements we combine the transfer of the license with the performance of research and development activities because we consider that the license is not capable of being distinct and is not distinct in the context of the contract.

(iii) determine the transaction price

Collaboration and license agreements with our commercial partners for research and development activities generally include non-refundable upfront fees; milestone payments, the receipt of which is dependent upon the achievement of certain clinical, regulatory or commercial milestones; license fees, royalties on sales and sometimes reimbursement income or profits sharing arrangements.

a/ License fees or upfront payments

If the license to our intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, we recognize revenues from non-refundable upfront fees allocated to the license at the point in time the license is transferred to the customer and the customer has the right to use the license.

For licenses that are bundled with other promises, we utilize judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time. If over time, revenue is then recognized based on a pattern that best reflects the transfer of control of the service to the customer.

b/ Milestone payments other than sales based milestones

A milestone payment is only included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved (which is generally only when the milestone is achieved). We estimate the amount to be included in the transaction price using the most likely amount method, where milestone payments are included in the transaction price upon achievement of the milestone event. The transaction price is then allocated to each performance obligation on a stand-alone selling price basis, for which we recognize revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, we re-evaluate the probability of achievement of such milestones and any related constraint, and, if necessary, adjust our estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenue and earnings in the period of adjustment.

c/ Reimbursement income for R&D services

Collaboration and license agreements may include reimbursement or cost sharing for research and development services: such as outsourcing costs and payment for full-time equivalents at contractual rates. R&D services are performed and satisfied over time given that the customer simultaneously receives and consumes the benefits provided by us.

Such costs reimbursements received are recognized in revenues when costs are incurred and agreed by the parties when we are acting as a principal in the scope of our stake of the R&D activities. If the later condition is not fulfilled, costs reimbursements are accounted for as a decrease of the related expenses.

d/ Sales based milestone payments and royalties

License and collaboration agreements include sales-based royalties, including commercial milestone payments based on the level of sales, and the license has been deemed to be the predominant item to which the royalties relate. Related revenue is recognized as the subsequent underlying sales occur.

(iv) allocate the transaction price to the performance obligations in the contract

We allocate the transaction price to each performance obligation identified in the contract based upon the stand-alone selling price. The stand-alone selling price of each performance obligation is estimated by using one of the following methods: adjusted market assessment approach, the expected cost plus a margin approach or the residual approach. If management assesses that there is only one single performance obligation, the entire transaction price would be allocated to this performance obligation.

(v) recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised when our customer obtains control of the goods and/or services foreseen in the contracts. The control can be transferred over time or at a point in time – which result in recognition of revenue over time and at a point in time.

In case of revenue recognition over time, we use either an input model that considers estimates of the percentage of total research and development costs that are completed each period compared to the total estimated costs (percentage of completion method) to measure the progress of the satisfaction of the underlying performance obligation (which is the method applied for the filgotinib performance obligation). In other cases, depending on specific circumstances, we recognize revenue on a straight-line basis over the estimated term of the performance obligation (which is the method applied for the performance obligation related to our drug discovery platform).

Cost of sales

Our cost of sales includes primarily the purchase cost of the goods sold and transportation costs.

R&D expenditure

Expenses on R&D activities are recognized as an expense in the period in which the expense is incurred.

Our R&D expenditure consists of costs associated with our R&D activities such as:

- personnel costs associated with employing our team of R&D staff, including salaries, social security costs, and share-based compensation expenses;
- disposables and lab consumables used in the conduct of our in-house research programs;
- payments for research work conducted by sub-contractors and sponsorship of work by our network of academic collaborative research scientists;
- subcontracting costs paid to contracted research organizations, or CROs, for our preclinical studies or clinical trials, as well as costs associated with safety studies;
- Professional fees to support our R&D activities;
- costs paid to our collaboration partners and reimbursements received from our collaboration partners in the scope of the cost sharing agreements of our collaborations
- premises costs associated with our laboratory and office space to accommodate our teams;

- depreciation and impairment of fixed assets used to develop our product candidates; and
- other operating expenses, namely software and licenses, maintenance costs for equipment, travel costs, and office expenses.

Our R&D expenses are expected to decrease overall, driven by the discontinuation of activities in fibrosis and kidney disease in 2022 as a result of our new strategy, while advancing our immunology pipeline and accelerating investments in our oncology programs. Since 2020, we cumulatively have spent €1,530.5 million on R&D activities which can be split as follows between the key programs:

	Year ended December 31,			Cumulative	
	2022	2021	2020		
		(Euro, in thousands)			
Filgotinib program	€ (245,286)	€ (171,204)	€ (126,879)	€ (543,369)	36%
Ziritaxestat program	(1,096)	(26,725)	(55,902)	(83,723)	5%
SIKi program	(47,727)	(91,957)	(87,107)	(226,791)	15%
TYK2 program on GLPG3667	(24,467)	(27,141)	(20,199)	(71,807)	5%
CAR-T programs in oncology	(29,999)	—	—	(29,999)	2%
Other programs	(166,507)	(174,680)	(233,580)	(574,767)	38%
Total R&D expenses	€ (515,083)	€ (491,707)	€ (523,667)	€ (1,530,456)	100%

Other programs comprise expenditure for other projects in research phase and other early stage development programs in inflammation, fibrosis and other indications.

The increase in our R&D expenditure for the year ended December 31, 2022, compared to the year before, was primarily due to cost increases for our filgotinib program and for our new CAR-T programs in oncology. This was partly offset by decreased costs due to the winding down of the ziritaxestat (IPF) program, and reduced spend on our SIKi, TYK2 and other programs.

Sales and marketing expenses

Sales and marketing expenses include costs associated with managing our commercial activities, our commercial launch for filgotinib in Europe.

Expenses on S&M activities are recognized as an expense in the period in which the expense is incurred.

Our sales and marketing expenses consists of costs associated with our commercial activities such as:

- personnel costs associated with employing our team of commercial and supply chain staff, including salaries, social security costs, and share-based compensation expenses;
- subcontracting costs related to contracted agencies for marketing campaigns and materials, business analytics, market research and promotional expenses.
- professional fees to support our commercial activities;
- costs charged to us by Gilead or recharged by us to Gilead in the scope of our co-commercialization cost sharing agreement for filgotinib in Belgium, the Netherlands, Luxembourg, France, Italy, Spain, Germany and Great Britain until December 31, 2021
- depreciation of fixed assets used by our commercial staff.
- other operating expenses, namely press and communication fees, operational taxes, costs of samples, travel and accommodation costs, and office expenses.

Our sales and marketing expenses are expected to remain stable, as we remain fully committed to Jyseleca in Europe, while we anticipate continued growth in our Jyseleca sales in RA and UC.

General and administrative expenses

General and administrative expenses consist primarily of salaries and benefits related to our executive, finance, human resources, business development, legal, intellectual property, and information technology support functions, as well as depreciation and impairment costs of fixed assets. Professional fees reported under general and administrative expenses mainly include legal fees, accounting fees, audit fees, and fees for taxation advisory and other consultancy costs. Other general and administrative operating expenses primarily encompass software and license costs, equipment maintenance and leasing costs, consultancy costs, insurance costs, Belgian tax on securities accounts, office expenses, and travel costs.

Grants and R&D incentives

We benefit from various grants and R&D incentives from certain governmental agencies. These grants and R&D incentives generally aim to partly reimburse approved expenditures incurred in our R&D efforts and are credited to the statement of operations, under other operating income, when the relevant expenditure has been incurred and there is reasonable assurance that the grant or R&D incentive is receivable. The main grants and R&D incentives are as follows:

- Companies in Belgium are eligible to receive R&D incentives linked to R&D investments (equaling 25% of 13.5% of the investment value in 2022). This R&D tax credit results in a cash inflow to us from the tax authorities five years after the investment was made and capitalized in our standalone financial statements under Belgian GAAP for the portion that has not been used to offset the payment of corporate tax or is paid to us for the portion that remains unused. In 2021 we also received a grant from the National Institute for Health and Disability Insurance. This grant aims to incentivize innovative Belgian biotech companies who are performing research and development activities in order to identify new medicines. Finally, we also benefit from certain rebates on payroll withholding taxes for scientific personnel.
- In France, we benefit from R&D incentives from the French Government for R&D activities whereby 30% of qualifying R&D expenses can be recuperated. This research tax credit (crédit d'impôt recherche) results in a cash inflow to us from the tax authorities after three years, i.e., it is used to offset the payment of corporate tax or is paid to us for the portion that remains unused. Qualifying expenditures largely comprise employment costs for research staff, consumables, and certain overhead costs as well as capped outsourcing costs incurred as part of R&D projects.

Fair value adjustments and net exchange differences

Fair value re-measurement of warrants refers to initial warrant B. As this initial warrant B is not yet exercised by Gilead per December 31, 2022, we re-measured the financial liability relating to this warrant on December 31, 2020, on December 31, 2021 and on December 31, 2022 and recognized the resulting change in fair value between the year-end 2019 and year-end 2020, between year-end 2020 and year-end 2021 and between year-end 2021 and year-end 2022 in profit or loss. The recognized fair value gain of €3.0 million in 2020 and of €3.0 million in 2021 and of €0.2 million in 2022 are mainly the result of the change in the implied volatility of our share price and the evolution of our share price itself for these three periods. On December 31, 2022, the fair value of the financial liability related to the initial warrant B amounts to €0.02 million.

The financial liability will be re-measured at fair value at each reporting period.

Fair value gains and losses on financial assets held at fair value through profit or loss consist of the effect of re-measurement of financial assets classified as equity investments held at fair value through profit or loss, which qualify for level 1 fair value measurement based upon the closing price of such securities at each reporting date, and of an impairment loss on a participation in a non-listed company. This resulted in a net book value of zero of the financial assets held at fair value through profit or loss on December 31, 2021. Any gain or loss realized upon the sale of equity instruments is reported in other financial expense or in other financial income.

Fair value gains and losses on current financial investments consist of the interest on treasury bills which have not yet expired, the effect of the re-measurement at fair value of our money market funds, including as from 2021 the exchange differences on money market funds. These money market funds qualify for level 1 fair value measurement based upon the closing price of the investment at each reporting date.

Foreign currency exchange gain and loss comprises the realized and unrealized effects from currency exchange rate fluctuations on our balance sheet positions denominated in foreign currency. For the year ended December 31, 2022, currency exchange gain was primarily due to currency exchange rate differences on our cash held in foreign currency. On December 31, 2022 our cash and cash equivalents and current financial investments included \$906.9 million held in U.S.dollars, which could generate foreign currency exchange gain or loss in our financial results in accordance with the fluctuation of the EUR/U.S.dollar exchange rate as our functional currency is EUR.

Other financial expense and financial income

Interest expense consists primarily of interest expense incurred on certain of our term deposits, treasury bills and leases.

Interest income consists primarily of interest earned by investing our cash reserves in interest-bearing deposit accounts, notice accounts and in current financial investments. Interest income increased due to increasing interest rates.

Other financial expenses include the costs linked the accounting for a financing component under IFRS15, embedded in the upfront consideration received from Gilead in connection with the revised agreement for filgotinib. This represents the time value of money on the estimated revenue recognition period.

Other financial expenses also include the discounting component of other non-current liabilities, being the deferred consideration and milestones payable related to the acquisition of subsidiaries.

Taxation

With the exception of the year ended December 31, 2019, we have a history of losses. We forecast to continue incurring losses as we continue to invest in our clinical and preclinical development programs and our discovery platform.

Consequently, we do not have any deferred tax asset on the balance sheet as at December 31, 2022, except for one subsidiary working on a cost plus basis for which a deferred tax asset was set up for an amount of €1.1 million as of December 31, 2022. As a result of the business combination related to the acquisitions of CellPoint and AboundBio in 2022, we also recognized a net deferred tax liability of €23.3 million, consisting of deferred tax liabilities (€32.3 million) based upon the fair value of the acquired intangible assets less recognized deferred tax assets (€9.0 million). As a company active in research and development in Belgium, we also expect to benefit from the “innovation income deduction”, or IID in Belgium. The innovation income deduction regime allows net profits attributable to revenue from among others patented products (or products for which the patent application is pending) to be taxed at a lower effective tax rate than other revenues. The effective tax rate can thus be reduced up to 3.75%.

Operating segments

We are currently operating as a single operating segment. Prior to the disposal of Fidelta we had two reportable segments, R&D and fee-for-service business. Due to the disposal of Fidelta (our fee-for-service segment) on January 4, 2021, we reported this segment as discontinued operations in 2020 and 2021.

Financial information related to our operational segment and geographic information is contained in “Note 5—Segment information” in our consolidated financial statements appended to this annual report.

Risks

For further information regarding governmental economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, our operations, please see the section of this annual report titled “Item 3.D.—Risk Factors.”

Critical accounting judgments and key sources of estimation uncertainty

We refer to “Note 4-Critical accounting judgments and key sources of estimation uncertainty” in our consolidated financial statements appended to this annual report.

New standards and interpretations applicable for the annual period beginning on January 1, 2021 and for the annual period beginning on January 1, 2022

We refer to “Note 3-Significant accounting policies” in our consolidated financial statements appended to this annual report.

A. Operating results

Comparison of years ended December 31, 2022 and 2021

The following table summarizes the results of our operations for the years ended December 31, 2022 and 2021, together with the changes to those items.

	Year ended December 31,		% Change
	2022	2021	
	(Euro, in thousands, except per share data)		
Product net sales	€ 87,599	€ 14,753	494%
Collaboration revenues	417,681	470,093	(11%)
Total net revenues	505,280	484,846	4%
Cost of sales	(12,079)	(1,629)	641%
Research and development expenses	(515,083)	(491,707)	5%
Sales and marketing expenses	(147,555)	(69,956)	111%
General and administrative expenses	(144,931)	(140,899)	3%
Other operating income	46,848	53,749	(13%)
Operating loss	(267,520)	(165,596)	62%
Fair value adjustments and net exchange differences	51,473	61,296	(16%)
Other financial income	18,578	3,058	508%
Other financial expenses	(17,679)	(21,757)	(19%)
Loss before tax	(215,147)	(122,999)	75%
Income taxes	(2,844)	(2,423)	17%
Net loss from continuing operations	(217,991)	(125,422)	74%
Net income from discontinued operations, net of tax	—	22,191	(100%)
Net loss	€ (217,991)	€ (103,231)	111%
Net loss attributable to:			
Owners of the parent	(217,991)	(103,231)	
Basic and diluted loss per share	€ (3.32)	€ (1.58)	
Basic and diluted loss per share from continuing operations	€ (3.32)	€ (1.91)	

Product net sales

We reported net sales of Jyseleca for the year ended December 31, 2022 of €87.6 million. Our counterparties for the sales of Jyseleca during 2022 were mainly hospitals and wholesalers located across Europe. Jyseleca net sales have significantly grown driven by volume uptake of existing business and by new launches in both indications in multiple countries.

Net sales exclusively consisted of sales of Jyseleca in Europe.

Collaboration revenues

	Year ended December 31,		% Change
	2022	2021	
	(Euro, in thousands)		
Recognition of non-refundable upfront payments and license fees	€ 370,078	€ 433,884	(15%)
Milestone payments	36,777	32,408	13%
Reimbursement income	56	—	
Royalties	10,770	3,801	183%
Total collaboration revenues	€ 417,681	€ 470,093	(11%)

A summary of the accounting treatment of the Gilead collaborations is given below:

Collaborations with Gilead

On July 14, 2019 we and Gilead announced that we had entered into a 10-year global research and development collaboration. Through this agreement, Gilead gained exclusive access to our innovative portfolio of compounds, including molecules currently in clinical trials, our preclinical programs and a proven drug discovery platform.

As part of this deal, our existing license and collaboration agreement for filgotinib with Gilead was amended for a first time. Under this revised filgotinib agreement, we obtained greater involvement in filgotinib's global strategy and participate more broadly in the commercialization of the product in Europe, providing the opportunity to build a commercial presence on an accelerated timeline. On December 15, 2020 our license and collaboration agreement for filgotinib with Gilead was amended a second time. Under this arrangement, we assume sole responsibility in Europe for filgotinib. On September 6, 2021 we agreed together with Gilead to slightly amend the existing arrangement for the development of filgotinib by transferring the sponsorship and operational responsibility of the DIVERSITY trial (incl. its long-term extension studies) from Gilead to us no later than June 30, 2022. As such this trial became a "Group A activity" (these are studies for which we bear the future development costs) as from April 1, 2022, whereby we take 100% of the development costs and full operational responsibility for this trial as from that moment.

We refer to note 2 of our consolidated financial statements 'Summary of significant transaction' for more detailed information. We retain the following three performance obligations, of which the first one was satisfied completely in 2019; (i) the transfer of an extended license on GLPG1690, (ii) the granting of exclusive access to our drug discovery platform (i.e. the IP, technology, expertise and capabilities) during the collaboration period and exclusive option rights on our current and future clinical programs after Phase 2 (or, in certain circumstances, the first Phase 3 study) outside Europe and (iii) an increased cost share from 20/80 to 50/50 to 100/0 (for Group A activities only) on the global development activities of filgotinib, until we complete the remaining development activities (Group A and Group B activities).

We concluded as follows:

Determination of the total transaction price

- We assessed that the contract modifications of December 15, 2020 and September 6, 2021 only changed the scope of the filgotinib performance obligation and the changes in both fixed and variable consideration were reflective of the updated stand-alone selling price for the remaining activities of this performance obligation. As a result of these modifications, there were increases in the transaction prices of €160.0 million and \$15 million, respectively, which have been allocated in their entirety to the filgotinib performance obligation.

Financing component

- Management considered it is appropriate to adjust the part of the transaction price that was allocated to the filgotinib performance obligation, for the time value of money. The additional consideration as a result of the contract modification of December 15, 2020 was also adjusted for the time value of money.

License on GLPG1690

- This performance obligation is completely satisfied at December 31, 2019. Following the discontinuation of the ziritaxestat trials, we do not expect future milestone payments or royalties.
- After granting the license for GLPG1690, we shared Phase 3 costs equally with Gilead. Any cost reimbursement from Gilead was not recognized as revenue but accounted as a decrease of the related expenses.

Filgotinib amendment

- There is one single performance obligation under IFRS 15: the transfer of a license combined with performance of R&D activities. This is because we considered that the license is not distinct in the context of the contract.
- The transaction price is currently composed of a fixed part, being an upfront license fee and a variable part, being milestone payments, sales based milestones and sales based royalties, and cost reimbursements for R&D activities. Milestone payments are included in the transaction price of the arrangement to the extent that it is highly probable that a significant reversal of revenue will not occur. Milestone payments received from Gilead are recognized in revenue over time till the end of the development plan. Sales based milestones and sales based royalties are also part of the arrangement and are recognized as revenues at a point in time at the moment they occur. During 2021 and 2022 we reported respectively €3.8 million and €10.7 million of revenues from royalties from Gilead.
- Revenues, excluding sales based milestones and sales based royalties are recognized over time through satisfaction of the performance obligation. The "cost-to-cost" input model is applied to measure the progress of the satisfaction of this performance obligation. The estimated costs to complete the performance obligation were reassessed as a result of the contract modifications from 2020 and 2021.

Access rights to the drug discovery platform, option rights and R&D activities

- The revenue allocated to the drug discovery platform will be recognized over time as Gilead receives exclusive access to our drug discovery platform and option rights on our current and future pipeline as well as R&D activities during the collaboration term. Management concluded that an equal spread over the collaboration period is the most reliable and appropriate recognition method.
- At inception of the collaboration (July 2019) we assessed the appropriate period over which to recognize the drug discovery platform revenue to be 10 years. This is because we granted exclusive rights over a 10-year period. However, if at the end of the 10-year period, some programs in existence as of this time would have reached the clinic (i.e. IND filed with regulatory authorities), the rights for those specific programs may be extended, for a maximum of three years. This critical estimate is reassessed at each year-end based on the evolution of our pipeline and is still valid per December 31, 2022.

Collaborations with Sobi

In October 2021, we signed an agreement with Sobi regarding the distribution of Jyseleca®. Sobi will distribute the medicine in Central and Eastern Europe, Greece, Portugal, and the Baltic countries.

The below table summarizes the transaction price of our collaboration with Gilead

	December 31, 2020	Other movements in 2021	Filgotinib amendment (September 6, 2021)	December 31, 2021	Other movements in 2022	December 31, 2022
Allocation of transaction price						
Upfront consideration	€ 4,005,373		€ 12,643	€ 4,018,016		€ 4,018,016
Milestones achieved	194,363			194,363	€ 18,238	212,601
Royalties	16,227	€ 3,757		19,984	10,726	30,710
Impact initial valuation of share subscription	124,604			124,604		124,604
	4,340,567	3,757	12,643	4,356,967	28,964	4,385,931
Less :						
Warrants issuance liabilities						
Warrant A	(43,311)			(43,311)		(43,311)
Initial warrant B	(2,545)			(2,545)		(2,545)
Subsequent warrant B	(7,859)	5,417		(2,442)	1,714	(728)
	4,286,852	9,174	12,643	4,308,669	30,678	4,339,347
Allocation to performance obligations						
Ziritaxestat	666,967			666,967		666,967
Filgotinib ⁽¹⁾	1,326,814	3,757	€ 12,643	1,343,214	28,964	1,372,178
Drug discovery platform (10 years)	€ 2,293,072	€ 5,417		€ 2,298,489	€ 1,714	€ 2,300,203

(1) With regard to the additional consideration received as a result of the Option, License and Collaboration agreement (July 14, 2019) allocated to the filgotinib performance obligation, we assumed the existence of a significant financing component estimated to €44.5 million as of December 31, 2019 reflecting the time value of money on the estimated recognition period. This financing component was reassessed to €55.3 million as of December 31, 2020, to €57.3 million on December 31, 2021 and to €58.7 million on December 31, 2022.

In 2022, we received \$20.0 million (€18.2 million) of milestone payment for the regulatory approval of filgotinib in UC in Japan and we recognized €10.7 million of royalties from Gilead.

The following table summarizes details of collaboration revenues for the years ended December 31, 2022 and 2021 by collaboration and by category of revenue: upfront payments and license fees, milestone payments, reimbursement income and royalties.

	Over time	Point in time	2022 (Euro, in thousands)	2021 (Euro, in thousands)
Recognition of non-refundable upfront payments and license fees				
Gilead collaboration agreement for filgotinib	0		€ 370,078	€ 433,884
Gilead collaboration agreement for drug discovery platform	0		230,423	230,582
Milestone payments				
Gilead collaboration agreement for filgotinib	0		36,777	32,408
Sobi distribution agreement for Jyseleca		0	2,000	-
Reimbursement income				
Novartis collaboration agreement for MOR106		0	56	-
Royalties				
Gilead royalties on Jyseleca		0	10,770	3,801
Other royalties		0	44	43
Total collaboration revenues			€ 417,681	€ 470,093

Recognition of non-refundable upfront payments and licence fees, and milestone payments related to the filgotinib agreement amounted to €174.4 million in 2022. We recognize the consideration from Gilead allocated to the drug discovery platform on a linear basis over 10 years, of which we recognized €230.4 million in 2022. For the year ended December 31, 2022, we recognized in revenue €10.7 million of royalties from Gilead on filgotinib. Additionally, we recorded in 2022 milestone payments of €2.0 million triggered by the initial sales of Jyseleca® in the Czech Republic and Portugal by our distribution and commercialization partner Sobi.

The outstanding balance of deferred income from the Gilead collaboration agreement at December 31, 2022 amounted to €1,985.8 million. This is composed of €456.4 million for filgotinib that will be recognized in revenue over the estimated remaining development period and €1,529.4 million for the exclusive access to our drug discovery

platform. The latter is composed of €1,528.7 million that will be linearly recognized over the next years and €0.7 million is related to the warrant issuance liability reserved for the subsequent warrant B.

Cost of sales

Cost of sales related to Jyseleca product net sales for the year ended December 31, 2022 amounted to €12.1 million.

R&D expenditure

The following table summarizes our R&D expenditure for the years ended December 31, 2022 and 2021, together with the changes to those items.

	Year ended December 31,		% Change
	2022	2021	
	(Euro, in thousands)		
Personnel costs	€ (190,085)	€ (165,239)	15%
Subcontracting	(214,906)	(251,085)	(14%)
Disposables and lab fees and premises costs	(21,356)	(24,025)	(11%)
Depreciation and impairment	(54,462)	(17,518)	211%
Professional fees	(15,167)	(15,862)	(4%)
Other operating expenses	(19,107)	(17,978)	6%
Total R&D expenses	€ (515,083)	€ (491,707)	5%

The variance in our R&D expenditure in 2022 compared to 2021 was principally due to the following elements :

- Depreciation and impairment increase was primarily due to an impairment of €26.7 million of previously capitalized upfront fees related to our collaboration with Molecure on the dual chitinase inhibitor OATD-01 (GLPG4716) in fibrosis, and impairments recorded in 2022 of intangibles assets related to other discontinued projects for an amount of €8.9 million.
- An increase in personnel costs explained by an increase in restructuring costs and accelerated non-cash cost recognition for subscription right plans related to good leavers.
- Decrease in subcontracting costs following the evolution of our programs.

The table below summarizes our R&D expenditure for the years ended December 31, 2022 and 2021, broken down by program.

	Year ended December 31,		% Change
	2022	2021	
	(Euro, in thousands)		
Filgotinib program	€ (245,286)	€ (171,204)	43%
Ziritaxestat program	(1,096)	(26,725)	(96%)
SIKi program	(47,727)	(91,957)	(48%)
TYK2 program on GLPG3667	(24,467)	(27,141)	(10%)
CAR-T programs in oncology	(29,999)	—	
Other programs	(166,507)	(174,680)	(5%)
Total R&D expenses	€ (515,083)	€ (491,707)	5%

The increase in R&D expenditure in 2022 was primarily explained by cost increases for our filgotinib program and new investments in 2022 in CAR-T programs in oncology. This was partly offset by cost decreases due to the winding down of the programs with ziritaxestat (IPF), and reduced spend on our SIKi, TYK2 and other programs. Other programs comprise expenditure for other projects in research phase and other early-stage development programs focused on inflammation, fibrosis and other indications.

Sales and marketing expenses

The following table summarizes our sales and marketing expenses for the years ended December 31, 2022 and 2021, together with the changes to those items.

	Year ended December 31,		% Change
	2022	2021	
	(Euro, in thousands)		
Personnel costs	€ (71,878)	€ (59,102)	22%
Depreciation	(2,473)	(504)	391%
External outsourcing costs	(54,057)	(62,321)	(13%)
Sales and marketing expenses recharged to Gilead	31	59,699	(100%)
Professional fees	(4,222)	(532)	694%
Other operating expenses	(14,956)	(7,196)	108%
Total sales and marketing expenses	€ (147,555)	€ (69,956)	111%

Major part of the increase in our sales and marketing expenses for the year ended December 31, 2022, is due to the termination of our 50/50 filgotinib co-commercialization cost sharing agreement with Gilead as from January 1, 2022 explaining €59.7 million of the variance. Personnel costs increased by €12.8 million in 2022 explained by an increase in salaries and benefits following the growth of the commercial work force from 248 average FTEs in 2021 to 305 average FTEs in 2022 driven by the commercial launch of filgotinib in Europe. External outsourcing costs decreased by €8.3 million primarily explained by lower costs for marketing studies and materials. Other operating expenses increased largely due to increased travel expenses.

General and administrative expenses

The following table summarizes our general and administrative expenses for the years ended December 31, 2022 and 2021, together with the changes to those items.

	Year ended December 31,		% Change
	2022	2021	
	(Euro, in thousands)		
Personnel costs	€ (85,034)	€ (71,190)	19%
Depreciation and impairment	(8,631)	(16,621)	(48%)
Legal and professional fees	(24,368)	(26,072)	(7%)
Other operating expenses	(26,898)	(27,016)	(0%)
Total general and administrative expenses	€ (144,931)	€ (140,899)	3%

The increase in our general and administrative expenses in 2022 was mainly explained by an increase in personnel expenses primarily due to accelerated non-cash cost recognition for our subscription right plans related to good leavers, and higher restructuring costs. This was partly offset by a decrease in depreciation and impairment costs due to an impairment cost of €9.3 million in 2021 on other tangible fixed assets following our decision to reassess the construction project of our new future headquarter location in Mechelen (Belgium).

Other operating income

The following table summarizes our other operating income for the years ended December 31, 2022 and 2021, together with the changes to those items.

	Year ended December 31,		% Change
	2022	2021	
	(Euro, in thousands)		
Grant income	€ 1,873	€ 7,334	(74%)
R&D incentives	38,527	44,888	(14%)
Other income	6,448	1,526	323%
Total other operating income	€ 46,848	€ 53,749	(13%)

The grant income in 2022 was fully related to grants from a Flemish agency and the Belgian government.

The grant income in 2021 mainly comprises a grant received in 2021 from the National Institute for Health and Disability Insurance amounting to €5.4 million. This grant aimed to incentivize innovative Belgian biotech companies who are performing research and development activities in order to identify new medicines.

In many cases these grant agreements carry clauses which require us to maintain a presence in the same region for a number of years and invest according to pre-agreed budgets.

R&D incentives income was primarily composed of:

- Income from an innovation incentive system of the French government, which represented €11.4 million of other income for the year ended December 31, 2022 compared to €12.4 million for the year ended December 31, 2021
- Income from Belgian R&D incentives with regard to incurred R&D expenses, which represented €17.3 million of other income for the year ended December 31, 2022 compared to €20.9 million for the year ended December 31, 2021
- Tax rebates on payroll withholding taxes of R&D personnel in Belgium and the Netherlands, representing €9.9 million of other income for the year ended December 31, 2022 compared to €11.7 million for the year ended December 31, 2021

Other income increased mainly due to rental income and a one-off sale of side products from our R&D activities.

Fair value adjustments and net currency exchange differences

The following table summarizes our fair value adjustments and net currency exchange differences for the years ended December 31, 2022 and 2021, together with the changes to those items.

	Year ended December 31,		% Change
	2022	2021	
	(Euro, in thousands)		
Net currency exchange gain	€ 44,359	€ 56,492	(21%)
Fair value re-measurement of warrants	186	2,960	(94%)
Fair value loss on financial assets held at fair value through profit or loss	—	(4,919)	(100%)
Fair value gain on current financial investments	6,929	6,763	2%
Total fair value adjustments and net currency exchange differences	51,473	61,296	(16%)

During 2022 we changed the presentation of our financial results in our consolidated statement of operations in order to isolate the net currency exchange differences and fair value re-measurements. We retrospectively adjusted the 2021 comparative figures to reflect this change. In our 2021 consolidated financial statements we reported total currency exchange gains of €60.7 million and total currency exchange losses of €4.2 million on December 31, 2021 on the “other financial income” and “other financial expenses” line, respectively. The (fair) value gains on current financial investments (€6.8 million on December 31, 2021) were also reported on the line “other financial income” in our 2021 consolidated financial statements.

The net currency exchange gain of €44.4 million in 2022 primarily related to €41.3 million of unrealized exchange gains on cash and cash equivalents and current financial investments at amortised cost held in U.S. dollars, as compared to an unrealized net exchange gain in 2021 of €56.6 million on cash and cash equivalents and current financial investments at amortized cost held in U.S. dollar. We have cash, cash equivalents and current financial investments held in U.S. dollars, which could generate foreign currency exchange gain or loss in our financial results in accordance with the fluctuation of the EUR/U.S. dollar exchange rate as our functional currency is EUR.

Fair value re-measurement of warrants refers to the fair value re-measurement of initial warrant B. The fair value of the financial liability related to the initial warrant B of €0.02 million on 31 December 2022 (€0.2 million on 31 December 2021) is presented as part of trade and other liabilities in our consolidated statement of financial position and will be re-measured at each reporting period. We refer to note 2 for more information.

For the year ended December 31, 2021, fair value loss on financial assets held at fair value through profit or loss consisted of negative effects from the fair value re-measurement of financial assets classified as equity investments which qualify for level 1 fair value measurement based upon the closing price of such securities at each reporting date, and of an impairment loss on a participation in a non-listed company. This resulted in a net book value of zero of the financial assets held at fair value through profit or loss on December 31, 2021. The fair value gain on the current financial investments reflects the positive exchange differences booked on the money market funds, compensated by the interest on treasury bills which have not yet expired and the effect of the re-measurement at fair value of the money market funds on December 31, 2022. These re-measurement losses are mainly the result of the negative returns on the EUR denominated money market funds.

For more information on currency exchange fluctuations on our business, please see the section of this annual report titled “Item 11—Quantitative and qualitative disclosures about market risk—Foreign exchange risk.”

Other financial income and expense

The following table summarizes other financial income and expense for the years ended December 31, 2022 and 2021.

	Year ended December 31,		% Change
	2022	2021	
	(Euro, in thousands)		
Other financial income:			
Interest income	18,110	2,865	532%
Discounting effect of non-current R&D incentives receivables	93	93	(1%)
Other finance income	376	100	276%
Total other financial income	18,578	3,058	508%
Other financial expenses:			
Interest expenses	(6,967)	(11,656)	(40%)
Discounting effect of non-current deferred income	(7,672)	(9,289)	(17%)
Discounting effect of other non-current liabilities	(2,271)	—	
Other finance charges	(769)	(812)	(5%)
Total other financial expense	(17,679)	(21,757)	(19%)

Interest expenses were related to interests on term deposits, treasury bills that came to maturity and on leases of buildings and cars. Other financial expense for 2022 also included €7.7 million of costs (€9.3 million for the year ended December 31, 2021) linked to the accounting under IFRS 15 for a financing component embedded in the upfront consideration received from Gilead in connection with the revised agreement for filgotinib. They also comprise the discounting effect of other non-current liabilities as deferred consideration and milestones payables related to the acquisition of subsidiaries.

Interest income was related to interests on term deposits, notice accounts and current financial investments. Interest income increased due to increased interest rates.

Income Taxes

The following table summarizes our tax result for the years ended December 31, 2022 and 2021.

	Year ended December 31,	
	2022	2021
	(Euro, in thousands)	
Current tax	€ (4,071)	€ (2,020)
Deferred tax	1,227	(404)
Income taxes	€ (2,844)	€ (2,423)

Current tax, consisting of corporate income taxes, and deferred tax income/loss (-) related to subsidiaries working on a cost plus basis. In addition, the deferred tax income for the year ended December 31, 2022, was largely due to the partial release of the net deferred tax liabilities related to the acquisitions of CellPoint and AboundBio.

We refer to note 10 of our consolidated financial statements 'Income taxes'.

Results from Discontinued Operations

On November 23, 2020, we signed a share purchase agreement with Selvita S.A. in relation to the disposal of Fidelta d.o.o. (our previous fee-for-service segment). The transaction was completed on January 4, 2021. We have classified the assets and liabilities of Fidelta as held for sale in our financial statements for the year ended December 31, 2020. The results of Fidelta were reported as discontinued operations in our consolidated statement of operations. Fidelta will continue performing drug discovery services for us for the next three years for which we have purchase commitments for an aggregate amount of €12.2 million on December 31, 2022.

(i) Disposal of Fidelta

a. Consideration received

	(Euro, in thousands)
Cash received	€ 37,080
Total cash received	€ 37,080

b. Analysis of assets and liabilities over which control was lost

	January 4, 2021
	(Euro, in thousands)
Intangible assets	€ 21
Property, plant and equipment	10,050
Other non-current assets	160
Trade and other receivables	4,428
Cash and cash equivalents	7,884
Other current assets	863
Total assets	23,406
Non-current lease liabilities	4,115
Other non-current liabilities	70
Trade and other liabilities	4,479
Current lease liabilities	727
Income tax payable	356
Total liabilities	9,747
Net assets disposed of	€ 13,658

c. Gain on disposal

	(Euro, in thousands)
Cash received	€ 37,080
Net assets disposed of	(13,658)
Effect of cumulative translation adjustment reclassified from equity on loss of control	(731)
Costs associated to the sale	(500)
Gain on disposal	€ 22,191

d. Net cash proceeds from disposal of Fidelta

	(Euro, in thousands)
Cash received	€ 37,080
Less: cash and cash equivalents balances disposed of	(7,884)
Total consideration received, net of cash disposed of	29,196
Costs associated to the sale	(500)
Cash in from disposal of Fidelta, net of cash disposed of	€ 28,696

ii) Result from discontinued operations

	Year ended December 31,	
	2021	
	(Euro, in thousands, except share and per share data)	
Gain on disposal of subsidiaries	€	22,191
Operating income		22,191
Net income	€	22,191
Basic income per share from discontinued operations	€	0.34
Diluted income per share from discontinued operations	€	0.34
Weighted average number of shares (in thousands of shares)		65,500
Weighted average number of shares - Diluted (in thousands of shares)		65,831

(iii) Cash flow from discontinued operations

	2022	2021	Variance
	(Euro, in thousands)		
Net cash flows generated from investing activities	—	28,696	(28,696)
Net cash flow from discontinued operations	€ —	€ 28,696	€ (28,696)

Business combinations during the period

On June 21, 2022 we acquired, in an all-cash transaction, 100% of the shares and voting interests of CellPoint for a total agreed payment at completion of €125 million, including consideration for other liabilities associated with the transaction amounting to €10.3 million. Additional contingent consideration up to €100.0 million is due when certain development (€20.0 million), regulatory (€30.0 million) and sales-based (€50.0 million) milestones would be achieved. Total fair value at acquisition date of these milestones amounted to €20.2 million. This fair value is measured with most significant inputs being the probability of success of reaching these milestones, expected timing and the discount rate. The discounting impact, amounting to €2.3 million, is recognized in financial results.

On the same date we acquired all of the outstanding capital and voting interests of AboundBio, for a total agreed price of \$14 million, including consideration for other liabilities associated with the transaction.

Details of the fair value of identifiable assets and liabilities acquired in both transactions, the purchase consideration, the goodwill at the acquisition date and the net cash outflow arising on acquisition are as follows:

June 21, 2022							
(Euro, in thousands)							
	CellPoint			AboundBio			Total
	Book value	Adjustment	Fair value	Book value	Adjustment	Fair value	
Intangible assets other than goodwill		€ 120,517	€ 120,517		€ 4,053	€ 4,053	
Property, plant and equipment	€ 1,289		1,289	€ 965		965	
Other non-current assets	81		81	4		4	
Trade and other receivables	162		162	—		—	
Cash and cash equivalents	3,179		3,179	4,279		4,279	
Other current assets	1,254		1,254	536		536	
Deferred tax liabilities	—	(22,368)	(22,368)	—	(907)	(907)	
Trade and other liabilities	(32,789)		(32,789)	(587)		(587)	
Current deferred income	—		—	(474)		(474)	
Net assets acquired	(26,824)	98,149	71,325	4,723	3,146	7,869	
Consideration paid in cash			107,750			14,976	
Fair value re-measurement of previously held equity investment			—			342	
Deferred consideration			5,808			—	
Fair value of contingent consideration			20,211			—	
Fair value of total consideration			133,769			15,318	
Goodwill			62,444			7,449	
Exchange differences on goodwill			—			(80)	
Goodwill in the balance sheet			€ 62,444			€ 7,369	€ 69,813
Net cash outflow arising on acquisition							
Consideration paid in cash			107,750			14,976	
Less: cash and cash equivalents balances acquired			(3,179)			(4,279)	
Cash out from acquisition of subsidiaries, net of cash acquired			€ 104,571			10,698	€ 115,270
Cash used in operating activities for other liabilities related to the acquisition of subsidiaries			€ 28,164				€ 28,164

We refer to “Note 26-Business combinations during the period” in our consolidated financial statements appended to this annual report for more details.

Comparison of years ended December 31, 2021 and 2020

We refer to the “Item 5 - Operating and financial review and prospects - Financial operations overview” of our year ended December 31, 2021 Form 20-F for the comparison of the years ended December 31, 2021 and 2020.

B. Liquidity and capital resources

With the exception of the year ended December 31, 2019, we have incurred significant operating losses. We have funded our operations through public and private placements of equity securities, upfront and milestone payments and royalties received from pharmaceutical partners under our collaboration agreements, payments under our fee-for-service contracts, funding from governmental bodies, interest income as well as the net proceeds from the sale of our service division and our fee-for-service division. As from the year ended December 31, 2021, net product sales also started to contribute funding our operations. Our cash flows may fluctuate and are difficult to forecast and will depend on many factors. As at December 31, 2022, our current financial investments and cash and cash equivalents amounted to €4,094.1 million. For more information on our policies regarding financial instruments, please see “Note 3—Significant accounting policies—Financial instruments” included in our consolidated financial statements appended to this annual report.

Cash flows**Comparison for the years ended December 31, 2022 and 2021**

The following table summarizes the results of our audited consolidated statement of cash flows for the years ended December 31, 2022 and 2021.

	2022	2021	Variance
	(Euro, in thousands)		
Cash and cash equivalents at beginning of the period	€ 2,233,368	€ 2,143,071	€ 90,297
Net cash flows used in operating activities	(500,544)	(503,827)	3,283
Net cash flows generated from/used in (-) investing activities	(1,245,514)	541,238	(1,786,752)
Net cash flows used in financing activities	(1,487)	(3,876)	2,389
Effect of exchange rate differences on cash and cash equivalents	22,293	56,763	(34,470)
Cash and cash equivalents at end of the period	€ 508,117	€ 2,233,368	€ (1,725,252)
	2022	2021	Variance
	(Euro, in thousands)		
Current financial investments at end of the period	€ 3,585,945	€ 2,469,809	€ 1,116,136
Cash and cash equivalents at end of the period	508,117	2,233,368	(1,725,251)
Current financial investments and cash and cash equivalents at end of the period	€ 4,094,062	€ 4,703,177	€ (609,115)

The net decrease of €1,725.3 million in cash and cash equivalents for the year ended December 31, 2022, consisted of positive unrealized exchange differences of €22.3 million and decrease in cash and cash equivalents of €1,747.5 million. This latter was composed of (i) €513.8 million of operational cash burn, (ii) €6.7 million of cash proceeds from capital and share premium increase from exercise of subscription rights in 2022, (iii) the net purchase of current financial investments of €1,087.0 million, and (iv) €153.4 million cash out from the acquisitions of CellPoint and AboundBio, net of cash acquired.

The operational cash burn/cash flow is defined as the decrease or increase in our cash and cash equivalents (excluding the effect of exchange rate differences on cash and cash equivalents), minus:

- i. the net proceeds, if any, from share capital and share premium increases included in the net cash flows generated from/used in (-) financing activities
- ii. the net proceeds or cash used, if any, in acquisitions or disposals of businesses; the movement in restricted cash and movement in current financial investments, if any, the loan and advances given to third parties, if any, included in the net cash flows generated from/used in (-) investing activities
- iii. the cash used for other liabilities related to the acquisition of businesses, if any, included in the net cash flow generated from/used in (-) operating activities.

This alternative liquidity measure is in our view an important metric for a biotech company in the development stage.

The following table presents a reconciliation of the operational cash burn, to the closest IFRS measures, for each of the periods indicated:

	<u>2022</u>	<u>2021</u>
	<u>(Euro, in thousands)</u>	
Increase/decrease (-) in cash and cash equivalents (excluding effect of exchange differences)	€ (1,747,545)	€ 33,535
Less :		
Net proceeds from capital and share premium increases	(6,695)	(3,314)
Net purchase/sale (-) of current financial investments	1,087,032	(566,365)
Cash out from acquisition of subsidiaries, net of cash acquired	115,270	—
Cash advances and loans to third parties	10,000	—
Cash used for other liabilities related to the acquisition of subsidiaries	28,164	—
Cash in from disposal of subsidiaries, net of cash disposed of	—	(28,696)
Total operational cash burn	€ (513,774)	€ (564,840)

The variance in net cash flow used in operating activities for the year ended December 31, 2022 as compared to the year ended December 31, 2021, is limited.

The variance in net cash flow generated from/used in (-) investing activities for the year ended December 31, 2022, can be primarily explained by the net purchase of current financial investments of €1,087.0 million for the year ended December 31, 2022 as compared to the net sale of current financial investments of €566.4 million for the year ended December 31, 2021. For the year ended December 31, 2022 cash out from acquisition of subsidiaries and cash advances amounted to €125.3 million as opposed to a cash in from the disposal of Fidelta of €28.7 million for the year ended December 31, 2021. This was partly offset by lower investments in (in) tangible fixed assets, which decreased from €57.9 million for the year ended December 31, 2021 to €36.9 million for the year ended December 31, 2022.

The decrease in net cash flow used in financing activities for the year ended December 31, 2022, can primarily be attributed to higher proceeds received on exercises of subscription rights, which were for the years ended December 31, 2022 and 2021 respectively €6.7 million and €3.3 million.

The consolidated cash flow table above included both continuing and discontinued operations. The table below summarizes our statement of cash flows from discontinued operations included in the table above for the years ended December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
	<u>(Euro, in thousands)</u>		
Net cash flows generated from investing activities	—	28,696	(28,696)
Net cash flow from discontinued operations	€ —	€ 28,696	€ (28,696)

Comparison for the years ended December 31, 2021 and 2020

We refer to the “item 5 - Operating and financial review and prospects - Financial operations overview” of our year ended December 31, 2021 Form 20-F for the comparison of the years ended December 31, 2021 and 2020.

Cash and funding sources

For the years ended December 31, 2022, 2021 and 2020, excluding cash proceeds from subscription right exercises, we did not make use of other equity financing.

As of December 31, 2022, we had no financial debt.

Our ongoing financial commitments are listed in the section of this annual report titled “Item 5.F.—Tabular disclosure of contractual obligations” and mainly consist of purchase commitments.

Payment of dividends by subsidiaries

The amount of dividends payable by our subsidiaries to us is subject to, among other restrictions, general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate.

Of our current financial investments and cash and cash equivalents held outside of our Belgian entities as of December 31, 2022 and 2021, the amount of cash that would have been subject to withholding taxes if transferred to us by way of dividends and the amount of cash that could not have been transferred by law was in each case immaterial.

Funding requirements

Based on conservative assumptions, that may prove to be wrong, we believe that our existing current financial investments and cash and cash equivalents will enable us to fund our operating expenses and capital expenditure requirements at least for a period of 12 months.

Our present and future funding requirements will depend on many factors, including, among other things:

- the terms and timing of milestones, in-licensing payments and expense reimbursement payments, if any, from our collaboration and alliance agreements;
- the progress, timing, scope and costs of preclinical testing and clinical trials for any current or future compounds;
- the number and characteristics of potential new compounds we identify and decide to develop;
- our need to expand our development activities and, potentially, our research activities;
- the costs involved in filing patent applications and maintaining and enforcing patents;
- the cost, timing and outcomes of regulatory approvals;
- selling and marketing activities undertaken in connection with the commercialization of our products or anticipated commercialization of any of our current or future compounds; and
- the amount of revenues, if any, we may derive either directly or in the form of royalty payments from future sales of our products.

We may raise additional capital through the sale of equity or convertible debt securities. In such an event, your ownership interest may be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a holder of the ADSs or our ordinary shares.

For more information as to the risks associated with our future funding needs, see the section of this annual report titled “Item 3.D.—Risk Factors—Risks Related to Our Financial Position and Need for Additional Capital.”

Capital expenditures

Our commitments for capital expenditures as of December 31, 2022 amounted to €0.4 million.

Our capital expenditures amounted to €36.9 million, €57.9 million and €91.3 million for the years ended December 31, 2022, 2021 and 2020 respectively.

In 2022, our capital expenditures consisted of €19.2 million for land and building additions, laboratory and computer and other equipment for €8.1 million, €9.6 million of intangible assets related to license fees (€7.5 million), milestone payments (€0.9 million) and software development (€1.1 million).

In 2021, our capital expenditures consisted of €46.2 million for land and building additions, laboratory and computer and other equipment for €8.0 million, €3.7 million of intangible assets related to license fees (€1.3 million) and software development (€2.4 million).

In 2020, our capital expenditures consisted of €30.7 million for land and building additions, laboratory and computer and other equipment for €11.8 million, €48.8 million of intangible assets related to license fees (€39.3 million) and software development (€9.5 million).

Off-balance sheet arrangements

During the periods presented, we did not and do not currently have any off-balance sheet arrangements as defined under SEC rules, such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheets.

Contingent liabilities and assets

On January 4, 2021, we closed the sale of our Croatian subsidiary Fidelta. Selvita acquired 100% of the outstanding shares for a total consideration of €37.1 million. In accordance with common practice, we gave customary representations and warranties which are capped and limited in time.

Contractual obligations

We have certain purchase commitments with contract research organization subcontractors and with Gilead principally. Future events could cause actual payments to differ from these estimates. On December 31, 2022, we had outstanding obligations for purchase commitments, which become due as follows:

	Total	Less than 1 year	1 - 3 years (Euro, in thousands)	3 - 5 years	More than 5 years
Purchase commitments	€ 398,627	€ 240,237	€ 136,560	€ 20,797	€ 1,032

In addition to the table above, we have a contractual cost sharing obligation related to our collaboration agreement with Gilead for filgotinib, which is disclosed under the sections of this annual report titled “Item 5—Operating and Financial Review and Prospects.—Collaboration and Alliance Agreements—Option, License and Collaboration Agreement with Gilead”, and “Item 7.B.—Related Party Transactions.—Transaction with Major Shareholder”. The contractual cost sharing obligation amounted to €281.6 million at December 31, 2022 (€369.9 million at December 31, 2021), for which we have purchase commitments of €217.3 million at December 31, 2022 reflected in the table above (€169.6 million at December 31, 2021).

The table above does not include retirement benefit liabilities, non-current lease liabilities, non-current deferred income and other non-current liabilities.

We provide retirement benefit plans for all of our qualifying employees. We classify these benefits on the basis of the type of benefit provided and in particular as defined contribution plans, defined benefit obligations and other provisions for employees. At December 31, 2022 the net liability for such obligations amounted to €5.5 million (€11.7 million at December 31, 2021).

Non-current lease liabilities amounted to €14.7 million at December 31, 2022 (€19.7 million at December 31, 2021) and related to the non-current portion of liabilities linked to right-of-use under IFRS 16 primarily for leased buildings and leased cars.

Non-current deferred income was €1,623.6 million at December 31, 2022 (€1,944.8 million at December 31, 2021) and mainly related to the non-current portion of the transaction price from Gilead still to be recognized as collaboration revenue in the future for our collaboration on filgotinib and the exclusive access rights to our drug

discovery platform. See “Note 25 – Deferred income” in our consolidated financial statements appended to this annual report.

Other non-current liabilities amounted to €21.8 million at December 31, 2022 (€7.1 million at December 31, 2021) and primarily consisted of the fair value of the long-term portion of the deferred considerations and milestones payable in the scope of the acquisition of CellPoint and AboundBio. They also included payables related to RSU plans granted in 2020, 2021 and 2022. See “Note 3 – Significant accounting policies” and “Note 31 – Share based payments” in our consolidated financial statements appended to this annual report. Members of the Executive Committee and other employees were granted RSU’s in 2019, 2020, 2021 and 2022. An RSU is a grant that takes the form of a promise that employees will receive Galapagos stock in the future and it will be payable, at the company’s discretion in cash or in shares, upon completion of a certain vesting period. Each RSU reflects the value of one Galapagos share. The RSU’s are measured based on the average share price over the 30-calendar day period preceding the measurement date. We recognize the corresponding expense and liability over the vesting period. The fair value of the liability is re-measured at each reporting date because currently it is management’s intention to settle the RSU’s in cash.

C. Research and development, patents and licenses, etc

For a discussion of our R&D activities, see “Item 4.B.—Business Overview” and “Item 5.A.—Operating Results.”

D. Trend information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2022 to December 31, 2022 that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions. For a discussion of trends, see “Item 4.B.—Business overview,” “Item 5.A.—Operating results,” and “Item 5.B.—Liquidity and capital resources.”

E. Critical Accounting Estimates

We refer to “Note 4 - Critical accounting judgments and key sources of estimation uncertainty” in our consolidated financial statements appended to this annual report.

Item 6 Directors, senior management and employees

A. Directors and senior management

Board of Directors

As a listed company with its registered office in Mechelen (Belgium), Galapagos NV (“Galapagos” or the “Company”) is required to apply the Belgian Code of Companies and Associations (the “Belgian Companies Code”) and 2020 Belgian Corporate Governance Code (the “2020 Code”), both of which entered into force on January 1, 2020.

For the reporting year beginning on January 1, 2022, the 2020 Code was our reference code. On April 26, 2022, as a consequence of the introduction of a one-tier governance structure at the Company through the amendment of our Articles of Association, Galapagos’ Board of Directors approved an updated Corporate Governance Charter. On March 21, 2023, our Board of Directors approved an amendment to the Corporate Governance Charter. The amended Corporate Governance Charter refers to the establishment of the Management Committee supporting the Executive Committee, allows the same person to be Lead Non-Executive Director and Chairman of the Audit Committee, provides that the Lead Non-Executive Director is member or Chairman of the Nomination Committee, and clarifies that the Lead Non-Executive Director supports the Chairman in ensuring the prevention and managing of conflicts of interest involving potentially a director. Galapagos NV’s Corporate Governance Charter is available on its website: www.glp.com (this website does not form part of this annual report). The Corporate Governance Charter applies in addition to the applicable laws and regulations, Galapagos’ Articles of Association and the corporate governance provisions included in the Belgian Companies Code and the 2020 Code. The Corporate Governance Charter describes the main aspects of

corporate governance at Galapagos, including its governance structure, the terms and functioning of the Board of Directors (including its Board Committees), the Executive Committee and the rules of conduct.

The 2020 Code requires companies to make an explicit choice for one of the governance structures provided for in the Belgian Companies Code.

From January 1, 2022 until April 26, 2022, Galapagos had a two-tier governance structure as provided by the Belgian Companies Code, with two governance bodies: the Supervisory Board and the Management Board. The Supervisory Board was responsible for the general policy and strategy of the Company, and had all powers which are specifically reserved for it under the Belgian Companies Code. The Supervisory Board also supervised the Management Board. The Management Board exercised all powers which are not reserved for the Supervisory Board in accordance with the Belgian Companies Code, including the management of the Galapagos group and the supervision of actual performances compared to strategic goals, plans and budgets.

As from April 26, 2022, Galapagos has adopted a one-tier governance structure as provided by the Belgian Companies Code, with the Board of Directors replacing the (former) Supervisory Board and the Executive Committee replacing the (former) Management Board.

Our one-tier governance structure



The role of the Board of Directors is to pursue sustainable value creation by the Company, by setting the Company’s strategy, putting in place effective, responsible and ethical leadership and monitoring the Company’s performance. The Board of Directors is the ultimate decision-making body, with the overall responsibility for the management and control of the Company, as well as the general policy and strategy of the Company. The Board is authorized to carry out all actions that are necessary or useful for the realization of the Company’s object, with the exception of those reserved to the Shareholders’ Meeting by applicable law. The Board of Directors also supervises the Executive Committee. The Board acts as a collegiate body.

The Board of Directors has delegated certain powers to manage the Company to the Executive Committee, led by our Chief Executive Officer. The Executive Committee is responsible and accountable to the Board of Directors for the

discharge of its responsibilities, including, but not limited to, the management of the Galapagos group, and the research, identification and development of strategic possibilities and proposals. Furthermore, the Board of Directors has delegated the day-to-day management of the Company to one Executive Committee member, i.e. our Chief Executive Officer.

In order to efficiently fulfill its tasks and in view of the size and activities of the Company, the Board of Directors has established an Audit Committee, a Nomination Committee and a Remuneration Committee. These Board Committees serve in an advisory capacity to the Board of Directors on the matters delegated to them respectively as set forth in the applicable laws and the Galapagos' Corporate Governance Charter. Until May 2, 2022, there was a combined Nomination and Remuneration Committee. As from May 2, 2022, our Board of Directors has set up a separate Nomination Committee and Remuneration Committee.

We currently have nine Board members, less than a majority of whom are citizens or residents of the United States.

Under Galapagos' Articles of Association, our Board of Directors consists of at least five and no more than nine members, of which at least three members are independent directors as defined by the Belgian Companies Code. Except for Stoffels IMC BV (permanently represented by Dr. Paul Stoffels), all members of our Board of Directors are non-executive directors. Within the aforementioned limits, the number of members of the Board of Directors is determined by our Shareholders' Meeting. The members of our Board of Directors are elected, re-elected and may be removed at a Shareholders' General Meeting with a simple majority vote of our shareholders. Pursuant to the Company's Articles of Association, our Board members serve terms of up to four years. Members of the Board of Directors whose mandate has come to an end, may be re-appointed.

When a position on the Board of Directors becomes vacant, the remaining Board members may temporarily fill the mandate by cooptation and until appointment of a new director at the next Shareholders' Meeting. Each member of the Board of Directors appointed as such by the Shareholders' Meeting shall complete the tenure of the Board member he / she replaces, unless the Shareholders' Meeting decides otherwise. The Nomination Committee nominates, for approval by the Board of Directors, candidates to fill vacancies as they arise, and advises on proposals for appointment originating from shareholders, in each case taking into account Galapagos' needs and the selection criteria determined by the Board of Directors. In proposing candidates, particular consideration will be given to gender diversity and diversity in general, as well as complementary skills, knowledge and experience.

Subject to the approval of Galapagos' Shareholders' Meeting and certain other conditions, Gilcad has, under the terms of the share subscription agreement dated 14 July 2019, as amended, the right to have two designees appointed to our Board of Directors. Our Special Shareholders' Meeting of October 22, 2019 approved the appointment of Daniel O'Day and Linda Higgins as directors of Galapagos for a period of four years, effective immediately. Our Annual Shareholders' Meeting to be held on April 25, 2023, will be requested, among others, to approve the re-appointment of Daniel O'Day and Linda Higgins as directors of Galapagos for a period of four years, effective immediately.

The tenure of Katrine Bosley and Howard Rowe as members of the Board of Directors came to an end on April 26, 2022. We would like to thank Katrine Bosley and Howard Rowe for their contributions and commitment to the Company over the years.

The following table sets forth certain information with respect to the current members of our Board of Directors, including their ages, as of December 31, 2022:

Name	Age	Date service began in current term	Date of expiration of current term (1)	Position(s)
Stoffels IMC BV (permanently represented by Dr. Paul Stoffels) ⁽²⁾		2022	2026	Chairman of the Board
Rajesh Parekh ⁽³⁾	62	2021	2025	Board member
Jérôme Contamine ⁽⁴⁾	65	2022	2026	Board member
Dan Baker	72	2022	2026	Board member
Mary Kerr ⁽⁵⁾	61	2020	2024	Board member
Peter Guenter ⁽⁶⁾	60	2019	2023	Board member
Daniel O'Day	58	2019	2023	Board member
Linda Higgins	60	2019	2023	Board member
Elisabeth Svanberg ⁽⁷⁾	60	2020	2024	Board member

(1) The term of the mandates of the Board members will expire immediately after the annual shareholders' meeting to be held in the year set forth next to the member's name.

(2) Management company incorporated in 2022. Member of the Nomination Committee.

(3) Chairman of the Nomination Committee. Chairman of the Remuneration Committee.

(4) Chairman of the Audit Committee. Member of the Nomination Committee. Member of the Remuneration Committee.

(5) Member of the Audit Committee.

(6) Member of the Audit Committee.

(7) Member of the Remuneration Committee.

The address for the members of our Board of Directors is Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium.

Six out of nine of the members of the Board of Directors are independent under the Nasdaq Stock Market listing and US Securities Exchange Act requirements: Rajesh Parekh, Mary Kerr, Peter Guenter, Jérôme Contamine, Dan Baker and Elisabeth Svanberg. Five out of nine of the members of the Board of Directors are independent under Belgian law: Mary Kerr, Peter Guenter, Jérôme Contamine, Dan Baker and Elisabeth Svanberg. In 2022, the Board of Directors was therefore composed of a majority of independent directors.

The following is the biographical information of the members of our Board of Directors (members per December 31, 2022):

Paul Stoffels¹ joined Galapagos as Chief Executive Officer in April 2022, and is an executive member and the Chairman of our Board of Directors since 26 April 2022. He also is a member of the Executive Committee at Galapagos. Prior to that, he was Vice Chairman of the Executive Committee and Chief Scientific Officer of Johnson & Johnson where he set the company's wide innovation agenda and led its pharmaceutical R&D-pipeline, as well as other external initiatives. Before that, he was worldwide Chairman of Pharmaceuticals of Johnson & Johnson which, under his leadership, significantly rejuvenated its product pipeline and adopted a transformational R&D-operating model, which resulted in the launch of 25 innovative medicines across the globe. Dr. Stoffels joined Johnson & Johnson in 2002, following the acquisition of Virco and Tibotec, where he was Chief Executive Officer and Chairman respectively, and where he led the development of several breakthrough products for the treatment of HIV. Dr. Stoffels also is a member of the Supervisory Board of Philips Healthcare in the Netherlands.

Rajesh Parekh is a non-executive member of our Board of Directors since 2004, and has served as the Chairman of our Board from 2004 to 26 April 2022. Dr. Parekh is a General Partner at Advent Life Sciences which he joined in 2006. During his academic career at Oxford University, he co-founded Oxford GlycoSciences where he served as Chief Scientific Officer and Chief Executive Officer from 1988 until its sale to Celltech Group (now UCB) in 2003. He has founded or served on the Boards of several life sciences companies in the United States and Europe, including Avila

¹ Stoffels IMC BV, permanently represented by Dr. Paul Stoffels

Therapeutics, EUSA Pharma, Biocartis, and Amsterdam Molecular Therapeutics (AMT) Holding (now uniQure). He also was a member of the Supervisory Board of the Novartis Venture Fund. Dr. Parekh also serves as a member of the Board of Directors of Advent Life Sciences, Aleta, Arrakis, Artax, Aura Biosciences, Levicept, Ventus, PE Limited, Pheno Therapeutics, and Ploughshare. He received his MA in Biochemistry, and DPhil in Molecular Medicine from the University of Oxford, where he has also served as a Senior Research Fellow and Professor. Dr. Rajesh Parekh was appointed as the Lead Non-Executive Director of Galapagos, effective as of May 2, 2022.

Mary Kerr is a non-executive independent member of our Board of Directors since 26 July 2016, as well as Chief Executive Officer and director of NeRRe Therapeutics. Dr. Kerr was co-founder and Chief Executive Officer of KaNDy Therapeutics until that company was acquired by Bayer in September 2020 for \$425 million, potential development and regulatory milestone payments of up to \$450 million, and by potential additional triple digit million in sales milestone payments. Before her career in biotech, Dr. Kerr held a range of senior leadership roles at GSK over more than 20 years, including Senior Vice President and Global Franchise Leader for the Immuno-Inflammation and Infectious Diseases franchise. She was a founding member and on the Corporate Executive team of ViiV Healthcare. She has spent most of her career on the R&D commercial interface in global strategy and regional operational roles, predominantly in the specialty and orphan space. Dr. Kerr gained a Ph.D. in Pharmacology at the University of Bradford, did Post-Doctoral research at the Michigan Cancer Foundation in Detroit, and has an MBA from the University of Kingston.

Peter Guenter is a non-executive independent member of our Board of Directors since 30 April 2019. Mr. Guenter is a member of the Executive Board of Merck and Chief Executive Officer of Merck Healthcare since January 2021. Before joining Merck, he served as Chief Executive Officer at Almirall from 2017 to 2020. Prior to joining Almirall, he worked at Sanofi for 22 years, most recently as Executive Vice President Diabetes and Cardiovascular Global Business Unit. During his tenure at Sanofi, he held many senior positions including Vice President Eastern Europe and Northern Europe, Vice President Business Management and Support, General Manager Germany, Senior Vice President Europe, Executive Vice President Global Commercial Operations, and Executive Vice President General Medicine and Emerging Markets. He was a member of Sanofi's Executive Committee from 2013 until August 2017. Before joining Sanofi, he held different positions in sales and marketing at Smith Kline and Ciba Geigy. Mr. Guenter also is a member of the Board of the European Federation of Pharmaceutical Industries and Associations (EFPIA). He holds a Master's Degree in Physical Education from the Faculty of Medicine and Health Sciences, University of Ghent.

Daniel O'Day is a non-executive member of our Board of Directors since 22 October 2019. Mr. O'Day is the Chairman of the Board of Directors and Chief Executive Officer of Gilead Sciences, which employs more than 17,000 people worldwide. Prior to joining Gilead in 2019, Mr. O'Day served as the Chief Executive Officer of Roche Pharmaceuticals. His career at Roche spanned more than three decades, during which he held several executive positions in the company's pharmaceutical and diagnostics divisions in North America, Europe and Asia. He served as a member of Roche's Corporate Executive Committee, as well as on a number of public and private Boards, including Genentech, Flatiron Health and Foundation Medicine. Mr. O'Day also serves on the Board of Directors for the Pharmaceutical Research and Manufacturers of America Organization. Mr. O'Day holds a Bachelor's Degree in Biology from Georgetown University and a MBA from Columbia University in New York.

Linda Higgins is a non-executive member of our Board of Directors since 22 October 2019. Linda Slanec Higgins, PhD, joined Gilead Sciences, Inc. in 2010 and is currently Sr. Vice President Research Strategy, Innovation & Portfolio. In her first ten years at Gilead, she led the Biology division, significantly expanding the therapeutic area scope and capabilities of the department. She founded External Innovation as integral component for Research. She previously served as President & Chief Executive Officer of InteKrin Therapeutics, and as Head of Research at Scios, a Johnson & Johnson company, where she provided leadership for drug discovery, preclinical development and translational medicine. Dr. Higgins is passionate about biopharmaceutical discovery and development, and has been dedicated to excellence in applied scientific research since 1991. She has led projects and departments in multiple therapeutic areas including central nervous system, fibrosis, inflammation, cardiovascular, virology and oncology. Dr. Higgins built many of these as new areas at Scios and Gilead. Dr. Higgins earned an A.B. in Behavioral Physiology from Kenyon College, a Ph.D. in Neurosciences from the University of California, San Diego School of Medicine, and completed Post-Doctoral training in Molecular Genetics at the Howard Hughes Medical Institute of the University of California, Berkeley. She has authored over 50 original peer reviewed scientific papers and invited articles, and is an inventor of over a dozen patents. Dr. Higgins also serves as a non-executive director on the Board of Arcus Biosciences and Tizona Therapeutics.

Elisabeth Svanberg is a non-executive independent member of our Board of Directors since 28 April 2020. Dr. Svanberg received her MD and PhD from the University of Gothenburg (Sweden), and is a Board-Certified General

Surgeon and Associate Professor of Surgery. Dr. Svanberg joined Serono International in 2000, initially in the field of metabolism, and subsequently held roles of increasing responsibilities before joining Bristol Myers Squibb in the United States in 2007. At BMS, Dr. Svanberg served as Development Leader for a first-in-class novel diabetes medicine, and subsequently as Head of Medical Affairs for the Intercontinental region. In 2014, Dr. Svanberg joined Janssen Pharmaceuticals (a Johnson & Johnson company) as Vice President, Head of the Established Products group where she was managing a portfolio of 90 products, used by an estimated 150 million patients globally. Since 2016, Dr. Svanberg currently serves as Chief Development Officer at Ixaltis, and since 2020 as Chief Medical Officer at Kuste Biopharma, specialty pharmaceutical companies developing proprietary therapeutics to treat genitourinary (GU) disorders with unmet medical need. Dr. Svanberg also serves as a non-executive director on the Boards of Egetis (formerly PledPharma) (since 2017), Swedish Orphan Biovitrum (until May 2022), Pharnext (until March 2022), Amolyt Pharma (since 2021), LEO Pharma (since 2022), and EPICS Therapeutics (since 2022).

Jérôme Contamine is a non-executive independent member of our Board of Directors since 26 April 2022. Mr. Contamine served as Chief Financial Officer of Sanofi for more than nine years from 2009 until 2018. Prior to joining Sanofi, he was Chief Financial Officer of Veolia from 2000 to 2009. He previously held various operating functions at Total, and served four years as an auditor at the Cour des Comptes (the supreme body responsible for auditing the use of public funds in France). Mr. Contamine is a graduate of France’s École Polytechnique, ENSAE (École Nationale de la Statistique et de l’Administration Économique) and École Nationale d’Administration. He held the position of non-executive director at Valeo from 2006 to 2017. Mr. Contamine also serves as a non-executive director on the Boards of Société Générale and Total Energies. Effective as of March 21, 2023, Jérôme Contamine is appointed as the new Lead Non-Executive Director of Galapagos, replacing Dr. Rajesh Parekh.

Daniel G. Baker is a non-executive independent member of our Board of Directors since 26 April 2022. Dr. Baker joined Janssen/Centocor in 2000 and as Vice President Immunology R&D his responsibilities included the clinical development of Remicade, Simponi and Stelara, as well as other programs in rheumatology and dermatology. He supervised many Phase I-III trials in multiple disease areas, and oversaw more than 15 regulatory approvals in the US, Europe and Japan. Throughout his time at Janssen, he was responsible for evaluating business development opportunities in the immunology space. In 2015 he took on a new role as Disease Area Stronghold Leader at Janssen where he was responsible for Phase II & III clinical development plans for rheumatology products and the overall portfolio strategy in rheumatology and immunology. This included the early research strategy for immunology discovery, managing the early portfolio development and approving all late-stage efforts. Since his retirement from Janssen in 2019, he has continued to be involved in bringing therapies to patients. He raised capital (>\$20MM) to fund and start an immunology company, KiRA Biotech, where he now acts as Chief Executive Officer and as Executive Director. Dr. Baker received his B.A. in Biology from Gettysburg College and his Medical Degree from the University of Pennsylvania. He completed his Medical Residency at Hershey Medical Center and Fellowship in Rheumatology and Immunology at the University of Pennsylvania, followed by a Research Fellowship in Rheumatology at Mass General Hospital. He continued on as part of the faculty of the University of Pennsylvania for 18 years before taking on industry roles.

Pursuant to the new Nasdaq Stock Market Listing Rule and US Securities Exchange Act requirements, we disclose aggregated statistical information about the Board’s voluntary self-identified gender and racial characteristics and LGBTQ+ status for 2022. Diverse means an individual who self-identifies as one or more of the following: Female, LGBTQ+, or an underrepresented individual based on national, racial, ethnic, indigenous, cultural, religious or linguistic identity in the country of the Company’s principal executive offices.

Board of Directors Diversity Matrix (As of March 15, 2023)				
Country of Principal Executive Offices	Belgium			
Foreign Private Issuer	Yes			
Disclosure prohibited under Home Country Law	No			
Total number of Board members	9			
	Female	Male	Non-binary	Did not disclose gender
Part I: Gender Identity				
Directors (members of the Board of Directors)	3	6	0	0
Part II: Demographic Background				
Underrepresented individual in Home Country Jurisdiction			0	
LGBTQ+			0	
Did not disclose demographic background			0	

As a foreign private issuer, under the listing requirements and rules of Nasdaq, we satisfy the Board diversity requirement with two female directors. In 2022, we have three women (except between January 1, 2022 and April 26,

2022 when the Board consisted of four women) and six men (except between January 1, 2022 and April 26, 2022 when the Board consisted of four men) in our Board of Directors. During 2022, Galapagos also complied with its obligations with respect to gender diversification in the Board of Directors as set forth in article 7:86 of the Belgian Companies Code, and our Board will continue to monitor further compliance. In proposing candidates, particular consideration is given to diversity in gender, age, nationality, educational and professional background, as well as complementary skills, knowledge and experience.

Executive Committee

As from April 26, 2022, Galapagos has adopted a one-tier governance structure as provided for by the Belgian Companies Code, with the Board of Directors replacing the (former) Supervisory Board and the Executive Committee replacing the (former) Management Board.

The following table sets forth certain information with respect to the members of our Executive Committee as of December 31, 2022:

Name	Age	Position(s)
Stoffels IMC BV (permanently represented by Dr. Paul Stoffels) ⁽¹⁾		Chief Executive Officer President, Chief Financial Officer & Chief Operating Officer
Bart Filius	52	Operating Officer
Walid Abi-Saab ⁽²⁾	57	Chief Medical Officer
Michele Manto	49	Chief Commercial Officer

(1) Management company incorporated in 2022.

(2) Executive Committee member until December 31, 2022.

The address for the Executive Committee members is Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium.

In 2022, there was no conflict of interests between the private interests or other duties of the members of the Executive Committee listed above and their duties to us, except for the conflict of interests between us and a Board / Executive Committee member as further described in “Item 7.B – Related Party Transaction”.

Stoffels IMC BV, permanently represented by Dr. Stoffels, was appointed as our Chief Executive Officer as per April 1, 2022, and is responsible for the daily management of Galapagos.

André Hoekema’s mandate as Chief Business Officer and Executive Committee member ended per October 31, 2022. Walid Ab-Saab’s mandate as Chief Medical Officer and Executive Committee member ended per December 31, 2022. He will stay with Galapagos until May 31, 2023 to ensure a smooth transition.

Below are the biographies of the members of our Executive Committee (members per December 31, 2022) :

Paul Stoffels² joined Galapagos as Chief Executive Officer in April 2022, and is an executive member and the Chairman of our Board of Directors since 26 April 2022. He also is a member of the Executive Committee at Galapagos. Prior to that, he was Vice Chairman of the Executive Committee and Chief Scientific Officer of Johnson & Johnson where he set the company’s wide innovation agenda and led its pharmaceutical R&D-pipeline, as well as other external initiatives. Before that, he was worldwide Chairman of Pharmaceuticals of Johnson & Johnson which, under his leadership, significantly rejuvenated its product pipeline and adopted a transformational R&D-operating model, which resulted in the launch of 25 innovative medicines across the globe. Dr. Stoffels joined Johnson & Johnson in 2002, following the acquisition of Virco and Tibotec, where he was Chief Executive Officer and Chairman respectively, and where he led the development of several breakthrough products for the treatment of HIV. Dr. Stoffels also is a member of the Supervisory Board of Philips Healthcare in the Netherlands.

Bart Filius is appointed as President of Galapagos in February 2021, and serves as Chief Financial Officer since December 2014 and as Chief Operating Officer since September 2017, and is a member of the Executive Committee at Galapagos. Prior to that, Mr. Filius worked over 13 years at Sanofi where he was the Chief Financial Officer of Sanofi Europe during the last 3 years. Earlier at Sanofi, he was the Country Manager and Chief Financial Officer of Sanofi in

² Stoffels IMC BV, permanently represented by Dr. Paul Stoffels

the Netherlands. Before that, he was Vice President of Mergers & Acquisitions, during which time he led and completed the divestiture of various franchises. Prior to joining Sanofi, he was a strategy consultant at Arthur D. Little. Mr. Filius has an MBA degree from INSEAD, and a Bachelor's Degree in business from Nyenrode Business University. In May 2019, Mr. Filius was elected as non-executive director in the Supervisory Board of ProQR Therapeutics.

Walid Abi-Saab joined Galapagos as Chief Medical Officer in March 2017. Dr. Abi-Saab has driven Galapagos' overall medical strategy and was responsible for late-stage clinical development and operations, medical and regulatory affairs and safety. As of June 2021, he became responsible for all development activities as he added early-stage development activities to his already existing responsibilities for late-stage development.

Michele Manto is appointed as Chief Commercial Officer in January 2020, and member of the Executive Committee at Galapagos. He joined Galapagos in September 2017 as Senior Vice President Commercial Operations to build and lead Galapagos' commercial organization and capabilities. Previously, Mr. Manto held various commercial leadership roles at AbbVie, most recently as General Manager, Global Marketing Rheumatology and General Manager in the Netherlands. Prior to this, he led AbbVie's commercial activities and launches in rheumatology, gastroenterology and dermatology in Germany and other European countries. He started his professional career as a management and strategy consultant at McKinsey & Company. Mr. Manto holds an MBA from INSEAD and a Degree in Engineering from the Politecnico of Milan.

Per 1 January 2023, our Executive Committee has been strengthened with the addition of the following members:

Annelies Missotten is appointed as Chief Human Resources Officer and member of the Executive Committee at Galapagos. She joined Galapagos as Vice President Human Resources in February 2018 to transform and build an expert HR team to enable business growth, and leading the transformation of Galapagos into an integrated biopharmaceutical company with an international set-up. In 2020, she was appointed Senior Vice President Human Resources and strategic advisor to the CEO and Executive Committee. Before joining Galapagos, she held various senior global HR positions at GSK. She started her career at Proximus, and acquired deep expertise over time in key HR Centres of Expertise, including Training & Development, Talent Acquisition and Reward, and HR Business partnership roles. Ms. Missotten holds a Master's Degree in Roman Philology from KU Leuven, a DEA in Italian Culture and Linguistics from the Paris IV Sorbonne (France) and L'Università Cattolica di Milano. Over the years, she completed her education with several systemic psychology and coaching certifications and business courses, amongst others, from INSEAD, Fontainebleau (France).

Valeria Cnossen is appointed as General Counsel, responsible for Compliance & Ethics, the Corporate Secretary Office and Intellectual Property, and member of the Executive Committee at Galapagos. Ms. Cnossen joined Galapagos on 1 August 2022. She previously was General Counsel of the Consumer Health Group at Johnson & Johnson where she was a strategic partner and key advisor on laws and regulations, transactions and emerging areas, impacting the business such as digital, transparency, sustainability and public policy. Prior to that, she held leadership roles within the Medical Devices and Pharmaceutical Sectors of Johnson & Johnson. Ms. Cnossen joined Johnson & Johnson in 2011 through the acquisition of Crucell, where she was Head of Legal and Compliance. Prior to joining Crucell, Ms. Cnossen was in private legal practice at De Brauw Blackstone Westbroek in the Netherlands, and Cravath, Swaine & Moore in New York City. Ms. Cnossen is a purpose-driven leader, known for her ability to develop high-performing teams and the careers of others, especially as a mentor for women.

The Executive Committee has been entrusted by the Board of Directors with the executive management and running of the Company. Without prejudice to the overall responsibility and tasks of the Board of Directors regarding the management and control of the Company, the tasks of the Executive Committee include the following matters (without limitation): the research, identification and development of strategic possibilities and proposals which may contribute to our development in general, the management of the Company and the Galapagos group, the supervision of the performance of the business in comparison with the strategic goals, plans and budgets, and the support of the Chief Executive Officer with the day-to-day management of the Company and the Galapagos group.

The Executive Committee meets as often as necessary to ensure to its effective operation, and in principle once per month.

Family relationships

There are no family relationships among any of the members of our Executive Committee or Board of Directors.

B. Compensation

The aggregate compensation paid and benefits in kind granted by us to our current members of the Executive Committee and Board of Directors, excluding equity-related compensation, for the year ended December 31, 2022, was €3,883,437.50.

For the year ended December 31, 2022, the total amounts set aside or accrued to provide pension, retirement or similar benefits to our Executive Committee amounted to €240,075.00.

For a discussion of our management agreements with the Executive Committee members, see the section of this annual report titled “Item 7.B.—Related Party Transactions.—Agreements with Our Board Members and Executive Committee Members.” For more information regarding subscription right grants, see “—Subscription Right Plans” below and regarding RSU grants, see “—RSU Plans” below.

Remuneration policy

In 2020, pursuant to the expected implementation in Belgium of the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, or SRD II, a revised version of the remuneration policy has been submitted to a binding vote of our 2020 shareholders’ meeting and has been approved. On May 6, 2020, the Belgian Act of April 28, 2020 transposing the SRD II into Belgian law was published in the Belgian Official Journal. The policy was applicable during the reporting years 2020 and 2021.

In light of the proposed introduction of a one-tier governance structure at the occasion of the Extraordinary Shareholders’ Meeting held on April 26, 2022, a revised remuneration policy was submitted to a binding vote to our 2022 Shareholders’ Meeting and approved during this Shareholders’ Meeting. Our remuneration policy was prepared in accordance with the Belgian Companies Code. The amended remuneration policy applied during the reporting year beginning on January 1, 2022.

The objective of our remuneration policy is to attract, motivate and retain diverse, qualified and expert individuals who are key in order to achieving our strategic and operational objectives. Our further goals are to be competitive in the appropriate market by benchmarking against relevant peer groups, incentivizing performance at the highest possible level, allowing for differential rewards according to individual performance, not to discriminate on any grounds other than performance, and to reinforce an open, fair, consistent and equitable culture.

Compensation of our Board of Directors

The remuneration of our members of the Board of Directors is submitted by our Board of Directors for approval to the Shareholders’ Meeting and is only implemented after such approval. The procedure for establishing the remuneration policy and setting remuneration for members of our Board of Directors is determined by our Board of Directors on the basis of proposals from the Remuneration Committee, taking into account relevant benchmarks from the biotechnology industry.

The Annual Shareholders’ Meeting of April 28, 2020 determined, upon recommendation of the Nomination and Remuneration committee, that the compensation (excluding expenses) of the members of the Board of Directors, other than the Board members representing a shareholder, for the exercise of their mandate during the financial year ending December 31, 2022 is as follows:

(a) fixed cash remuneration: (i) Chairman of the Board of Directors (i.e. Raj Parekh until April 26, 2022): €100,000; (ii) other non-executive members of the Board of Directors (i.e. Howard Rowe (until April 26, 2022), Katrine Bosley (until April 26, 2022), Mary Kerr, Peter Guenter, Elisabeth Svanberg, Dan Baker (as of April 26, 2022) and Jérôme Contamine (as of April 26, 2022)): €50,000 each; (iii) annual additional compensation for membership of a Board committee: €15,000; (iv) annual additional compensation for the Chairmanship of a Board committee: €20,000;

(b) equity-based remuneration: (i) Chairman of the Board of Directors (i.e. Raj Parekh until April 26, 2022): €100,000; (ii) other non-executive members of the Board of Directors (i.e. Howard Rowe (until April 26, 2022), Katrine Bosley (until April 26, 2022), Mary Kerr, Peter Guenter, Elisabeth Svanberg, Dan Baker (as of April 26, 2022) and Jérôme Contamine (as of April 26, 2022)): €50,000 each; in each case (i) and (ii) subject to the requirement to use the net amount (after taxes) to acquire Galapagos shares. These latter payments make up the equivalent of an equity

component of the Board members' remuneration and the resulting shares are to be held until at least one year after the member of the Board of Directors leaves the Board of Directors and at least three years after the time of acquisition. During the financial year 2022, one Board member waived the equity-related remuneration.

The same 2020 Annual Shareholders' Meeting resolved that the mandate of a member of the Board of Directors representing a shareholder on the Board of Directors will not be remunerated, being Daniel O'Day and Linda Higgins.

Effective from April 26, 2022, our new Chief Executive Officer, Stoffels IMC BV (permanently represented by Dr. Paul Stoffels) has been appointed as the Chairman of our Board of Directors. The Chief Executive Officer will only be remunerated for the performance of its executive functions as CEO and will not be entitled to any additional remuneration for its mandates of member and Chairman of the Board of Directors or member of any Committee.

The remuneration of the members of the Board of Directors does not contain a variable part; hence no performance criteria apply to their remuneration.

The following table sets forth the fees received by our members of the Board of Directors for the performance of their mandate as a Board member during the year ended December 31, 2022

Name	Board of Directors				Audit committee		Nomination Committee ⁽²⁾	
	Cash remuneration		Equity-based remuneration		Cash remuneration		Cash remuneration	
	Chairman Fees earned (Euro)	Member Fees earned (Euro)	Cash granted to acquire GLPG shares ⁽¹⁾	Acquired GLPG shares ⁽¹⁾	Chairman Fees earned (Euro)	Member Fees earned (Euro)	Chairman Fees earned (Euro)	Member Fees earned (Euro)
Stoffels IMC BV, permanently represented by Dr. Paul Stoffels ⁽³⁾								
Dr. Rajesh Parekh ⁽⁴⁾	€ 32,143	€ 33,929	€ 66,000	697			€ 13,571	
Mr. Howard Rowe ⁽⁵⁾		16,071	16,000	158	€ 6,429			
Ms. Katrine Bosley ^{(5) (6)}		16,071						
Dr. Mary Kerr		50,000	50,000	528		€ 15,000		
Mr. Peter Guenter		50,000	50,000	539		15,000		
Dr. Elisabeth Svanberg		50,000	50,000	532				
Mr. Jérôme Contamine ⁽⁷⁾		34,066	34,000	366	13,626			€ 10,220
Dr. Dan Baker ⁽⁷⁾		34,066	34,000	363				
Mr. Daniel O'Day ⁽⁸⁾								
Dr. Linda Higgins ⁽⁸⁾								
Total	€ 32,143	€ 284,203	€ 300,000		€ 20,055	€ 30,000	€ 13,571	€ 10,220

(1) The company grants a gross amount equal to the respective Board member's annual cash remuneration, to use the net portion (after taxes) to acquire shares of Galapagos in the open market.

(2) Until April 26, 2022, the company had a Nomination and Remuneration Committee and as of April 26, 2022 we have two committees, being the Nomination Committee and the Remuneration Committee.

(3) Chair of the Board of Directors as of April 26, 2022. Stoffels IMC BV does not receive any remuneration for its mandate as Chair of the Board of Directors or Committee member.

(4) Chair of the Board of Directors until April 26, 2022.

(5) Director until April 26, 2022.

(6) Ms. Bosley waived her equity-related remuneration for financial year 2022.

(7) Director as of April 26, 2022.

(8) Mr. O'Day and Dr. Higgins, both Gilead representatives, do not receive any remuneration for their mandate as members of the Board of Directors.

The table below provides an overview as of December 31, 2022 of the subscription rights held by the (former) members of the Board of Directors. Upon recommendation of our Nomination and Remuneration Committee, the Board of Directors decided in February 2020 to discontinue the grant of subscription rights to members of the Board of Directors going forward, taking into account the stricter rules of the Belgian Companies Code and provision 7.6 of the 2020 Code.

Name	Plan	Grant date	Vesting period	Subscription right award		Number of ordinary shares underlying subscription rights per Dec. 31, 2022	Number of subscription rights exercisable per Dec. 31, 2022	Number of subscription rights exercised during 2022
				Subscription right exercise price (Euro)	Subscription right expiration date			
Raj Parekh	WP 2017	8/30/2017	36 months	80.57	5/16/2025	15,000	15,000	
	WP 2018	6/18/2018	1/36 per month	79.88	4/18/2026	15,000	15,000	
	WP 2019	07-12-2019	month	95.11	04-10-2027	15,000		
Total						45,000	30,000	—
Howard Rowe	WP 2014	10/14/2014		14.54	7/24/2022	—	—	2,520
	WP 2015	6/29/2015		28.75	4/29/2023	2,520	2,520	
	WP 2015.B	03-02-2016	36 months	49.00	12/21/2023	7,500	7,500	
	WP 2016	7/31/2016	1/36 per month	46.10	5/31/2024	7,500	7,500	
	WP 2017	8/30/2017	month	80.57	5/16/2025	7,500	7,500	
	WP 2018	6/18/2018		79.88	4/18/2026	7,500	7,500	
	WP 2019	07/12/2019		95.11	04/10/2027	7,500		
Total						40,020	32,520	2,520
Katrine Bosley	WP 2015	6/29/2015		28.75	4/29/2023	2,520	2,520	
	WP 2015.B	03-02-2016	36 months	49.00	12/21/2023	7,500	7,500	
	WP 2016	7/31/2016	1/36 per month	46.10	5/31/2024	7,500	7,500	
	WP 2017	8/30/2017	month	80.57	5/16/2025	7,500	7,500	
	WP 2018	6/18/2018		79.88	4/18/2026	7,500	7,500	
	WP 2019	07/12/2019		95.11	04/10/2027	7,500		
Total						40,020	32,520	—
Mary Kerr	WP 2017	8/30/2017	36 months	80.57	5/16/2025	7,500	7,500	
	WP 2018	6/18/2018	1/36 per month	79.88	4/18/2026	7,500	7,500	
	WP 2019	07/12/2019	month	95.11	04/10/2027	7,500		
Total						22,500	15,000	—
Peter Guenter	WP 2019	07/12/2019	36 months	95.11	04/10/2027	7,500		
			1/36 per month					
Total						7,500	—	—

Dr. Elisabeth Svanberg, Dr. Dan Baker, Mr. Jérôme Contamine, Mr. Daniel O' Day and Dr. Linda Higgins don't possess any subscription rights.

No loans, quasi-loans or other guarantees were given to the members of the Board of Directors during the year ended December 31, 2022.

Compensation of members of the Executive Committee

The compensation of the members of our Executive Committee is determined by our Board of Directors based on the recommendations by our Remuneration Committee.

The remuneration of the members of our Executive Committee consists of different components:

- **Fixed cash remuneration:** a basic fixed fee (cash base salary) designed to fit responsibilities, relevant experience and competences, in line with market rates for equivalent positions. The amount of fixed remuneration is evaluated and determined by the Board of Directors every year for the Chief Executive Officer, upon recommendation of the Remuneration Committee and for the other members of the Executive Committee upon recommendation of the Chief Executive Officer.
- **Variable remuneration (short-term):** members of the Executive Committee may be entitled to a short-term cash component, being a cash bonus. The award of a bonus is merit-driven and based on the group's performance management system that is based on annual individual performance (including exceptional deliverables) in combination with our overall performance, compared to the level of achievement of individual and corporate objectives that are established annually. As from the year that ended December 31,

2019 and under our remuneration policy, the maximum short-term cash bonus of the Chief Executive Officer is set at 75% of his yearly fixed cash salary. The actual bonus of the Chief Executive Officer is determined by our Board of Directors, upon recommendation of the Remuneration Committee, and is based on the achievement of corporate and individual objectives. The maximum aggregate cash bonus pot for the other members of the Executive Committee is set at maximum 50% of their combined fixed cash salaries for the short-term cash bonus. The actual bonuses of these other Executive Committee members are determined by our Board of Directors, upon recommendation of the Chief Executive Officer, and are based on the achievement of corporate and individual objectives. In addition, exceptional special bonuses, outside the scope of the regular bonus schemes, can be considered by the Board of Directors, upon recommendation of the Remuneration Committee, in the event of and for exceptional achievements.

- **Variable remuneration (long-term) – Incentive plans:** as from the year that ended December 31, 2019 and under our remuneration policy, the Chief Executive Officer is eligible to receive the equivalent number of restricted stock units, or RSUs, to 75% of his cash base salary, and the other members of the Executive Committee are eligible to receive the equivalent number of RSUs to 50% of the total amount of their aggregate cash base salaries as an annual long term incentive. The number of granted RSUs will be equivalent to the respective cash bonus of the Chief Executive Officer or the other Executive Committee members for the respective financial year. They may receive additional RSUs under other RSU plans that were put in place. For a description of the main characteristics of our RSU plans for Executive Committee members, see “RSU Plans” below.

In addition, subscription rights have been granted and may be granted in the future to the members of the Executive Committee. For a description of the main characteristics of our subscription right plans, see “Subscription Right Plans” below.

- **Other:** pursuant to our remuneration policy, the Executive Committee members are eligible to benefits such as a pension, company car, insurances, tax advisory services and payments for invalidity and healthcare cover and other fringe benefits of non-material value.

No loans, quasi-loans or other guarantees were given to members of our Executive Committee during the year ended December 31, 2022.

The following table sets forth information concerning the compensation earned by the Executive Committee members during the year ended December 31, 2022:

Executive Committee member	Fixed remuneration			(Euro)				Total remuneration
	Base salary	Other components ⁽¹⁾	Pension	Cash bonus ⁽²⁾	Variable remuneration			
					Multi-year variable	Granted SRs ⁽⁴⁾		
		Vested RSUs ⁽³⁾						
Stoffels IMC BV permanently represented by Dr. Paul Stoffels	€ 562,500	€ —	€ —	€ 337,500	€ —	€ 570,000	€ 1,470,000	
Onno van de Stolpe ⁽⁵⁾	160,524	22,970	19,500	—	—	—	202,994	
Other Executive Committee members	€ 1,617,538	€ 82,873	€ 220,575	€ 659,300	€ 6,103,529	€ —	€ 8,683,815	

(1) Other components are the value of the benefits and perquisites awarded, such as a company car, tax advisory services, and health and disability insurance.

(2) The one-year variable is the short-term cash bonus awarded to each Executive Committee member in respect of 2022 and paid in April 2023.

(3) During financial year 2022 RSUs vested under RSU Plan 2019.I, 2019.II, 2019.III, 2020.II and 2021 IV and pay-outs occurred accordingly.

(4) The value of the subscription rights (“SRs”) granted during the financial year 2022 is calculated by comparing the exercise price with the average share price of the share as quoted on Euronext Brussels and Amsterdam during the financial year 2022.

(5) CEO as of April 1, 2022.

(6) CEO until March 31, 2022. Mr. Onno van de Stolpe's base salary is €160,524, including €5,239.02 in the form of personal pension contributions. The €19,500 pension amount does not include the amount of €5,239.02, which is part of Mr. Onno van de Stolpe's fixed base salary.

(7) Pursuant to the applicable Belgian legislation for the two-tier governance system, we hereby disclose the individual figures for the Executive Committee members part of the aggregate amounts disclosed under “Other Executive Committee members”.

Executive Committee member	Fixed remuneration			(Euro)				Total remuneration
	Base salary	Other components ⁽¹⁾	Pension	Cash bonus ⁽²⁾	Variable remuneration			
					Multi-year variable	Granted SRs ⁽⁴⁾		
		Vested RSUs ⁽³⁾						
Bart Fillius	€ 515,000	€ 25,527	€ 63,300	€ 230,000	€ 1,974,467	€ —	€ 2,808,294	
Andre Hoekema	317,775	25,328	46,125	100,000	1,961,547	—	2,450,775	
Walid Abi-Saab	434,563	14,203	62,400	165,000	1,543,240	—	2,219,406	
Michele Manto	€ 350,200	€ 17,815	€ 48,750	€ 164,300	€ 624,275	€ —	€ 1,205,340	

The total remuneration table above sets forth the value of the number of RSUs vested and paid out in 2022 for each Executive Committee member. Each RSU represents the right to receive, at Galapagos' discretion, one Galapagos share or a payment in cash of an amount equivalent to the volume-weighted average price of the Galapagos share on Euronext Brussels over the 30-calendar day period preceding the relevant vesting date. However, for members of the Executive Committee, any vesting prior to the third anniversary of the offer date will always give rise to a payment in cash rather than a delivery of shares as an incentive.

During 2022, there were RSU vestings under five different RSU Plans: RSU Plan 2019.I, 2019.II, Plan 2019.III, Plan 2020.II and Plan 2021.IV. The pay-outs to the Executive Committee members occurred accordingly and the aggregate amounts are set forth in the total remuneration table above.

Subscription rights

In addition, the members of the Executive Committee during the year ended December 31, 2022, were granted and accepted subscription rights.

In 2022, our (new) Chief Executive Officer, Stoffels IMC BV (permanently represented by Dr. Paul Stoffels) was offered 1,000,000 subscription rights under Subscription Right Plan 2022 (B) as a sign-on remuneration given the strategic importance of hiring Dr. Stoffels as Chief Executive Officer, his knowledge and experience in the pharmaceutical sector and leadership capabilities. He accepted all the granted subscription rights. The exercise price of these subscription rights is €50.00. The subscription rights under Subscription Right Plan 2022 (B) vest only and fully on the first day of the fourth calendar year following the calendar year in which the grant was made. These subscription rights are exercisable as from January 1, 2026.

The members of the Executive Committee were offered new subscription rights under Subscription Right Plan 2022 BE and each accepted all subscription rights granted as per the following: Mr. Bart Filius (68,000 subscription rights), Dr. Walid Abi-Saab (32,000 subscription rights) and Mr. Michele Manto (24,000 subscription rights). The exercise price of these subscription rights is €57.46. For all the beneficiaries under Subscription Right Plan 2022 BE, the subscription rights vest only and fully on the first day of the fourth calendar year following the calendar year in which the grant was made. These subscription rights are exercisable as from January 1, 2026.

The table below provides an overview as of December 31, 2022 of the subscription rights held by, awarded to and exercised by the (former) members of our Executive Committee during the year ended December 31, 2022.

Name	Plan	Grant date	Vesting period	Subscription rights awarded			Subscription rights exercised		
				Subscription rights exercise price (Euro)	Subscription rights expiration date	Number of ordinary shares underlying subscription rights Per Dec 31, 2022	Number of subscription rights exercisable per Dec 31, 2022	Number of subscription rights awarded during 2022	Number of subscription rights exercised per Dec 31, 2022
Stoffels IMC BV, permanently represented by Dr. Paul Stoffels	SR Plan 2022 (B)	03/25/2022	100% 3 rd year after year of grant 01/01/2026	50.00	01/25/2030	1,000,000	—	1,000,000	—
Total						1,000,000	—	1,000,000	—
Onno van de Stolpe	WP 2014	10/14/2014	36 months	14.54	7/24/2022	—	—	—	100,000
	WP 2015	6/29/2015	1/36 per	28.75	4/29/2023	—	—	—	100,000
	WP 2015.B	2/3/2016	month	49.00	12/21/2023	100,000	100,000	100,000	—
	WP 2016	7/31/2016		46.10	5/31/2024	100,000	100,000	100,000	—
	WP 2017	8/30/2017		80.57	5/16/2025	100,000	100,000	100,000	—
	WP 2018	6/18/2018		79.88	4/18/2026	100,000	100,000	100,000	—
	WP 2019	12/7/2019		95.11	10/4/2027	100,000	—	—	—
	Subscription Right Plan 2020	6/16/2020	100% 3 rd year after year of grant 01/01/2024	168.42	4/17/2028	85,000	—	—	—
	SR Plan 2021 BE	2/7/2021	100% 3 rd year after year of grant 01/01/2025	64.76	4/30/2029	85,000	—	—	—
Total						670,000	400,000	—	200,000
Bart Filius	WP 2017	8/30/2017		80.57	5/16/2025	60,000	60,000	60,000	—
	WP 2018	6/18/2018	100% 3 rd year	79.88	4/18/2026	80,000	80,000	80,000	—
	WP 2019	12/7/2019	after year of	95.11	10/4/2027	65,000	—	—	—
	SR Plan 2020	6/16/2020	grant	168.42	4/17/2028	50,000	—	—	—
	SR Plan 2021 BE	2/7/2021		64.76	4/30/2029	50,000	—	—	—
	SR Plan 2022 BE	7/7/2022		57.46	6/5/2030	68,000	—	68,000	—

Total						373,000	140,000	68,000	—
Andre Hoekema	WP 2014	10/14/2014		14.54	7/24/2022	—	—		10,000
	WP 2015	6/29/2015		28.75	4/29/2023	20,000	20,000		10,000
			100% 3 rd year						
	WP 2015.B	2/3/2016		49.00	12/21/2023	40,000	40,000		
	WP 2016	7/31/2016	after year of	46.10	5/31/2024	55,000	55,000		
	WP 2017	8/30/2017	grant	80.57	5/16/2025	60,000	60,000		
	WP 2018	6/18/2018		79.88	4/18/2026	50,000	50,000		
	WP 2019	12/7/2019		95.11	10/4/2027	50,000			
	SR Plan 2020	6/16/2020		168.42	4/17/2028	30,000			
	SR Plan 2021 BE	2/7/2021		64.76	4/30/2029	30,000			
Total						335,000	225,000	—	20,000
Walid Abi-Saab	WP 2016 (B)	6/4/2017		62.50	1/19/2025	10,000	10,000		
		8/30/2017	100% 3 rd year						
	WP 2017			80.57	5/16/2025	45,000	45,000		
	WP 2018	6/18/2018	after year of	79.88	4/18/2026	60,000	60,000		
	WP 2019	12/7/2019	grant	95.11	10/4/2027	50,000			
	SR Plan 2020	6/16/2020		168.42	4/17/2028	40,000			
	SR Plan 2021 BE	2/7/2021		64.76	4/30/2029	40,000			
	SR Plan 2022 BE	7/7/2022		57.46	6/5/2030	32,000		32,000	
Total						277,000	115,000	32,000	—
Michele Manto	WP 2017	8/30/2017		80.57	5/16/2025	60,000	60,000		
			100% 3 rd year						
	WP 2018	6/18/2018		79.88	4/18/2026	30,000	30,000		
	WP 2019	12/7/2019	after year of	95.11	10/4/2027	40,000			
	SR Plan 2020	6/16/2020	grant	168.42	4/17/2028	30,000			
	SR Plan 2021 BE	2/7/2021		64.76	4/30/2029	30,000			
	SR Plan 2022 BE	7/7/2022		57.46	6/5/2030	24,000		24,000	
Total						214,000	90,000	24,000	—

RSU plans

Upon recommendation of the Nomination and Remuneration committee, the Board of Directors has updated the remuneration policy in 2020 to also include the grant of RSUs as a long-term incentive for the members of the Executive Committee, starting from the year ended on December 31, 2019. The revised 2022 remuneration policy still includes the grant of RSUs.

We currently have the following restricted stock unit ('RSU') programs:

- Plan 2020.I, Plan 2021.I and Plan 2022.I: these plans are intended to provide a long-term incentive to certain of our employees and Executive Committee members and, as of 2020, replaces the deferred portion of the bonus under the old Senior Management Bonus Scheme;
- Plan 2019.II, 2020.II, Plan 2021.II, Plan 2021 IV and Plan 2022.II: these plans are designed with the aim to retain a specific group of our key employees and Executive Committee members whose retention is considered so important for the future performance of Galapagos that an additional incentive is desirable. The beneficiaries are nominated by the Remuneration Committee and the Board of Directors approves the list of beneficiaries. The four-year vesting period is designed to be aligned with long-term shareholder interests;
- Plan 2019.I: grants under this plan were made in 2019 only on the basis of a decision of the Board of Directors, as previously disclosed.
- Plan 2019.III: this exceptional RSU grant took place in 2019 under an RSU Transaction Bonus Plan for the successful closing of the Gilead transaction; and
- Plan 2021.III and Plan 2022.III: these plans are intended to compensate employees who transferred from Gilead to Galapagos in the framework of the transfer of European commercialization rights for the long-term incentive plans within Gilead under which invested RSU awards lapsed upon transfer out of the Gilead group. These employees received an RSU grant from Galapagos.

The RSU plans are intended to provide certain members of the Executive Committee and certain employees of Galapagos the opportunity to receive RSUs as an incentive. Their purpose is to retain and encourage participants to contribute to the performance of Galapagos and its affiliates by aligning their financial interests with those of the shareholders.

The main characteristics of these plans are as follows:

- The RSUs are offered for no consideration;
- Generally, three or four year vesting periods apply, as set forth per plan in the table below;
- Each RSU reflects the value of one Galapagos share and payout will be in cash or shares, at Galapagos' discretion, it being understood that in respect of members of the Executive Committee, any vesting prior to the third anniversary of the offer date will always give rise to a payment in cash rather than a delivery of shares as an incentive; and
- In case of termination of service before the vesting date, bad and good leaver rules apply. Any unvested RSUs are forfeited upon termination of service before the vesting date.

In 2022, the Executive Committee members were offered new RSUs under the 2022 RSU Annual Long-Term Incentive Plan and the 2022 RSU Retention Plan, subject to acceptance. The members of the Executive Committee accepted all RSUs offered to them, except for one member which did not accept his grant under the 2022 RSU Annual Long-Term Incentive Plan. The first RSU grant will vest in full three years after the offer date. The second RSU grant has a four-year vesting period, with 25% vesting each year and a first vesting date on May 1, 2023. Except for the RSUs granted to and accepted by Stoffels IMC BV (permanently represented by Dr. Paul Stoffels), the RSUs are not transferable. The table below sets forth the number of RSUs offered to each Executive Committee member in 2022: Stoffels IMC BV (permanently represented by Dr. Paul Stoffels): 74,408 RSUs, Mr. Bart Filius: 61,442 RSUs, Dr. Walid Abi-Saab: 37,274 RSUs and Mr. Michele Manto: 27,354 RSUs.

No RSUs expired during the year ended December 31, 2022. The table below sets out the main characteristics of RSU plans issued to the (former) Executive Committee members during 2019, 2020, 2021 and 2022, the RSUs awarded to and accepted by each (former) Executive Committee member under the respective RSU Plan and vested for and paid out to each (former) Executive Committee member during 2022:

Name	Plan	Grant date	Vesting period	Vesting date	Number of RSUs granted	Number of RSUs vested during 2022
Stoffels IMC BV, permanently represented by Dr. Stoffels	Plan 2022.II	05/05/2022	25%/year,		74,408	—
			Four-year vesting period			
Total					74,408	—
Onno van de Stolpe ⁽¹⁾	Plan 2019.I	10/16/2019	100% three years after offer date	10/16/2022	15,000	15,000
	Plan 2019.II	10/16/2019	25%/year	05/01/2020	25,606	
			Four-year vesting period	05/01/2021		6,401
				05/01/2022		
				05/01/2023		
	Plan 2019.III	10/16/2019	50% two year after offer date	10/16/2021	16,922	8,461
			50% three years after offer date	10/16/2022		
	Plan 2020.I	05/06/2020	100% three years after offer date	05/06/2023	2,392	
	Plan 2020.II	05/06/2020	25%/year	05/01/2021	15,925	3,981
			Four-year vesting period	05/01/2022		
				05/01/2023		
				05/01/2024		
	Plan 2021.I	05/05/2021	100% three years after offer date	05/05/2024	2,111	
	Plan 2021.IV	05/05/2021	25%/year	05/01/2022	61,719	15,429
			Four-year vesting period	05/01/2023		
				05/01/2024		

[Table of Contents](#)

				05/01/2025		
Total					139,675	49,272
Bart Filius	Plan 2019.I	10/16/2019	100% three years after offer date	10/16/2022	5,000	5,000
	Plan 2019.II	10/16/2019	25%/year	05/01/2020	17,924	
			Four-year vesting period	05/01/2021		4,481
				05/01/2022		
				05/01/2023		
	Plan 2019.III	10/16/2019	50% two year after offer date	10/16/2021	16,922	8,461
			50% three years after offer date	10/16/2022		
	Plan 2020.I	05/06/2020	100% three years after offer date	05/06/2023	1,452	
	Plan 2020.II	05/06/2020	25%/year	05/01/2021	11,148	2,787
			Four-year vesting period	05/01/2022		
				05/01/2023		
				05/01/2024		
	Plan 2021.I	05/05/2021	100% three years after offer date	05/05/2024	1,011	
	Plan 2021.IV	05/05/2021	25%/year	05/01/2022	61,719	15,429
			Four-year vesting period	05/01/2023		
				05/01/2024		
				05/01/2025		
	Plan 2022.I	05/03/2022	100% three years after offer date	05/03/2025	3,570	
	Plan 2022.II	05/05/2022	25%/year	05/01/2023	57,872	
			Four-year vesting period	05/01/2024		
				05/01/2025		
				05/01/2026		
Total					176,618	36,158
Andre Hoekema ⁽²⁾	Plan 2019.I	10/16/2019	100% three years after offer date	10/16/2022	3,000	3,000
	Plan 2019.III	10/16/2019	50% two year after offer date	10/16/2021	16,922	8,461
			50% three years after offer date	10/16/2022		
	Plan 2020.I	05/06/2020	100% three years after offer date	05/06/2023	832	
	Plan 2021.IV	05/05/2021	25%/year ⁽³⁾	05/01/2022	51,433	25,716
			Four-year vesting period	09/01/2022		
				05/01/2024		
				05/01/2025		
Total					72,187	37,177
Walid Abi-Saab	Plan 2019.I	10/16/2019	100% three years after offer date	10/16/2022	5,000	5,000
	Plan 2019.II	10/16/2019	25%/year	05/01/2020	17,924	
			Four-year vesting period	05/01/2021		4,481
				05/01/2022		
				05/01/2023		
	Plan 2019.III	10/16/2019	50% two year after offer date	10/16/2021	10,153	5,077
			50% three years after offer date	10/16/2022		
	Plan 2020.I	05/06/2020	100% three years after offer date	05/06/2023	932	
	Plan 2020.II	05/06/2020	25%/year	05/01/2021	11,148	2,787
			Four-year vesting period	05/01/2022		
				05/01/2023		
				05/01/2024		
	Plan 2021.I	05/05/2021	100% three years after offer date	05/05/2024	835	
	Plan 2021.IV	05/05/2021	25%/year	05/01/2022	43,203	10,800
			Four-year vesting period	05/01/2023		
				05/01/2024		
				05/01/2025		
	Plan 2022.I	05/03/2022	100% three years after offer date	05/03/2025	2,550	
	Plan 2022.II	05/05/2022	25%/year	05/01/2023	34,724	
			Four-year vesting period	05/01/2024		
				05/01/2025		
				05/01/2026		
Total					126,469	28,145
Michele Manto	Plan 2019.II	10/16/2019	25%/year	05/01/2020	5,121	
			Four-year vesting period	05/01/2021		1,280
				05/01/2022		
				05/01/2023		
	Plan 2020.I	05/06/2020	100% three years after offer date	05/06/2023	612	
	Plan 2020.II	05/06/2020	25%/year	05/01/2021	5,308	1,327
			Four-year vesting period	05/01/2022		

				05/01/2023		
				05/01/2024		
Plan 2021.I	05/05/2021	100% three years after offer date		05/05/2024	835	
Plan 2021.IV	05/05/2021	25%/year		05/01/2022	30,859	7,714
		Four-year vesting period		05/01/2023		
				05/01/2024		
				05/01/2025		
Plan 2022.I	05/03/2022	100% three years after offer date		05/03/2025	2,550	
Plan 2022.II	05/05/2022	25%/year		05/01/2023	24,804	
		Four-year vesting period		05/01/2024		
				05/01/2025		
				05/01/2026		
Total					70,089	10,321

(1) On the lever date of Mr. Onno Van de Stolpe his unvested RSUs became null and void, being 65,158 RSUs.

(2) On the lever date of Dr. Andre Hoekema his unvested RSUs became null and void, being 39,407 RSUs.

(3) As previously disclosed, upon substantiated recommendation of the Nomination and Remuneration Committee, the Board of Directors approved a deviation of the vesting rules under the RSU Plan 2021 IV. The second vesting of 25% of the RSU grant under the aforementioned plan (corresponding with 12,858 RSUs) has occurred earlier than under the normal plan rules.

Limitations on liability and indemnification matters

Under Belgian law, the members of the Board of Directors and Executive Committee members of a company may be liable for damages to the company in case of improper performance of their duties. Our members of the Board of Directors and members of the Executive Committee may be liable to our company and to third parties for infringement of our Articles of Association or Belgian company law. Under certain circumstances, members of the Board of Directors and members of the Executive Committee may be criminally liable.

We maintain liability insurance for our members of the Board of Directors and members of the Executive Committee, including insurance against liability under the Securities Act.

The Belgian Companies Code includes a cap on liability for directors (i.e. members of the Board of Directors and persons in charge of daily management, such as our Chief Executive Officer) for any damages they cause due to mismanagement, including breaches of the articles of association and the Belgian Companies Code. This liability cap applies towards the company and third parties. For Galapagos NV, the cap amounts to €12,000,000. The cap applies irrespective of the number of claimants or defendants for the same (set of) facts. However, the cap does not apply to repetitive minor misconduct, serious error or cases of fraud. Furthermore, the cap does not apply to directors' liability under the special liability regimes relating to payment of withholding tax, VAT and social security contributions.

Certain of our members of the Board of Directors may through their relationships with their employers or partnerships be insured and/or indemnified against certain liabilities in their capacity as members of our Board of Directors.

In the underwriting agreements we entered into in connection with our May 2015 global offering and subsequent follow-on U.S. public offerings, the underwriters agreed to indemnify, under certain conditions, us, the members of our Board of Directors and persons who control our company within the meaning of the Securities Act against certain liabilities, but only to the extent that such liabilities are caused by information relating to the underwriters furnished to us in writing expressly for use in the applicable registration statements and certain other disclosure documents.

Subscription right plans

Various subscription right plans were approved for the benefit of our employees, and for members of the Board of Directors, members of the Executive Committee and independent consultants of Galapagos NV ("subscription rights" is the new term for instruments formerly referred to as "warrants" under the new Belgian Companies Code). For subscription right plans issued prior to 2011, the subscription rights offered to the employees and independent consultants vest according to the following schedule: 10% of the warrants vest on the date of the grant; an additional 10% vest at the first anniversary of the grant; an additional 20% vest at the second anniversary of the grant; an additional 20% vest at the third anniversary of the grant; and an additional 40% vest at the end of the third calendar year following the grant.

The subscription rights granted under subscription right plans created from 2011 onwards vest and become exercisable at the end of the third calendar year following the year of the grant, with no intermediate vesting, with the exception of the subscription rights granted (i) under Warrant Plan 2015 (B), Warrant Plan 2015 RMV, and Warrant Plan 2016 (B), which vest on the third anniversary of the notary deed enacting the acceptance and issuance of the subscription rights and (ii) under Subscription Right Plan 2021 RMV, Subscription Right Plan 2021 ROW, Subscription Right Plan 2022 RMV and Subscription Right Plan 2022 ROW, vest and become exercisable in instalments, with 25% of each grant vesting on the first day of the second calendar year following the calendar year in which the grant was made, 25% vesting on the first day of the third calendar year following the calendar year in which the grant was made and 50% vesting on the first day of the fourth calendar year following the calendar year in which the grant was made.

The subscription rights offered to members of the Board of Directors vest over a period of 36 months at a rate of 1/36th per month. As from January 1, 2020, Galapagos no longer grants any subscription rights to members of the Board of Directors, taking into account the stricter rules of the Belgian Companies Code and provision 7.6 of the 2020 Corporate Governance Code.

Pursuant to a resolution of our extraordinary shareholders' meeting of May 23, 2011, in the event of a change of control over Galapagos NV, all outstanding subscription rights vest immediately and will be immediately exercisable.

After the reverse 4:1 share split approved by the Extraordinary Shareholders' Meeting of March 29, 2005, four warrants under Warrant Plan 2002 Belgium entitle the subscription right holder to subscribe for one ordinary share. For the subscription right plans created from 2005 onwards, one subscription right entitles the subscription right holder to subscribe for one ordinary share. In the summaries and tables below, the numbers of subscription rights issued under Warrant Plan 2002 Belgium are divided by four to avoid confusion in entitlements and rights.

Generally, unless our Board of Directors at the time of the grant of the subscription right determines a higher exercise price, the exercise price of a subscription right will at least be equal to:

- the last closing price of our ordinary shares on Euronext Amsterdam prior to the date on which the subscription right is offered; or
- the average closing price of our ordinary shares on Euronext Amsterdam over the thirty-day period preceding the date on which the subscription right is offered.

However, for the subscription rights offered under Warrant Plan 2002 Belgium, since the ordinary shares of our company were not yet traded or listed on a stock exchange at the time of the relevant offers, the exercise price was to be determined by our Board of Directors at the time of the offer and had to be at least equal to the market value of the former Class D shares, as determined by the Board of Directors at that time and as certified by the auditor of our Company. In addition, the exercise price could not be lower than (i) the book value of the existing shares as appearing from the last approved annual accounts of the company at the date of the offer and (ii) €1.

From 2002 until December 31, 2022, an aggregate of 20,110,409 subscription rights were granted. Of these 20,110,409 subscription rights:

- 147,512 subscription rights lapsed because they were not timely exercised by their beneficiaries;
- 2,728,254 subscription rights lapsed due to their beneficiaries no longer being employed by the Company or because another condition for vesting was not met; and
- 6,571,299 subscription rights were exercised.

As a result, as of December 31, 2022, there were 10,810,856 subscription rights outstanding, representing approximately 16.42% of the total number of all our issued and outstanding voting financial instruments.

The table below sets forth the details of all subscription rights granted under the subscription right plans for employees, members of the Board of Directors, members of the Executive Committee and independent consultants in

force as per December 31, 2022, including the plan under which the subscription rights were granted, the offer date, exercise price, expiry date, number of subscription rights exercised, number of subscription rights voided and number of subscription rights outstanding. Aside from the subscription rights set forth in the below table, there are currently no other stock options, options to purchase securities, convertible securities or other rights to subscribe for or purchase outstanding securities.

Subscription right plan	Offer date	Exercise price (€)	Number of subscription rights granted	Number of subscription rights exercised	Number of subscription rights voided	Number of subscription rights still outstanding	Exercisable from	Expiry date
2002 Belgium	03-06-2002	4.00	553,705	423,698	130,007	—	01-01-2006	03-06-2010
	09-02-2002	4.00	27,125	14,150	12,975	—	01-01-2006	09-02-2010
	03-06-2003	4.00	5,250	1,287	3,963	—	01-01-2007	03/31/2007
	04-01-2003	4.00	7,500	7,500	—	—	01-01-2007	04-01-2011
	06/15/2004	4.00	2,000	2,000	—	—	01-01-2008	06/15/2012
	07-09-2004	4.00	31,250	31,250	—	—	01-01-2008	02-01-2017
	07/22/2004	4.00	7,500	—	7,500	—	01-01-2008	03/31/2008
	01/31/2005	6.76	159,375	115,000	44,375	—	01-01-2009	02-01-2017
Total			793,705	594,885	198,820	—		
2005	07-04-2005	6.91	145,000	145,000	—	—	01-01-2009	07-03-2018
	11/23/2005	8.35	125,000	75,000	50,000	—	01-01-2009	11/22/2018
	12/15/2005	8.60	12,500	12,500	—	—	01-01-2009	12/14/2018
	02/13/2006	8.61	40,000	8,000	32,000	—	01-01-2010	03/31/2010
	02/13/2006	8.73	53,500	50,972	2,528	—	01-01-2010	03/31/2010
	11/22/2006	8.65	82,600	61,285	21,315	—	01-01-2010	11/21/2019
Total			458,600	352,757	105,843	—		
2006 BNL	02/13/2006	8.61	112,953	100,662	12,291	—	01-01-2010	02-12-2019
	11/22/2006	8.65	87,090	16,450	70,640	—	01-01-2010	11/21/2019
	02/14/2007	9.57	102,900	9,170	93,730	—	01-01-2011	08/31/2011
	05-04-2007	9.22	17,500	17,500	—	—	01-01-2011	05-03-2020
	06/28/2007	8.65	735	735	—	—	01-01-2011	06/27/2020
	12/21/2007	7.12	25,110	13,171	11,939	—	01-01-2011	12/20/2020
Total			346,288	157,688	188,600	—		
2006 UK	06-01-2006	8.70	302,191	230,963	71,228	—	01-01-2010	09/30/2014
	11/22/2006	8.65	13,965	11,907	2,058	—	01-01-2010	11/21/2014
	12/19/2006	9.18	77,700	31,885	45,815	—	01-01-2010	12/18/2014
	06/28/2007	8.43	30,585	20,085	10,500	—	01-01-2011	06/27/2015
	12/21/2007	7.25	945	945	—	—	01-01-2011	12/20/2015
Total			425,386	295,785	129,601	—		
2007	06/28/2007	8.65	108,126	108,126	—	—	01-01-2011	06/27/2015
	06/28/2007	8.65	256,314	203,141	53,173	—	01-01-2011	06/27/2020
Total			364,440	311,267	53,173	—		
2007 RMV	10/25/2007	8.65	108,850	103,950	4,900	—	01-01-2011	10/24/2020
Total			108,850	103,950	4,900	—		
2008	06/26/2008	5.60	201,445	194,119	7,326	—	01-01-2012	06/25/2021
Total			201,445	194,119	7,326	—		
2008 (B)	06/26/2008	5.60	57,500	50,000	7,500	—	01-01-2012	06/25/2013
Total			57,500	50,000	7,500	—		
2009	04-01-2009	5.87	555,000	490,000	65,000	—	01-01-2013	03/31/2017
Total			555,000	490,000	65,000	—		
2009 (B)	02-06-2009	7.09	135,100	131,670	3,430	—	01-01-2013	06-01-2014
Total			135,100	131,670	3,430	—		
2010	04/27/2010	11.55	466,500	416,750	49,750	—	01-01-2014	04/26/2018
	04/27/2010	11.55	40,000	40,000	—	—	04/27/2014	04/26/2018
Total			506,500	456,750	49,750	—		
2010 (B)	04/27/2010	11.55	195,040	190,108	4,932	—	01-01-2014	04/26/2015
Total			195,040	190,108	4,932	—		
2010 (C)	12/23/2010	11.74	75,000	75,000	—	—	01-01-2014	12/22/2018
Total			75,000	75,000	—	—		
2011	05/23/2011	9.95	561,500	432,500	129,000	—	01-01-2015	05/22/2019
	05/23/2011	9.95	57,500	50,000	7,500	—	05/23/2015	05/22/2019
Total			619,000	482,500	136,500	—		
2011 (B)	05/23/2011	9.95	129,220	127,750	1,470	—	01-01-2015	05/22/2016
Total			129,220	127,750	1,470	—		
2012	09-03-2012	14.19	448,640	345,490	103,150	—	01-01-2016	09-02-2020
	09-03-2012	14.19	32,500	22,500	10,000	—	09-03-2016	09-02-2020
Total			481,140	367,990	113,150	—		
2013	05/16/2013	19.38	602,790	431,840	170,950	—	01-01-2017	05/15/2021
Total			602,790	431,840	170,950	—		
2013 (B)	09/18/2013	15.18	75,000	30,000	45,000	—	01-01-2017	06/30/2017
Total			75,000	30,000	45,000	—		
2014	07/25/2014	14.54	571,660	536,660	35,000	—	01-01-2018	07/24/2022
Total			571,660	536,660	35,000	—		
2014 (B)	10/14/2014	11.93	150,000	150,000	—	—	01-01-2018	10/13/2022
Total			150,000	150,000	—	—		
2015	04/30/2015	28.75	532,053	451,830	17,000	63,223	01-01-2019	04/29/2023
Total			532,053	451,830	17,000	63,223		
2015 (B)	12/22/2015	49.00	399,000	157,500	—	241,500	03-02-2019	12/21/2023
Total			399,000	157,500	—	241,500		

[Table of Contents](#)

2015 RMV	12/22/2015	49.00	97,500	62,500	—	35,000	03-02-2019	12/21/2023
Total			97,500	62,500	—	35,000		
2016	06-01-2016	46.10	514,250	177,750	11,000	325,500	01-01-2020	05/31/2024
Total			514,250	177,750	11,000	325,500		
2016 RMV	06-01-2016	46.10	120,000	51,000	—	69,000	01-01-2020	05/31/2024
Total			120,000	51,000	—	69,000		
2016 (B)	01/20/2017	62.50	150,000	140,000	—	10,000	04-06-2020	01/19/2025
Total			150,000	140,000	—	10,000		
2017	05/17/2017	80.57	595,500	—	5,500	590,000	01-01-2021	05/16/2025
Total			595,500	—	5,500	590,000		
2017 RMV	05/17/2017	80.57	127,500	—	—	127,500	01-01-2021	05/16/2025
Total			127,500	—	—	127,500		
2018	04/19/2018	79.88	1,097,745	—	122,750	974,995	01-01-2022	04/18/2026
Total			1,097,745	—	122,750	974,995		
2018 RMV	04/19/2018	79.88	137,500	—	—	137,500	01-01-2022	04/18/2026
Total			137,500	—	—	137,500		
2019	04-10-2019	95.11	1,504,940	—	287,950	1,216,990	01-01-2023	04-10-2027
Total			1,504,940	—	287,950	1,216,990		
2019 RMV	04-10-2019	95.11	194,750	—	8,750	186,000	01-01-2023	04-10-2027
Total			194,750	—	8,750	186,000		
2020	04/17/2020	168.42	1,925,185	—	466,941	1,458,244	01-01-2024	04/17/2028
Total			1,925,185	—	466,941	1,458,244		
2020 RMV	04/17/2020	168.42	248,150	—	39,075	209,075	01-01-2024	04/17/2028
Total			248,150	—	39,075	209,075		
2021 BE	04/30/2021	64.76	1,117,603	—	76,455	1,041,148	01-01-2025	04/30/2029
Total			1,117,603	—	76,455	1,041,148		
2021 RMV	04/30/2021	64.76	291,725	—	34,025	257,700	01/01/2023 01/01/2024 01/01/2025	04/30/2029
Total			291,725	—	34,025	257,700		
2021 ROW	04/30/2021	64.76	1,084,105	—	300,730	783,375	01/01/2023 01/01/2024 01/01/2025	04/30/2029
Total			1,084,105	—	300,730	783,375		
2022 (A)	01/13/2022	46.18	30,000	—	—	30,000	01-01-2023	01/13/2030
Total			30,000	—	—	30,000		
2022 (B)	01/26/2022	50.00	1,000,000	—	—	1,000,000	01/01/2024 01/01/2025 01/01/2026	01/25/2030
Total			1,000,000	—	—	1,000,000		
2022 BE	05-06-2022	57.46	911,400	—	7,858	903,542	01-01-2026	05/60/2030
Total			911,400	—	7,858	903,542		
2022 RMV	05-06-2022	57.46	244,389	—	1,675	242,714	01/01/2024 01/01/2025 01/01/2026	05/60/2030
Total			244,389	—	1,675	242,714		
2022 ROW	05-06-2022	57.46	935,450	—	27,600	907,850	01/01/2024 01/01/2025 01/01/2026	05/60/2030
Total			935,450	—	27,600	907,850		
Grand Total			20,110,409	6,571,999	2,728,254	10,810,856		

In addition to the subscription right plans for our employees, Board members, Executive Committee members, and independent consultants described above, on October 22, 2019, our Extraordinary Shareholders' Meeting approved the issuance of two subscription rights for the benefit of Gilead Therapeutics A1 Unlimited Company, called the initial Warrant A and the initial Warrant B. These subscription rights entitle the holder thereof to subscribe, during the entire term of the respective subscription right, upon each exercise of a subscription right, for a maximum number of shares that is sufficient to bring the shareholding of Gilead and its affiliates to 25.1% and 29.9%, respectively, of the actually issued and outstanding shares after the exercise of the relevant subscription right (rounded down to the nearest whole share). The initial Warrant A has a term of one year and an exercise price of €140.59 per share and expired during 2020. The initial Warrant B has a term of five years and an exercise price per share equal to the greater of (i) 120% multiplied by the arithmetic mean of the 30-day daily volume weighted average trading price of Galapagos' shares as traded on Euronext Brussels and Euronext Amsterdam, and (ii) €140.59.

C. Board practices

As from April 26, 2022, Galapagos has adopted a one-tier governance structure as provided for by the Belgian Companies Code, with the Board of Directors replacing the (former) Supervisory Board and the Executive Committee replacing the (former) Management Board. For further information on our governance structure, see the section of this annual report titled "Item 6.A – Directors and Senior Management – Board of Directors"

Our Board of Directors can set up specialized Board Committees to analyze specific issues and advise the Board on those issues. The Board Committees are advisory bodies only, and the final decision-making power remains within

the collegial responsibility of the Board of Directors. The Board determines the terms of reference of each Board Committee with respect to its organization, procedures, policies and activities.

In order to efficiently fulfil its tasks and in view of the size and activities of the Company, our Board of Directors has set up and appointed an Audit Committee, a Nomination Committee, and a Remuneration Committee. Until May 2, 2022, there was a combined Nomination and Remuneration Committee. As from May 2, 2022, our Board of Directors has set up a separate Nomination Committee and Remuneration Committee. The composition, role and functioning of all Board Committees complies with all applicable requirements of the Belgian Companies Code, the 2020 Code, the Exchange Act, the exchanges on which our ordinary shares and ADSs are listed and SEC rules and regulations, however taking into account the differences as set out below and our status as a foreign private issuer. For information regarding the (temporary) deviation from the provisions with respect to the composition of our Nomination Committee as set forth in the 2020 Code, see “item 16G – Corporate Governance”

The members of each Board Committee are appointed by the Board of Directors, and can be dismissed by the Board of Directors at any time. The duration of the mandate of a Board Committee member cannot exceed that such director’s membership. In deciding on the specific composition of each Board Committee, consideration is given to the needs and qualifications required for the optimal functioning of that Board Committee.

Except the arrangements described in the section of this annual report titled “Item 7.B.—Related-Party Transactions—Agreements with Our Board Members and Executive Committee,” there are no arrangements or understanding between Galapagos and any Executive Committee member or Board member providing for benefits upon termination of their employment, other than as required by applicable law. For information regarding the expiration of our Board members’ current terms of office and the period each member of our Board of Directors has served in that office, see “Item 6.A.— Directors and Senior Management.— Our Board of Directors.”

Lead Non-Executive Director

Pursuant to the Company’s Corporate Governance Charter and as a counter balancing governance structure for the combined CEO & Chairman role within the Board, the Board of Directors appointed a Lead Non-Executive Director. The Lead Non-Executive Director is also automatically the Vice-Chairman of the Board of Directors. The Lead Non-Executive Director is entrusted with the responsibilities and powers as set out in Galapagos’ Corporate Governance Charter, including, but not limited to, serving as principal liaison between the non-executive directors and the Chairman of the Board. Dr. Rajesh Paresh was appointed as the Lead Non-Executive Director of Galapagos, effective as of May 2, 2022. Effective as of March 21, 2023, Jérôme Contamine is appointed as the new Lead Non-Executive Director of Galapagos, replacing Dr. Rajesh Parekh.

Director independence

As a foreign private issuer, under the listing requirements and rules of Nasdaq, we are not required to have independent directors on our Board of Directors, except that our Audit Committee is required to consist fully of independent directors, subject to certain phase-in schedules. However, our Board of Directors has determined that, under current listing requirements and rules of Nasdaq and taking into account any applicable committee independence standards, Rajesh Parekh, Jérôme Contamine, Peter Guenter, Dan Baker, Mary Kerr and Elisabeth Svanberg are “independent directors.” In making such determination, our Board of Directors considered the relationships that each non-executive Board member has with us and all other facts and circumstances our Board of Directors deemed relevant in determining the relevant Board member’s independence, including the number of ordinary shares beneficially owned by the relevant Board member and his or her affiliated entities (if any).

The independence criteria under the applicable Nasdaq Stock Market Listing Rules and US Securities Exchange Act requirements differ from the independence criteria set forth in article 7:87 of the Belgian Companies Code and provision 3.5 of the 2020 Code. Under article 7:87 of the Belgian Companies Code and provision 2020, Jérôme Contamine, Peter Guenter, Dan Baker, Mary Kerr and Elisabeth Svanberg are “independent members of our Board of Directors”. Pursuant to Belgian law, our Board of Directors is composed of a majority of independent non-executive directors.

Role of the Board of Directors in risk oversight

Our Board of Directors is responsible for the oversight of our risk management activities, and has delegated to the Audit Committee the responsibility to assist our Board in this task. While our Board of Directors oversees our risk management, our Executive Committee is responsible for day-to-day risk management processes. Our Board of Directors expects our Executive Committee members to consider risk and risk management in each business decision, to proactively develop and monitor risk management strategies and processes for day-to-day activities and to effectively implement risk management strategies adopted by the Board. We believe this division of responsibilities is the most effective approach for addressing the risks we face.

Corporate governance practices

Along with our Articles of Association, we initially adopted a Corporate Governance Charter in accordance with the rules and recommendations set out in the Belgian Corporate Governance Code issued on March 12, 2009 by the Belgian Corporate Governance Committee. In light of the new Belgian Companies Code, the Belgian Corporate Governance Committee adopted a new 2020 Belgian Corporate Governance Code (the “2020 Code”), published on May 9, 2019. The 2020 Code applies compulsorily to reporting years beginning on or after January 1, 2020.

Our Board of Directors has adopted the 2020 Code for the reporting period beginning on January 1, 2020. Our Corporate Governance Charter is available on our website: www.glpj.com (this website does not form part of this annual report), and applies in addition to the applicable laws and regulations, our Articles of Association, and the corporate governance provisions included in the Belgian Companies Code and the 2020 Code. For the reporting year beginning on January 1, 2022, the 2020 Code was our reference code.

The 2020 Code is based on a “comply or explain” system: Belgian listed companies are expected to follow the 2020 Code, but can deviate from specific provisions and guidelines (though not the principles) provided they disclose the justification for such deviations.

For the reporting year beginning on January 1, 2022, our Board of Directors strove to comply with the rules and recommendations of the 2020 Code as much as possible. At the same time, our Board believes that certain deviations from its provisions were justified in view of our particular situation. Provision 3.12 of the 2020 Code recommends that, in case of a one-tier governance structure, (a) there should be a clear division of the responsibilities between the person presiding over the Board of Directors (the Chairman) and the person assuming executive responsibility for running the company’s business (the CEO), and (b) the Chairman of the Board of Directors and CEO should not be the same individual. In deviation from this provision, Stoffels IMC BV (permanently represented by Dr. Paul Stoffels) who is our CEO since April 1, 2022, was also appointed as Chairman of the Board of Directors as from April 26, 2022. In light of the prevailing circumstances, the Board of Directors considered that the one-tier governance structure and the combined role as CEO/Chairman allows the Company to fully leverage the leadership of Dr. Paul Stoffels, and to efficiently set and implement the Company’s direction and strategy (including in the field of business development). Furthermore, the Board of Directors is of the opinion that such combined role had a positive impact on the functioning and efficiency of the Board, as well as on the provision of information to the Board of Directors, allowing the Board of Directors to monitor the Company’s (and group’s) performance more effectively during 2022. In order to ensure sufficient balance, the Board adopted a counter balancing governance structure that includes the election of a Lead Non-Executive Director acting as the principal liaison between the Chairman and the non-executive members of the Board of Directors. Dr. Rajesh Parekh was appointed as the Lead Non-Executive Director of Galapagos, effective as of May 2, 2022. Effective as of March 21, 2023, Jérôme Contamine is appointed as the new Lead Non-Executive Director of Galapagos, replacing Dr. Rajesh Parekh. The Lead Non-Executive Director is entrusted with the responsibilities and powers as set out in the Corporate Governance Charter of Galapagos.

For information regarding the (temporary) deviation from the provisions with respect to the composition of our Nomination Committee as set forth in the 2020 Code, see “Item 16G – Corporate Governance”

Our Board of Directors regularly reviews its Corporate Governance Charter and makes such changes as it deems necessary and appropriate. Additionally, our Board of Directors adopted written terms of reference for the Executive Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee, which are part of our Corporate Governance Charter. On April 26, 2022, as a consequence of the introduction of one-tier governance structure at the Company through the amendment of our Articles of Association, Galapagos’ Board of Directors approved an

updated Corporate Governance Charter. On March 21, 2023, our Board of Directors approved an amendment to the Corporate Governance Charter. The amended Corporate Governance Charter refers to the establishment of the Management Committee supporting the Executive Committee, allows the same person to be Lead Non-Executive Director and Chairman of the Audit Committee, provides that the Lead Non-Executive Director is member or Chairman of the Nomination Committee, and clarifies that the Lead Non-Executive Director supports the Chairman in ensuring the prevention and managing of conflicts of interest involving potentially a director. Galapagos' Corporate Governance Charter is available on our website: www.glp.com (information contained on, or that can be accessed through, our website does not constitute a part of this annual report). The Corporate Governance Charter applies in addition to the applicable laws and regulations, Galapagos' Articles of Association and the corporate governance provisions included in the Belgian Companies Code and the 2020 Code. The Corporate Governance Charter describes the main aspects of corporate governance at Galapagos, including its governance structure, the terms and functioning of the Board of Directors (including its Board Committees), the Executive Committee and the rules of conduct.

Board Committees

The Board of Directors has established an Audit Committee, a Nomination Committee and a Remuneration Committee, which operate pursuant to the written terms of reference for each of the Board Committees that are part of Galapagos' Corporate Governance Charter adopted by our Board. The composition and functioning of all Board Committees complies with all applicable requirements of the Belgian Companies Code and the 2020 Code, the Exchange Act, the exchanges on which our ordinary shares and ADSs are listed and the SEC rules and regulations, however taking into account the differences set out below and our status as a foreign private issuer. For information regarding the (temporary) deviation from the provisions with respect to the composition of our Nomination Committee as set forth in the 2020 Code, see "Item 16G – Corporate Governance"

The Listing Rules of the Nasdaq Stock Market include certain accommodations in the corporate governance requirements that allow foreign private issuers to follow "home country" corporate governance practices in lieu of the otherwise applicable corporate governance standards of the Nasdaq Stock Market. We intend to rely on certain exceptions for foreign private issuers. The application of such exceptions requires that we disclose each of the Nasdaq Stock Market Listing Rules that we do not follow and describe the Belgian corporate governance practices we do follow in lieu of the relevant Nasdaq Stock Market corporate governance standard.

We follow Belgian corporate governance practices in lieu of the otherwise applicable corporate governance requirements of the Nasdaq Stock Market in respect of the following rules applicable to our Board Committees:

- **Compensation committee.** We have opted out of (a) Nasdaq Stock Market Listing Rule 5605(d)(2) which requires that compensation of officers must be determined by, or recommended to the Board of Directors for determination, either by a majority of the independent directors, or a compensation committee comprised solely of independent directors, and (b) Nasdaq Stock Market Listing Rule 5605(e) which requires that director nominees be selected, or recommended for selection, either by a majority of the independent directors or a nominations committee comprised solely of independent directors. Under Belgian law, we are not subject to such composition requirements. Pursuant to article 7:100 of the Belgian Companies Code and the rules and recommendations of the 2020 Code, we are required to set up a Remuneration Committee within our Board of Directors, consisting of a majority of independent Board members. In addition, the 2020 Code provides that the Board of Directors should set up a Nomination Committee, which can be combined with the Remuneration Committee. Until May 2, 2022, there was a combined Nomination and Remuneration Committee. As from May 2, 2022, our Board of Directors has set up a separate Nomination Committee and Remuneration Committee. Although we have chosen not to comply with Nasdaq Listing Rule 5605(d) regarding the independence of our Remuneration Committee, all members of our Remuneration Committee meet the heightened independence requirements under these rules.

- **Charters.** Nasdaq Stock Market Listing Rules 5605(c)(1), (d)(1) and (e)(2) require that each committee of the Board of Directors must have a formal written charter. Pursuant to the 2020 Code, our Board of Directors has drawn up a Corporate Governance Charter including, amongst others, the internal rules with respect to the composition, role and functioning of our Board Committees.

Audit Committee

Our Audit Committee consists of three members (situation as of December 31, 2022): Jérôme Contamine (Chairman), Mary Kerr and Peter Guenter.

Our Board of Directors has determined that all members of our Audit Committee are non-executive members of our Board of Directors, and all of the Audit Committee members are also independent Board members under Rule 10A-3 of the Exchange Act and the applicable rules of the Nasdaq Stock Market, as amended, and that, as per December 31, 2022, Jérôme Contamine qualifies as an “Audit Committee financial expert” as defined under the Exchange Act. Collectively, the members of the Audit Committee shall have sufficient relevant expertise to fulfill their roles effectively, notably in financial matters and the life sciences industry.

Our Audit Committee assists our Board of Directors in fulfilling its monitoring responsibilities with respect to financial reporting and control and risk management in the broadest sense.

Our Audit Committee’s duties and responsibilities to carry out its purposes include, among others, without any limitation:

- monitoring the integrity of the Company’s financial statements, and the Company’s accounting and financial reporting process and financial statement audits;
- monitoring the effectiveness of the Company’s internal control and risk management systems;
- monitoring the internal audit function and its effectiveness;
- monitoring the performance of the external auditor and the audit of the statutory and consolidated accounts, including any follow-up on questions and recommendations made by the external auditor;
- reviewing and monitoring the independence of the external auditor; and
- informing the Board on the Company’s ESG activities.

The Audit Committee regularly reports to our Board of Directors on the discharge of its functions. It informs our Board about all areas in which action or improvement is necessary in its opinion and produces recommendations concerning the necessary steps that need to be taken in that regard. The audit review and the reporting on that review cover us and our subsidiaries as a whole. The members of the Audit Committee are entitled to receive all information which they need for the performance of their function, from our Board of Directors, Executive Committee and employees. Every member of the Audit Committee shall exercise this right in consultation with the Chairman of the Audit Committee.

Since 2019, the Audit Committee also reviews Environmental, Social and Governance (ESG) initiatives, as included in the annual Sustainability report, ensuring that we implement our planned initiatives and communicate them effectively and accurately to our employees and shareholders. The Sustainability report 2022 provides the non-financial information required by article 3:6 §4 and article 3:32 §2 of the Belgian Companies Code; a copy of our Sustainability report 2022 is available on our company website at <http://www.glp.com/financial-reports> (this website does not form part of this annual report on Form 20-F).

Nomination Committee

Our Nomination Committee consists of three members (situation as of December 31, 2022): Dr. Rajesh Parekh (Chairman), Jérôme Contamine and Stoffels IMC BV (permanently represented by Dr. Paul Stoffels).

Our Board of Directors has determined that a majority of all members of our Nomination Committee are non-executive Board members.

Concerning our Company's nomination policy, the Nomination Committee's duties and responsibilities to carry out its purposes include, among others, without any limitation:

- providing recommendations to the Board of Directors on the appointment of our Board members, CEO and Executive Committee members, as well as the size and composition of our Board and Board Committees;
- preparing selection criteria and procedures for our Board members, CEO and Executive Committee members;
- selecting and proposing suitable candidates for vacant Board of Directors mandates, reviewing candidates as proposed by a shareholder in accordance with our Articles of Association and advising on proposals to re-appoint current members of the Board of Directors;
- recommending individuals for appointment as CEO or Executive Committee member (in consultation with the CEO as regards the appointment of other members of the Executive Committee); and
- assessing the performance of the CEO and, in cooperation with the CEO, of other Executive Committee members and senior management.

Remuneration Committee

Our Remuneration Committee consists of three members (situation as of December 31, 2022): Dr. Rajesh Parekh (Chairman), Jérôme Contamine and Elisabeth Svanberg.

Our Board of Directors has determined that all members of our Remuneration Committee are non-executive Board members, a majority of which is also an independent member of our Board of Directors.

Concerning our company's remuneration policy, the Remuneration Committee's duties and responsibilities to carry out its purposes include, among others, without any limitation:

- making recommendations to the Board of Directors on the remuneration of our Board members, CEO and Executive Committee members, including, but not limited to, variable remuneration and long-term incentives, whether or not stock-related, in the form of stock options or other financial instruments;
- establishing the remuneration policy and strategy for our Board members, Executive Committee members and senior management; and
- preparing and submitting a remuneration report to the Board of Directors for inclusion in the annual report.

D. Employees

As of December 31, 2022, we had 1,338 employees. Our employees in France, the Netherlands and Belgium are represented by a labor union and/or covered by a collective bargaining agreement. We have never experienced any employment-related work stoppages, and we consider our relations with our employees to be generally good. We have

also engaged and may continue to engage independent contractors to assist us with our clinical activities. At each date shown, we had the following number of employees, broken out by department and geography:

	December 31,		
	2022	2021	2020
Function:			
Executive officers	4	5	6
Research	267	299	330
Development	342	407	449
Research services ⁽¹⁾	—	—	—
Commercial	420	292	147
Corporate and support	305	306	372
Total	1,338	1,309	1,304
Geography:			
Leiden, the Netherlands	147	141	168
Mechelen, Belgium	547	544	674
Romainville, France	254	257	271
Boston & Pittsburgh, United States	20	6	13
Basel, Switzerland	53	57	63
Cambridge, United Kingdom	71	78	38
Milan, Italy	64	60	31
Madrid, Spain	63	58	32
Munich, Germany	88	85	14
Vienna, Austria	12	9	—
Copenhagen, Denmark	6	5	—
Stockholm, Sweden	10	6	—
Helsinki, Finland	1	2	—
Oslo, Norway	1	—	—
Dublin, Ireland	1	1	—
Zagreb, Croatia	—	—	—
Total	1,338	1,309	1,304

(1) For the financial year 2019, the employees set forth for research services are the employees of our fee-for-service activity Fidelta, that has been sold to Selvita on January 4, 2021.

E. Share Ownership

For information regarding the share ownership of our members of the Board of Directors and members of the Executive Committee, see “Item 6.B.— Compensation” and “Item 7.A.—Major shareholders.”

Item 7 Major shareholders and related party transactions

A. Major shareholders

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of March 15, 2023 for:

- each person who is known by us to own beneficially more than 5% of our outstanding ordinary shares;
- each member of our Board of Directors;
- each member of our Executive Committee; and
- all members of our Board of Directors and Executive Committee as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities and include ordinary shares that can be acquired within 60 days of March 15, 2023. The percentage ownership information shown in the table is based upon 65,835,511 ordinary shares outstanding as of March 15, 2023.

Except as otherwise indicated, all of the shares reflected in the table are ordinary shares or ADSs, and all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to

applicable community property laws. The information is not necessarily indicative of beneficial ownership for any other purpose.

In computing the number of ordinary shares beneficially owned by a person and the percentage ownership of that person, we deemed outstanding ordinary shares subject to subscription rights held by that person that are immediately exercisable or exercisable within 60 days of March 15, 2023. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Beneficial ownership representing less than 1% is denoted with an asterisk (*). The information in the table below is based on information known to us or ascertained by us from public filings made by the shareholders.

Except as otherwise indicated in the table below, addresses of the members of the Board of Directors, members of our Executive Committee and named beneficial owners are in care of Galapagos NV, Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium.

Name of beneficial owner	Shares beneficially owned	
	Number	Percentage
5% shareholders:		
Gilead Sciences, Inc.	16,707,477 ⁽¹⁾⁽²⁾	25.38 %
Van Herk Investments B.V.	4,635,672 ⁽¹⁾⁽³⁾	7.04 %
EcoR1 Capital LLC	3,407,246 ⁽¹⁾⁽⁴⁾	5.18 %
FMR LLC	3,884,633 ⁽¹⁾⁽⁵⁾	5.90 %
Members of the Board of Directors and Executive Committee:		
Raj Parekh, MA, DPhil	47,276 ⁽⁶⁾	*
Mary Kerr, Ph.D.	23,813 ⁽⁷⁾	*
Peter Guenter	4,424 ⁽⁸⁾	*
Jérôme Contamine	366 ⁽⁹⁾	*
Dan Baker	363 ⁽¹⁰⁾	*
Daniel O'Day	—	—
Linda Higgins	—	—
Elisabeth Svanberg, MD, Ph.D.	1,248 ⁽¹¹⁾	*
Stoffels IMC BV	—	—
Executive Committee members excluding Stoffels IMC BV	408,020 ⁽¹²⁾	0.62 %
All members of our Board of Directors and Executive Committee as a group (13 persons)	485,510 ⁽¹³⁾	0.74 %

- (1) At the time of the most recent transparency notification or filing of a statement of beneficial ownership with the SEC.
- (2) Consists of 16,707,477 shares held by Gilead Therapeutics A1 Unlimited Company, which is a subsidiary of Gilead Sciences Ireland Unlimited Company, which is in turn a subsidiary of Gilead Biopharmaceutics US, LLC which is in turn a subsidiary of Gilead Sciences, Inc., which has the sole voting and investment power with respect to these shares. The address of Gilead Sciences, Inc. is 333 Lakeside Drive, Foster City, CA 94404, United States of America.
- (3) Consists of 4,635,672 shares held by Van Herk Investments B.V., as reported in a Schedule 13D filed on November 2, 2021 by (i) Van Herk Investments B.V., a private company with limited liability incorporated under the laws of the Netherlands (“VHI”), with respect to Common Stock (as defined below) beneficially owned by it, (ii) Van Herk Investments THI B.V., a private company with limited liability incorporated under the laws of the Netherlands (“VHIT”), with respect to Common Stock beneficially owned by VHI, (iii) Van Herk Private Equity Investments B.V., a private company with limited liability incorporated under the laws of the Netherlands (“VHPI”), with respect to Common Stock beneficially owned by VHI and VHIT, (iv) Stichting Administratiekantoor Penulata, a foundation organized under the laws of the Netherlands (“Penulata”), with respect to Common Stock beneficially owned by VHI, VHIT and VHPI, (v) Van Herk Management Services B.V., a private company with limited liability incorporated under the laws of the Netherlands (“VHMS”), with respect to Common Stock beneficially owned by VHI, VHIT and VHPI, (vi) Onroerend Goed Beheer- en Beleggingsmaatschappij A. van Herk B.V., a private company with limited liability incorporated under the laws of the Netherlands (“OGBBA”), with respect to Common Stock beneficially owned by VHI, VHIT, VHPI and VHMS, (vii) A. van Herk Holding B.V., a private company with limited liability incorporated under the laws of the Netherlands (“Holdings”), with respect to

Common Stock beneficially owned by VHI, VHIT, VHPI, VHMS and OGBBA, (viii) Stichting Administratiekantoor Abchrys, a foundation organized under the laws of the Netherlands (“Abchrys”), with respect to Common Stock beneficially owned by VHI, VHIT, VHPI, VHMS, OGBBA and Holdings, and (ix) Adrianus van Herk (“Mr. van Herk”) with respect to Common Stock beneficially owned by VHI, VHIT, VHPI, VHMS, OGBBA, Holdings, Penulata and Abchrys. Mr. van Herk is (i) an investor, (ii) the holder of all of the depository receipts issued by Penulata and Abchrys, (iii) the sole board member of Penulata and Abchrys, and (iv) the sole managing director of VHMS, OGBBA and Holdings. Penulata holds substantially all of the issued and outstanding shares of VHPI. VHPI is the sole shareholder of VHIT. VHIT is the sole shareholder of VHI. VHI is principally engaged in making investments. Abchrys holds substantially all of the issued and outstanding shares of Holdings. Holdings is the sole shareholder of OGBBA. OGBBA is the sole shareholder of VHMS and is principally engaged in making investments. VHMS is the sole managing director of VHI, VHIT and VHPI. Each of Mr. van Herk, VHIT, VHPI, Penulata, VHMS, OGBBA, Holdings and Abchrys disclaims beneficial ownership of the securities covered by such Schedule 13D statement. The address of each of VHI, VHIT, VHPI, Penulata, VHMS, OGBBA, Holdings, Abchrys and Mr. van Herk, is Lichtenauerlaan 30, 3062 ME Rotterdam, the Netherlands.

- (4) Consists of 211,622 ordinary shares and 3,195,624 American Depository Receipts. EcoR1 Capital LLC, controlled by Mr. Nodelman, controls investment funds EcoR1 Capital Fund Qualified LP and EcoR1 Capital Rund LP, which all together hold 3,407,246 of Galapagos’ voting rights. The address of EcoR1 Capital LLC is 357 Tehama Street #3, San Francisco, CA 94103, United States of America.
- (5) Consists of 3,801,504 ordinary shares and 102,300 equivalent financial instruments (stock loan). FMR LLC, controls investment funds Fidelity Management & Research Company LLC, FIAM Holdings LLC, FIAM LLC, Fidelity Management Trust Company, Fidelity Advisory Holdings LLC, Strategic Advisers LLC, and Fidelity Institutional Asset Management Trust Company, which all together hold 3,903,804 Galapagos’ voting rights. The address of FMR LLC is The Corporate Trust Center, 1209 Orange Street Wilmington, New Castle County, Delaware, 19801, United States of America.
- (6) Consists of (i) 2,276 shares and (ii) 45,000 shares issuable upon the exercise of subscription rights that are immediately exercisable or exercisable within 60 days of March 15, 2023.
- (7) Consists of (i) 1,313 shares and (ii) 22,500 shares issuable upon the exercise of subscription rights that are immediately exercisable or exercisable within 60 days of March 15, 2023.
- (8) Consists of (i) 1,348 shares and (ii) 7,500 shares issuable upon the exercise of subscription rights that are immediately exercisable or exercisable within 60 days of March 15, 2023.
- (9) Consists of 366 shares.
- (10) Consists of 363 shares.
- (11) Consists of 1,248 shares.
- (12) Consists of (i) 27,020 shares and (ii) 381,000 shares issuable upon the exercise of subscription rights that are immediately exercisable or exercisable within 60 days of March 15, 2023.
- (13) Consists of (i) 33,934 shares and (ii) 456,000 shares issuable upon the exercise of subscription rights that are immediately exercisable or exercisable within 60 days of March 15, 2023.

Each of our shareholders is entitled to one vote per ordinary share. All shareholders have identical voting rights per share. We are not aware of any arrangement that may result in a change of control of our company.

As of March 15, 2023, reviewing identified ownership in depository received reports and independent shareholder identification of 89% of outstanding shares (ordinary shares and ADSs), approximately 45% of those are held by institutional investors domiciled in the United States, excluding Gilead Sciences, Inc., or Gilead. We estimate that shares were held in the United States by approximately 152 institutional holders of record, excluding Gilead Sciences, Inc., or Gilead. As of March 15, 2023, there were outstanding 14,161,065 ADSs, each representing one ordinary share, and in the aggregate representing approximately 21.5% of our outstanding ordinary shares. The actual number of holders is greater than these numbers of record holders, and includes beneficial owners whose ADSs are held in street name by brokers and other nominees. This number of holders of record also does not include holders whose shares may be held in trust by other entities.

During 2022, FMR LLC filed multiple transparency notifications. On May 31, 2022 we received a transparency notification from FMR LLC, to report that as of May 27, 2022, it together with its affiliates held 5.04% of the outstanding shares of Galapagos as of May 27, 2022. FMR LLC thus crossed above the 5% threshold of Galapagos voting rights by purchase of voting securities on May 27, 2022. On August 3, 2022 we received a transparency notification from FMR LLC, to report that as of July 29, 2022, it together with its affiliates held 5.69% of the outstanding shares of Galapagos as of July 29, 2022. On August 15, 2022 we received a transparency notification from

FMR LLC, to report that as of August 9, 2022, it held together with its affiliates 5.69% of the outstanding shares of Galapagos as of August 9, 2022. On December 22, 2022 we received a transparency notification from FMR LLC, to report that as of August 23, 2022, it together with its affiliates held 5.65% of the outstanding shares of Galapagos as of August 23, 2022. On August 25, 2022 we received a transparency notification from FMR LLC, to report that as of December 20, 2022, it together with its affiliates held 5.90% of the outstanding shares of Galapagos as of December 20, 2022. On January 9, 2023 we received a transparency notification from FMR LLC, to report that as of January 5, 2023, it together with its affiliates held 5.93% of the outstanding shares of Galapagos as of January 5, 2023.

On February 3, 2022, EcoR1 Capital LLC filed a Schedule 13G with the SEC to report that as of January 27, 2022, it held 5.2% of the outstanding shares of Galapagos as of January 27, 2022. EcoR1 Capital LLC thus crossed above the 5% threshold of Galapagos voting rights by purchase of voting securities on January 27, 2022.

On November 2, 2021, Van Herk Investments BV filed a Schedule 13D with the SEC to report that, as of November 2, 2021, it held 7.1% of the outstanding shares of Galapagos as of September 20, 2021.

On May 10, 2021, The Capital Group Companies, Inc. filed a Schedule 13G with the SEC to report that, as of April 30, 2021, it held 4.5% of the outstanding shares of Galapagos as of April 30, 2021. The Capital Group Companies, Inc. thus crossed below the 5% threshold of Galapagos voting rights by disposing of voting securities on April 30, 2021.

On February 26, 2021, we received a transparency notification from The Capital Group Companies, Inc., who notified that it holds 9.91% of the outstanding Galapagos shares. The Capital Group Companies, Inc. thus crossed below the 10% threshold of Galapagos' voting rights by disposing of voting securities on February 22, 2021. On February 5, 2021, we received a transparency notice from The Capital Group Companies, Inc., that it held 10.03% of Galapagos shares. The Capital Group Companies, Inc. thus crossed above the 10% threshold of Galapagos' voting rights by purchase of voting securities on 22 January 2021. Capital Group controls Capital Bank & Trust Company and Capital Research & Management Company through its direct subsidiary Capital Group International, Inc. ("CGII"), controls four CGII investment management companies (Capital International, Inc.; Capital International Limited, Capital International Sàrl; and Capital International K.K.), which all together hold 6,563,320 of Galapagos' voting rights, consisting of ordinary shares (6,559,874) and equivalent financial instruments (right to recall lent American Depository Shares) (3,446), which represents 10.03% of Galapagos' 65,411,767 outstanding shares as of March 15, 2021. On January 6, 2021, we received a transparency notice from Gilead Sciences, Inc., who notified that certain changes occurred in the chain of intermediary companies through which Gilead holds its shares in Galapagos, as a result of which Gilead holds its shares in Galapagos as of December 31, 2020 through its direct subsidiary Gilead Biopharmaceutics US, LLC, which through Gilead Sciences Ireland UC controls Gilead Therapeutics A1 Unlimited Company, which in turn holds 16,707,477 of Galapagos' voting rights, consisting of 16,707,477 shares (unchanged). Those 16,707,477 shares represent 25.54% of Galapagos' 65,411,767 outstanding shares as of March 15, 2021.

On January 7, 2020, we received a transparency notice from Gilead Sciences, Inc., who notified that certain changes occurred in the chain of intermediary companies through which Gilead holds its shares in Galapagos, more specifically that (i) on December 27, 2019, Gilead Biopharmaceutics US, LLC, a direct subsidiary of Gilead Sciences, Inc., acquired control over Gilead Biopharmaceutics Ireland UC, and that (ii) on December 28, 2019, Gilead Sciences Ireland UC, a direct subsidiary of Gilead Biopharmaceutics Ireland UC, acquired control over Gilead Therapeutics A1 Unlimited Company, an indirect subsidiary of Gilead Sciences, Inc., who holds 16,707,477 shares, representing 25.84% of our outstanding shares as of March 15, 2020.

On November 13, 2019, we received a transparency notification from Wellington Management Group LLP, who indicated that, following a disposal of ordinary shares, ADRs and equity swaps, the remaining Galapagos shares and equivalent financial instruments held by its entirely-controlled subsidiary Wellington Management Company LLP crossed below the 5% threshold of Galapagos' voting rights.

On November 11, 2019, we received a transparency notification from Gilead Sciences, Inc., who notified that Gilead Therapeutics A1 Unlimited Company, an indirect subsidiary of Gilead Sciences, Inc., held 16,207,477 of Galapagos' voting securities as a result of subscribing to a capital increase in the framework of the exercise of the Initial Warrant A on November 6, 2019, representing 25.10% of our then outstanding 64,571,622 shares.

On October 22, 2019, we received a transparency notification from Wellington Management Group LLP, who indicated that, following a disposal of ordinary shares, the remaining 3,079,573 ordinary shares held by its entirely-

controlled subsidiary Wellington Management Company LLP represented 4.97% of the then outstanding Galapagos shares and thus, with the ordinary shares portion of its total position, crossed below the 5% threshold of our voting rights on October 8, 2019. In addition, through its wholly owned subsidiary Wellington Management Company LLP, it also held 615,676 ADRs and 8,322 equity swaps with expiration in 2020, bringing the total number of voting rights for Wellington Management Group to 3,703,571, which represented 5.98% of the then outstanding shares.

On October 4, 2019, we received a transparency notification from Wellington Management Group LLP, who notified that the 3,445,603 Galapagos shares held by its entirely-controlled subsidiary Wellington Management Company LLP represented 5.56% of the then outstanding Galapagos shares. Wellington Management Company LLP thus crossed above the 5% threshold of our voting rights by purchase of voting securities on October 1, 2019.

On September 16, 2019, we received a transparency notification from Sands Capital Management, LLC, who notified that it held 2,803,887 ADRs, thus crossing passively below the 5% threshold of our voting rights, due to the share issuance for the benefit of Gilead on August 23, 2019. On August 29, 2019, we received a transparency notification from Van Herk Investments B.V., who notified that it held 5,800,301 of the then outstanding voting rights, thus crossing passively below the 10% threshold of our voting rights due to the share issuance for the benefit of Gilead on August 23, 2019.

On August 28, 2019, we received a transparency notification from Gilead, who notified that Gilead Therapeutics A1 Unlimited Company held 13,589,686 of our voting rights, as a result of subscribing to a capital increase and thus receiving 6,828,985 new shares on August 23, 2019. This represented 22.04% of our then outstanding shares. Gilead Therapeutics A1 Unlimited Company thus crossed above the 20% threshold of Galapagos' voting rights.

On July 17, 2019, Van Herk Investments B.V. filed a Schedule 13G with the SEC to report that, as of July 15, 2019, it held 5,792,737 of the outstanding shares of Galapagos as of July 15, 2019. This represented 10.57% of our then outstanding shares, thus crossing above the 10% threshold of our voting rights by purchase of voting securities on July 15, 2019.

On June 6, 2019, we received a transparency notification from The Capital Group Companies, Inc. who notified that it controlled Capital Research and Management Company, which held 2,772,024 of our voting rights. This represented 5.08% of our then outstanding shares, thus crossing above the 5% threshold of our voting rights by purchase of voting securities on June 5, 2019.

B. Related party transactions

Since January 1, 2019, we have engaged in the following major transactions with Gilead Sciences, Inc., and/or any of its affiliates.

On July 14, 2019, we and Gilead announced that we entered into a 10-year global research and development collaboration. In the context of the transaction, Gilead also made an equity investment in Galapagos. Finally, we amended and restated the license agreement for filgotinib that we originally entered into with Gilead on December 16, 2015.

On August 23, 2019, the closing of the transaction took place and we received an upfront payment of \$3.95 billion (or €3,569.8 million) and a \$1.1 billion (or €960.1 million) equity investment from Gilead.

On December 15, 2020, we and Gilead amended the existing arrangement for the commercialization and development of Jyseleca® (filgotinib).

On September 6, 2021, we and Gilead agreed to transfer the sponsorship of and operational and financial responsibility for the ongoing DIVERSITY clinical study, evaluating filgotinib in CD, and its long-term extension study from Gilead to Galapagos. Under the terms of the agreement, Gilead will make a one-time payment of \$15 million to Galapagos in consideration for Galapagos assuming responsibility for the DIVERSITY clinical study.

In March 2022, Gilead and we agreed to transfer the sponsorship of and the operational responsibility for the MANTA study, a safety study in men with moderately to severely active UC, CD to assess semen parameter while

taking filgotinib, and its long-term extension to Galapagos. The transfer was largely completed by December 31, 2022. The (former) Supervisory Board (currently Board of Directors) resolved and confirmed, as far as needed, that the related party transaction approval mechanism as set forth in article 7:116 of the Belgian Companies Code did not have to be applied, since (i) the value of the aforementioned related party transaction is less than 1% of Galapagos' consolidated net equity (based on the consolidated financial statements of Galapagos NV for the year ended December 31, 2021), and (ii) Galapagos is therefore able to rely on the materiality exemption as set out in article 7:116, §2 of the Belgian Companies Code.

Furthermore, we entered into some mainly technical and non-material amendments to the existing transactions between us and Gilead (or its affiliates) during 2022.

Share subscription agreement

As part of the research and development collaboration, Gilead entered into a share subscription agreement with us. On August 23, 2019, Gilead Therapeutics A1 Unlimited Company subscribed to 6,828,985 new Galapagos shares at a price of €140.59 per share, including issuance premium.

On October 22, 2019, our extraordinary shareholders' meeting further issued a warrant to Gilead Therapeutics A1 Unlimited Company, known as warrant A, that confers the right to subscribe for a number of new shares sufficient to bring the number of shares owned by Gilead and its affiliates to 25.1% of the issued and outstanding shares. Warrant A expires one year after the issue date and the exercise price per share is EUR 140.59. On November 6, 2019, Gilead exercised Warrant A and increased its ownership in Galapagos to 25.10% of the then issued and outstanding shares. Warrant A expired in October 2020.

On October 22, 2019, Gilead Therapeutics A1 Unlimited Company was also issued another warrant, known as the initial warrant B, that confers the right to subscribe for a number of new shares sufficient to bring the number of shares owned by Gilead and its affiliates to 29.9% of the issued and outstanding shares. Such warrant will expire on August 23, 2024. The exercise price per share will be the greater of (i) 120% multiplied by the arithmetic mean of the 30-day daily volume weighted average trading price of the Galapagos shares preceding the date of the exercise notice with respect to such exercise, and (ii) €140.59. Between 57 and 59 months of August 23, 2019, subject to and upon approval by our Shareholders' Meeting, Gilead Therapeutics A1 Unlimited Company will be issued a subsequent warrant with substantially similar terms, including as to exercise price, to the initial Warrant B. This subsequent Warrant B will expire on the earlier of the date that is five years after the fifth anniversary of the closing and the date that the warrant is issued.

Gilead and Gilead Therapeutics A1 Unlimited Company are subject to certain standstill restrictions until the date that is 10 years following the closing. Among other things, during this time Gilead and its affiliates and any party acting in concert with them may not, without our prior consent, acquire voting securities of Galapagos exceeding more than 29.9% of the then issued and outstanding voting securities, and Gilead and Gilead Therapeutics A1 Unlimited Company may not propose a business combination with or acquisition of Galapagos. The standstill restrictions are subject to certain exceptions as provided in the share subscription agreement.

Pursuant to the terms of the share subscription agreement, Gilead and Gilead Therapeutics A1 Unlimited Company also agreed to certain lock-up provisions. They shall not, and shall cause their affiliates not to, without our prior consent, dispose of any equity securities of Galapagos prior to the second anniversary of the closing. During the period running from the date that is two years following the closing until the date that is five years following the closing, Gilead and its affiliates shall not, without our prior consent, dispose of any equity securities of Galapagos if after such disposal they would own less than 20.1% of the then issued and outstanding voting securities of Galapagos. The lock-up restrictions are subject to certain exceptions as provided in the share subscription agreement and may terminate upon certain events. In April 2021, Gilead and Galapagos agreed to amend the share subscription agreement to extend the full lock-up of all of Gilead's securities of Galapagos to a period of five years until August 22, 2024. We and Gilead agreed to amend the share subscription agreement for conformity with our change from a two-tier to a one-tier governance system.

Global research and development collaboration

We will fund and lead all discovery and development autonomously until the end of Phase 2. After the completion of a qualifying Phase 2 study (or, in certain circumstances, the first Phase 3 study), Gilead will have the option to acquire

a license to the compound outside Europe. If the option is exercised, we and Gilead will co-develop the compound and share costs equally. If GLPG1690 had been approved in the United States, Gilead would have paid us an additional \$325 million regulatory milestone fee. Development of GLPG1690 was discontinued in February 2021.

For GLPG1972, after the completion of the ongoing Phase 2b study in osteoarthritis, Gilead had the option to pay a \$250 million fee to license the compound in the United States. If certain secondary efficacy endpoints for GLPG1972 had been met, Gilead would have paid us up to an additional \$200 million. Following opt-in on GLPG1972, we would have been eligible to receive up to \$550 million in regulatory and sales based milestones. In November 2020, Gilead declined to exercise its option to GLPG1972. For all other programs resulting from the collaboration, Gilead will make a \$150 million opt-in payment per program and will owe no subsequent milestones. We will receive tiered royalties ranging from 20-24% on net sales of all our products licensed by Gilead in all countries outside Europe as part of the agreement. With respect to GLPG1690, reimbursement of development costs under the cost split mechanism by Gilead to us amounted to €0.4 million for the year ended December 31, 2022 (€18.1 million for the year ended December 31, 2021 and €34.1 million for the year ended December 31, 2020).

For further information on our exclusive option, license and collaboration agreement with Gilead, see the section of this annual report titled “Item 4.B.—Business overview.—Collaborations— Option, License and Collaboration Agreement with Gilead.”.

Filgotinib collaboration

Under the agreement as revised in 2019, we and Gilead would co-commercialize filgotinib in France, Germany, Italy, Spain and the United Kingdom and retain the 50/50 profit share in these countries that was part of the original filgotinib license agreement. The parties would also share future global development costs for filgotinib equally until a predetermined level, in lieu of the 80/20 cost split provided by the original agreement.

In December 2020, we and Gilead entered into a binding term sheet pursuant to which we agreed to amend this agreement again. Under the terms of the new arrangement, we assumed all development, manufacturing, commercialization and certain other rights for filgotinib in Europe. Most of the activities transferred to Galapagos by December 31, 2021, and the transition was completed by December 31, 2022. Gilead retains commercial rights and remains marketing authorization holder for filgotinib outside of Europe, including in Japan. All commercial economics on filgotinib in Europe transferred to us as of January 1, 2022, subject to payment of tiered royalties of 8 to 15 percent of net sales in Europe to Gilead, starting in 2024.

Since January 1, 2021, we bear the future development costs for certain studies, in lieu of the equal cost split contemplated by the previous agreement. These studies included the DARWIN3, FINCH4, FILOSOPHY, and Phase 4 studies and registries in RA, MANTA and MANTA-RAY, the PENGUIN1 and 2 and EQUATOR2 studies in PsA, the SEALION1 and 2 studies in AS, the HUMBOLDT study in uveitis in addition to other clinical and non-clinical expenses supporting these studies and support for any investigator sponsored trials in non-IBD conditions and non-clinical costs on all current trials. The existing 50/50 global development cost sharing arrangement continued for the following studies: SELECTION and its long-term extension study (LTE) in UC, DIVERSITY and its LTE, DIVERGENCE 1 and 2 and their LTEs and support for Phase 4 studies and registries in Crohn’s disease, pediatric studies and their LTEs in RA, UC and Crohn’s disease, and support for investigator sponsored trials in IBD. In September 2021, we and Gilead agreed to transfer the sponsorship of the DIVERSITY study and its LTE study from Gilead to Galapagos. This transfer was intended to be completed by June 30, 2022 and completed by March 2023. From April 1, 2022, Galapagos will also be solely responsible for all development costs for the DIVERSITY study and its LTE study. In March 2022, Gilead and we agreed to transfer the sponsorship of and the operational responsibility for the MANTA study and its long-term extension to Galapagos. This transfer was largely completed by December 31, 2022.

Under the original exclusive license and collaboration agreement, we received from Gilead \$60.0 million (or €55.1 million) in milestone payments in the year ended December 31, 2016, \$10.0 million (or €9.4 million) in milestone payments in the year ended December 31, 2017, and \$15.0 million (or €12.4 million) in milestone payments in the year ended December 31, 2018. In December 2019, Gilead initiated a Phase 3 trial in psoriatic arthritis for which we received \$10.0 million (€9.1 million). In December 2019, Gilead filed an NDA for filgotinib in the U.S. for which we received a \$20.0 million (€ 18.2 million) payment in January 2020. In September 2020 filgotinib was approved by both the European and the Japanese authorities, for which we received a \$105.0 million (€90.2 million) payment in October 2020.

In connection with the December 2020 amendments to the existing arrangement for the commercialization and development of filgotinib, Gilead has agreed to irrevocably pay Galapagos €160 million, subject to certain adjustments for higher than budgeted development costs. Gilead paid €35 million in January 2021, an additional €75 million in April 2021, and €50 million in March 2022.

Under the terms of the agreement of September 2021, Gilead made a one-time payment of \$15 million to us in July 2022 in consideration for Galapagos assuming responsibility for the DIVERSITY Study.

On March 28, 2022 filgotinib was approved by the Japanese Ministry of Health, Labour and Welfare for UC, for which we received a \$20.0 million (€18.2 million) regulatory milestone payment from Gilead in May 2022.

In addition, from January 1, 2020 until December 31, 2022, we received €28.1 million of royalties on Jyseleca® from Gilead.

We are no longer eligible to receive any future milestone payments relating to filgotinib in Europe. However, we remain eligible to receive tiered royalty percentages ranging from 20% to 30% on Gilead's global net sales of filgotinib outside of Europe and future development and regulatory milestone-based payments of up to \$275 million and sales-based milestone payments of up to \$600 million.

We incurred €245.3 million in development costs for the year ended December 31, 2022 for the development of filgotinib in collaboration with Gilead. The reimbursement of research and development costs under the cost split mechanism by us to Gilead amounted to €2.4 million for the year ended December 31, 2022 (€81.3 million for the year ended December 31, 2021 and €101.0 million for the year ended December 31, 2020). The reimbursement of research and development costs under the cost split mechanism by Gilead to us amounted to nil for the year ended December 31, 2022 (nil for the year ended December 31, 2021 and nil for the year ended December 31, 2020).

The reimbursement of commercialization costs under the cost split mechanism by us to Gilead amounted to nil for the year ended December 31, 2022 (nil for the year ended December 31, 2021 and nil million for the year ended December 31, 2020).

The reimbursement of commercialization costs under the cost split mechanism by Gilead to us amounted to 0.1 million for the year ended December 31, 2022 (€66.7 million for the year ended December 31, 2021 and €7.8 million for the year ended December 31, 2020).

We purchased raw materials, semi-finished products and finished products of Jyseleca® from Gilead for an amount of €13.5 million for the year ended December 31, 2022 (€24.9 million for the year ended December 31, 2021 and €0.2 million for the year ended December 31, 2020).

For further information on our exclusive license and collaboration agreement with Gilead, see the section of this annual report titled "Item 4.B.— Business overview.—Collaborations—Exclusive collaboration agreement with Gilead for filgotinib."

Transactions with related companies

From time to time, in the ordinary course of our business, we may contract for services from companies in which certain of the members of our Board of Directors or Executive Committee may serve as director or advisor. The cost of these services is negotiated on an arm's length basis, and none of these arrangements are material to us.

Agreements with our Board members and Executive Committee members

Management arrangements

As from January 1, 2020, all members of the Executive Committee (the former Management Board) provide their services under a management agreement with Galapagos NV, subject to Belgian law, that contains a notice period of six months and no other severance payments. These management agreements were replaced in April 2020 to take into account the implementation of the new Belgian Companies Code by our Company. During the period as from January 1, 2022 until April 26, 2022, Galapagos had a two-tier governance structure as provided by the Belgian Companies Code,

with two governance bodies: the Supervisory Board and the Management Board. As from April 26, 2022, Galapagos has adopted a one-tier governance structure as provided by the Belgian Companies Code, with the Board of Directors replacing the (former) Supervisory Board, and the Executive Committee replacing the (former) Management Board. The paragraphs below set forth the main terms of the agreements.

Onno van de Stolpe

On March 1, 2002, we entered into a management agreement, subject to Belgian law, with Onno van de Stolpe for the position of Managing Director and Chief Executive Officer for an indefinite period. Effective March 1, 2011, Mr. Van de Stolpe's management agreement with Galapagos NV was reduced from a full-time basis to a part-time basis, for approximately 40% of his time, at which time he entered into (1) an employment agreement, subject to Dutch law, with Galapagos B.V. on a part-time basis, for approximately 35% of his time, and (2) a management agreement, subject to French law, with Galapagos SASU for approximately 25% of his time. On May 6, 2020, we entered into a new management agreement, subject to Belgian law, with Onno van de Stolpe for the position of Chief Executive Officer for an indefinite period. For the year ended December 31, 2021, Mr. Van de Stolpe received a base remuneration from Galapagos NV of €160,524 (period until March 31, 2022).

On November 8, 2021, we entered into a settlement agreement with Onno van de Stolpe pursuant to which the management agreement came to an end on October 31, 2022. He exercised an advisory role until October 31, 2022, for which he continued to receive his 2022 base salary.

Stoffels IMC BV, permanently represented by Dr. Paul Stoffels

On January 26, 2022, we entered into a management agreement, subject to Belgian law, with Stoffels IMC BV (permanently represented by Dr. Paul Stoffels) for the position of Chief Executive Officer for an indefinite period. Effective April 1, 2022, Stoffels IMC BV (permanently represented by Dr. Paul Stoffels) is our new Chief Executive Officer. For the year ended December 31, 2022, Stoffels IMC BV, permanently represented by Dr. Paul Stoffels, received a base remuneration from Galapagos NV of €562,500.

Bart Filius

On September 15, 2014, Galapagos B.V. entered into an employment agreement, subject to Dutch law, with Bart Filius for the position of Chief Financial Officer, starting December 1, 2014 for an indefinite period. Effective December 1, 2014, Mr. Filius' employment agreement with Galapagos B.V. was reduced from a full-time basis to a part-time basis, for approximately 60% of his time, and he entered into a management agreement, subject to Belgian law, with Galapagos NV for approximately 40% of his time. In addition to his role as Chief Financial Officer, Mr. Filius has served as Chief Operating Officer since September 2017. On May 6, 2020, we entered into a new management agreement, subject to Belgian law, with Bart Filius for the position of Chief Operating Officer and Chief Financial Officer for an indefinite period. For the year ended December 31, 2022, Mr. Filius received a base remuneration from Galapagos NV of €515,000.

Andre Hoekema

On January 31, 2005, Galapagos B.V. entered into an employment agreement, subject to Dutch law, with Andre Hoekema for the position of Senior Vice President Corporate Development and member of the Executive Committee, for an indefinite period. Dr. Hoekema has served as Chief Business Officer since September 2017. On May 6, 2020, we entered into a new management agreement, subject to Belgian law, with Andre Hoekema for the position of Chief Business Officer for an indefinite period. Dr. Hoekema was no longer a member of the Executive Committee as of October 31, 2022. He exercised an advisory role until December 31, 2022, for which he continued to receive his 2022 base salary. For the year ended December 31, 2022, Dr. Hoekema received a base remuneration from Galapagos NV of €317,775 (period until October 31, 2022). He exercised an advisory role until December 31, 2022 for which he continued to receive his 2022 base salary.

Walid Abi-Saab

On October 27, 2016, Galapagos NV entered into a management agreement, subject to Belgian law, with Walid Abi-Saab for the position of member of Galapagos' Executive Committee and Chief Medical Officer, starting March 1,

2017, for an indefinite period. Effective March 1, 2017, Dr. Abi-Saab's management agreement with Galapagos NV was reduced from a full-time basis to a part-time basis, for approximately 95% of his time, and he entered into an employment agreement, subject to Dutch law, with Galapagos B.V. for approximately 5% of his time. On January 16, 2018, the management agreement between Galapagos NV and Dr. Abi-Saab and the employment agreement between Galapagos B.V. and Dr. Abi-Saab were terminated by mutual agreement with effect from December 31, 2017. On January 16, 2018, Galapagos GmbH and Dr. Abi-Saab entered into an employment agreement, subject to Swiss law and effective from January 1, 2018, under which Dr. Abi-Saab continued to perform his duties as Chief Medical Officer, for an indefinite period. On May 6, 2020, we entered into a new management agreement, subject to Belgian law, with Walid Abi-Saab for the position of Chief Medical Officer for an indefinite period. For the year ended on December 31, 2022, Dr. Abi-Saab received a base remuneration from Galapagos NV of €434,563.

On January 4, 2023, we entered into a settlement agreement with Walid-Abi Saab pursuant to which the management agreement came to an end per December 31, 2022. Dr. Abi-Saab's mandate as Chief Medical Officer and member of the Executive Committee ended on December 31, 2022. He will perform a purely advisory role until May 31, 2023, for which he will receive his 2022 base salary.

Michele Manto

On May 6, 2020, we entered into a new management agreement, subject to Belgian law, with Michele Manto for the position of Chief Commercial Officer for an indefinite period. For the year ended on December 31, 2022, Mr. Manto received a base remuneration from Galapagos NV of €350,200.

New Executive Committee members

Effective January 1, 2023, Valeria Cnossen and Annelies Missotten have been appointed as members of the Executive Committee.

On July 22, 2022 we entered into a management agreement, subject to Belgian law, with Valeria Cnossen for the position of General Counsel for an indefinite period. On February 15, 2023 we amended the management agreement to reflect her appointment as Executive Committee member as of January 1, 2023. On December 16, 2022 we entered into a management agreement, subject to Belgian law, with Annelies Missotten for the position of Chief Human Resources Officer for an indefinite period. She became an Executive Committee member as of January 1, 2023. Prior to the entry into force of the management agreement, Annelies Missotten was bound by an employment agreement for indefinite duration.

Severance payments upon change of control

The abovementioned agreements with the members of our Executive Committee do not provide for severance compensation. They do not contain notice periods that exceed six months. However, we entered into undertakings with the Executive Committee members providing that, in case their contract with us is terminated as a result of a change of control of our Company, they would be entitled to a severance compensation of twelve months' base salary for our Chief Executive Officer and nine months' base salary for the other Executive Committee members.

Severance payments for departing Executive Committee or (former) Management Board members

On August 30, 2021, Galapagos announced the planned retirement of its Chief Executive Officer Onno van de Stolpe and after a transition period Stoffels IMC BV (permanently represented by Dr. Paul Stoffels) took over as Chief Executive Officer effective April 1, 2022. The retirement package of our former Chief Executive Officer, Onno van de Stolpe, has been disclosed in last years' report on Form 20-F.

Until 31 October 2022, Onno van de Stolpe executed a purely advisory role as advisory member of the Executive Committee, for which he continued to receive a remuneration, including entitlement to RSU pay-outs until the aforementioned date.

Dr. Hoekema retired as Executive Committee member per October 31, 2022 and exercised an advisory role until December 31, 2022. He qualifies as a good leaver under the terms and conditions of the subscription right plans given

his retirement. For the avoidance of doubt, Dr. Hoekema will not receive a grant under the 2023 RSU Annual Long-Term Incentive Plan equivalent to his 2022 short-term cash bonus.

Effective January 1, 2023, Dr. Walid Abi-Saab is no longer a member of our Executive Committee. He will execute a purely advisory role until May 31, 2023, for which he will continue to receive his 2022 base salary and retains entitlement to RSU pay-outs until the aforementioned date and remains entitled to RSU pay-outs until the aforementioned date.

For the avoidance of doubt, Dr. Walid Abi-Saab will not receive a grant under the 2023 RSU Annual Long-Term Incentive Plan equivalent to his 2022 short-term cash bonus. He will qualify as a good leaver under the terms and conditions of the subscription right plans, pursuant to an exception granted by the Board of Directors under the relevant subscription right plans.

Board of Directors and Executive Committee compensation

See the sections of this annual report in “Item 6.B.—Compensation.” titled “—Compensation of Our Board or see the sections of this annual report in “Item 6.B.—Compensation.” titled “—Compensation of Our Board of Directors” and “— Compensation of Members of the Executive Committee” and the section titled “Item 7.A.—Major Shareholders.” for information regarding compensation of the members of our Board of Directors and Executive Committee.

Equity awards

Since January 1, 2020, we have granted subscription rights and RSUs to the members of our Executive Committee. We do not grant RSUs to the members of our Board of Directors and have discontinued the grant of subscription rights to members of our Board of Directors as of 2020, taking into account the stricter rules under the Belgian Companies Code and 2020 Code.

See the sections of this annual report in “Item 6.B.—Compensation.” titled “—Compensation of Our Board of Directors” and “— Compensation of Members of our Executive Committee” and the section titled “Item 7.A.—Major Shareholders.” for information regarding equity awards to the members of our Executive Committee.

Bonus plans

See the section of this annual report titled “Item 6.B.—Compensation.—Compensation of Members of the Executive Committee” for information regarding bonus plans for members of our Executive Committee.

Related-party transactions policy

Article 7:97 of the Belgian Companies Code provides for a special procedure that applies to intra-group or related party transactions. The procedure applies to decisions or transactions between us and our related parties that are not one of our subsidiaries. Prior to any such decision or transaction, our Board of Directors must appoint a special committee consisting of three independent Board members, who can opt to be assisted by one or more independent experts. This special committee must assess the business advantages and disadvantages of the relevant decision or transaction, quantify its financial consequences, and determine whether the relevant decision or transaction causes a disadvantage to us that is manifestly illegitimate in view of our policy. If the special committee determines that the relevant decision or transaction is not illegitimate but will prejudice us, it must analyze the advantages and disadvantages of such decision or transaction and set out such considerations as part of its advice. Our Board of Directors must then make a decision, taking into account the opinion of the special committee. Any deviation from the special committee’s advice must be justified. Members of the Board of Directors who have a conflict of interest are not entitled to participate in the deliberation and vote. The special committee’s advice and the decision of the Board of Directors must be notified to our external auditor, who must render a separate opinion to assess that there is no material inconsistency between the accounting and financial information included in the minutes of the Board of Directors and in the advice of the special committee of the independent Board members compared to the information that the external auditor has within the framework of its mandate. The conclusion of the special committee and the opinion by the external auditor must publicly disclosed at the time the transaction is entered into. This procedure does not apply to any decisions or transactions in the ordinary course of business under customary market conditions and security documents, or to transactions or decisions with a value of less than 1% of our net assets as shown in our consolidated annual accounts.

In addition to this, our Corporate Governance Charter provides for guidelines for transactions between Galapagos and members of our Board of Directors or Executive Committee.

According to such guidelines:

- it is expected from all members of our Board of Directors and Executive Committee that they avoid all acts, standpoints or interests which are conflicting with, or which give the impression that they are conflicting with, the interests of our Company;
- all transactions between Galapagos and the members of our Board of Directors or Executive Committee need the approval of our Board of Directors, as relevant in accordance with article 7:97 of the Belgian Companies Code and the procedure described in the Related Person Transaction Policy. The members of our Board of Directors and Executive Committee are, by way of non-exhaustive example, not allowed, directly or indirectly, to enter into agreements with Galapagos which relate to supply of materials or delivery of services (other than in the framework of their mandate for the Company), except with the explicit approval of our Board of Directors;
- any transaction between the Company and members of the Board of Directors or the Executive Committee can only be entered into at arm's length (i.e. normal market conditions);
- in the event any member of our Board of Directors, or, in case pertaining, its permanent representative is confronted with a direct or indirect interest of a monetary nature that conflicts with the interests of the Company in respect of a decision or an act falling within the scope of the responsibilities of the Board of Directors, the provisions of article 7:96 of the Belgian Companies Code shall apply, and the relevant Board member shall inform the other Board members prior to the deliberation on the subject matter. Therefore in the event article 7:96 of the Belgian Companies Code applies and a conflict of interests exists between us and a member of our Board of Directors, or, in case pertaining, its permanent representative, the relevant Board member shall not participate in the deliberation and vote concerning such point on the agenda;
- in the event article 7:96 of the Belgian Companies Code does not apply, the existence of a conflict of interest shall be reported by the relevant Board member, its existence shall be included in the minutes (but shall not be published) and the relevant Board member shall not vote on the matter.

In addition, Galapagos' Corporate Governance Charter stipulates that, if a member of the Executive Committee has a direct or indirect interest of monetary nature that conflicts with the interests of the Company in respect of a decision or an act falling within the scope of the responsibilities of the Executive Committee, the Executive Committee shall refrain from making any decision. The Executive Committee shall instead escalate the matter to the Board of Directors. The Board of Directors shall decide whether or not to approve such decision or act, and shall apply the conflict of interest procedure as set out in article 7:96 of the Belgian Companies Code.

In the event a conflict of interest exists within the Executive Committee that falls outside the scope of article 7:96 of the Belgian Companies Code, the existence of such conflict shall be reported by the relevant Executive Committee member, its existence shall be included in the minutes (but shall not be published) and the relevant Executive Committee member shall not vote on the matter.

We have adopted a Related-Person Transaction policy that sets forth our procedures for the identification, review, consideration and approval or ratification of related-party transactions. For purposes of this policy only, a related-party transaction is a transaction in which we are a participant and a related party has a direct or indirect material interest. For purposes of this policy, a related person is any member of the Executive Committee, any member of the Board of Directors (or nominee) or beneficial owner of more than 5% of any class of our voting securities, including any of their immediate family members and any entity owned or controlled by such persons. Under this policy, if a transaction has been identified as a related-party transaction, our Audit Committee will review and consider information regarding the related-party transaction. In reviewing any related-party transaction, the Audit Committee will take into account, among other factors it deems appropriate, (i) whether the transaction is on terms no less favorable to us than terms generally available in a transaction with an unaffiliated third party under the same or similar circumstances; and (ii) the extent of the related party's interest in the related-party transaction. Additionally, we will provide the Audit Committee with all material information regarding the related-party transaction, the interest of the related party, and any potential disclosure

obligations in connection therewith. In addition, under our Code of Conduct, our employees, Board members and Executive Committee members have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest.

In 2022, the following conflict of interest between Galapagos NV and a director within the meaning of article 7:96 of the Belgian Companies Code was noted:

- In a meeting of the Board of Directors held on 21 June 2022, the following was reported in accordance with article 7:96 of the Belgian Companies Code in connection with the proposed amendment of the management agreement between Galapagos NV and Stoffels IMC BV: the Chairman, being a party to the management agreement (as CEO), declared having a conflict of interest concerning the proposed amendment. The Chairman subsequently left the meeting before the deliberation and the vote concerning this point on the agenda took place. The Board considered that said amendment is limited in scope and cost neutral for the Company: the reimbursement by the Company of Stoffels IMC BV's expenses for travel was reduced, and it was clarified that Stoffels IMC BV will bear all costs related to commuting travel. This was proposed to be compensated by an increase of its fixed fee with €50,000 on a yearly basis. As such, the Board considered that said amendment is justified and will have no material impact of the financial position of the Company.

C. Interests of experts and counsel

Not applicable.

Item 8 Financial information

A. Consolidated statements and other financial information

Consolidated financial statements

Our consolidated financial statements are appended at the end of this annual report, starting at page F-1, and incorporated herein by reference.

Legal proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Dividend distribution policy

We have never declared or paid any cash dividends on our ordinary shares. We do not anticipate paying cash dividends on our equity securities in the foreseeable future and intend for the foreseeable future to retain all available funds and any future earnings for use in the operation and expansion of our business. In general, distributions of dividends proposed by our Board of Directors require the approval of our shareholders at a shareholders' meeting with a simple majority vote, although our Board of Directors may declare interim dividends without shareholder approval, subject to the terms and conditions of the Belgian Companies Code.

Pursuant to Belgian law, the calculation of amounts available for distribution to shareholders, as dividends or otherwise, must be determined on the basis of our non-consolidated statutory financial accounts. In addition, under the Belgian Companies Code, we may declare or pay dividends only if, following the declaration and issuance of the dividends, the amount of our net assets on the date of the closing of the last financial year according to our statutory annual accounts (i.e., the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities, all as prepared in accordance with Belgian accounting rules), decreased with the non-amortized costs of incorporation and expansion and the non-amortized costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the called capital), increased with the amount of nondistributable reserves. Finally, prior to distributing dividends, we must allocate at least 5% of our annual net profits (under our non-consolidated statutory

accounts prepared in accordance with Belgian accounting rules) to a legal reserve, until such legal reserve amounts to 10% of our share capital.

B. Significant changes

None.

Item 9 The offer and listing

A. Offer and listing details

The ADSs have been listed on the Nasdaq Global Select Market, or Nasdaq, under the symbol “GLPG” since May 14, 2015. Prior to that date, there was no public trading market for the ADSs. Our ordinary shares have been trading on Euronext Amsterdam and Euronext Brussels under the symbol “GLPG” since May 6, 2005. Prior to that date, there was no public trading market for the ADSs or our ordinary shares. Our global offering in May 2015 was priced at \$42.05 per ADS and €37.00 per ordinary share based on an exchange rate of \$1.1365 per euro.

B. Plan of distribution

Not applicable.

C. Markets

The ADSs have been listed on Nasdaq under the symbol “GLPG” since May 14, 2015, and our ordinary shares have been listed on Euronext Amsterdam and Euronext Brussels under the symbol “GLPG” since May 6, 2005.

D. Selling shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the issue

Not applicable.

Item 10 Additional information

A. Share capital

Not applicable.

B. Memorandum and Articles of Association

The information set forth in our Registration Statement on Form F-3ASR (File No. 333-230639), automatically effective upon filing with the SEC on March 29, 2019, under the heading “Description of Share Capital”, as further supplemented by Exhibit 2.3 to this Annual Report (“Description of Securities”), is deemed incorporated by simple reference.

C. Material contracts

For information on our material contracts, please see the sections of this annual report titled “Item 4—Information on the Company” and “Item 7— Major shareholders and related party transactions.”

D. Exchange controls

There are no Belgian exchange control regulations that impose limitations on our ability to make, or the amount of, cash payments to residents of the United States.

We are in principle under an obligation to report to the National Bank of Belgium certain cross-border payments, transfers of funds, investments and other transactions in accordance with applicable balance-of-payments statistical reporting obligations. Where a cross-border transaction is carried out by a Belgian credit institution on our behalf, the credit institution will in certain circumstances be responsible for the reporting obligations.

E. Taxation

Certain material U.S. federal income tax considerations to U.S. holders

The following is a summary of certain material U.S. federal income tax considerations relating to ownership and disposition of ADSs by a U.S. holder (as defined below). This summary addresses only the U.S. federal income tax considerations for U.S. holders of the ADSs and that will hold such ADSs as capital assets for U.S. federal income tax purposes. This summary does not address all U.S. federal income tax matters that may be relevant to a particular U.S. holder. This summary does not address all tax considerations that may be applicable to a holder of ADSs that may be subject to special tax rules including, without limitation, the following:

- banks, financial institutions or insurance companies;
- brokers, dealers or traders in securities, currencies, commodities, or notional principal contracts;
- tax-exempt entities or organizations, including an “individual retirement account” or “Roth IRA” as defined in Section 408 or 408A of the Code (as defined below), respectively;
- real estate investment trusts, regulated investment companies or grantor trusts;
- persons that hold the ADSs as part of a “hedging,” “integrated” or “conversion” transaction or as a position in a “straddle” for U.S. federal income tax purposes;
- partnerships (including entities classified as partnerships for U.S. federal income tax purposes) or other pass-through entities (including S Corporations), or persons that will hold the ADSs through such an entity;
- persons that received the ADSs as compensation for the performance of services;
- certain former citizens or long-term residents of the United States;
- holders that own directly, indirectly, or through attribution 10% or more of the voting power or value of the ADSs and shares; and
- holders that have a “functional currency” for U.S. federal income tax purposes other than the U.S. dollar.

Further, this summary does not address the U.S. federal estate, gift, or alternative minimum tax considerations, or any U.S. state, local, or non-U.S. tax considerations of the ownership and disposition of the ADSs.

This description is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code; existing, proposed and temporary U.S. Treasury Regulations promulgated thereunder, administrative and judicial interpretations thereof; and the income tax treaty between Belgium and the United States in each case as of and available on the date hereof. All the foregoing is subject to change, which change could apply retroactively, and to differing interpretations, all of which could affect the tax considerations described below. There can be no assurances that the U.S. Internal Revenue Service, or the IRS, will not take a contrary or different position concerning the tax consequences of ownership and disposition of the ADSs or that such a position would not be sustained. Holders should consult their own tax advisers concerning the

U.S. federal, state, local and non-U.S. tax consequences of owning, and disposing of the ADSs in their particular circumstances.

For the purposes of this summary, a “U.S. holder” is a beneficial owner of ADSs that is (or is treated as), for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity that is treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust or has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds ADSs, the U.S. federal income tax consequences relating to an investment in the ADSs will depend in part upon the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor regarding the U.S. federal income tax considerations of owning and disposing of the ADSs in its particular circumstances.

In general, a U.S. holder who owns ADSs will be treated as the beneficial owner of the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will generally be recognized if a U.S. holder exchanges ADSs for the underlying shares represented by those ADSs.

The U.S. Treasury has expressed concern that parties to whom ADSs are released before shares are delivered to the depository (“pre-release”), or intermediaries in the chain of ownership between holders and the issuer of the security underlying the ADSs, may be taking actions that are inconsistent with the claiming of foreign tax credits by holders of ADSs. These actions would also be inconsistent with the claiming of the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the creditability of Belgian taxes, and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. holders, each described below, could be affected by actions taken by such parties or intermediaries.

As indicated below, this discussion is subject to U.S. federal income tax rules applicable to a “passive foreign investment company,” or a PFIC.

Persons considering an investment in the ADSs should consult their own tax advisors as to the particular tax consequences applicable to them relating to ownership and disposition of the ADSs, including the applicability of U.S. federal, state and local tax laws and non-U.S. tax laws.

Distributions. Although we do not currently plan to pay dividends, and subject to the discussion under “—Passive Foreign Investment Company Considerations” below, the gross amount of any distribution (before reduction for any amounts withheld in respect of Belgian withholding tax) actually or constructively received by a U.S. holder with respect to ADSs will be taxable to the U.S. holder as a dividend to the extent of the U.S. holder’s pro rata share of our current and accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions in excess of earnings and profits will be non-taxable to the U.S. holder to the extent of, and will be applied against and reduce, the U.S. holder’s adjusted tax basis in the ADSs. Distributions in excess of earnings and profits and such adjusted tax basis will generally be taxable to the U.S. holder as either long-term or short-term capital gain depending upon whether the U.S. holder has held the ADSs for more than one year as of the time such distribution is received. However, since we do not calculate our earnings and profits under U.S. federal income tax principles, it is expected that any distribution will be reported as a dividend, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. Noncorporate U.S. holders may qualify for the preferential rates of taxation with respect to dividends on ADSs applicable to long-term capital gains (i.e., gains from the sale of capital assets held for more than one year) applicable to qualified dividend income (as discussed below) if we are a “qualified foreign corporation” and certain other requirements (discussed below) are met. A non-U.S. corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will

be considered to be a qualified foreign corporation (a) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information provision, or (b) with respect to any dividend it pays on ADSs which are readily tradable on an established securities market in the United States. The ADSs are listed on the Nasdaq Global Select Market, or Nasdaq, which is an established securities market in the United States, and we expect the ADSs to be readily tradable on Nasdaq. However, there can be no assurance that the ADSs will be considered readily tradable on an established securities market in the United States in later years. We are incorporated under the laws of Belgium, and we believe that we qualify as a resident of Belgium for purposes of, and are eligible for the benefits of, The Convention between the Government of the United States of America and the Government of the Kingdom of Belgium for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed on November 27, 2006, or the U.S.-Belgium Tax Treaty, although there can be no assurance in this regard. Further, the IRS has determined that the U.S.-Belgium Tax Treaty is satisfactory for purposes of the qualified dividend rules and that it includes an exchange-of-information program. Therefore, subject to the discussion under “—Passive Foreign Investment Company Considerations” below, such dividends will generally be “qualified dividend income” in the hands of individual U.S. holders, provided that a holding period requirement (more than 60 days of ownership, without protection from the risk of loss, during the 121-day period beginning 60 days before the ex-dividend date) and certain other requirements are met. The dividends will not be eligible for the dividends-received deduction generally allowed to corporate U.S. holders.

A U.S. holder generally may claim the amount of any Belgian withholding tax as either a deduction from gross income or a credit against U.S. federal income tax liability. However, the foreign tax credit is subject to numerous complex limitations that must be determined and applied on an individual basis. Generally, the credit cannot exceed the same proportion of a U.S. holder’s U.S. federal income tax liability which such U.S. holder’s “foreign source” taxable income bears to such U.S. holder’s worldwide taxable income. In applying this limitation, a U.S. holder’s various items of income and deduction must be classified, under complex rules, as either “foreign source” or “U.S. source.” In addition, this limitation is calculated separately with respect to specific categories of income. The amount of a distribution with respect to the ADSs that is treated as a “dividend” may be lower for U.S. federal income tax purposes than it is for Belgian income tax purposes, potentially resulting in a reduced foreign tax credit for the U.S. holder. Furthermore, Belgian income taxes that are withheld in excess of the rate applicable under the U.S.-Belgium Tax Treaty or that are refundable under Belgian law will not be eligible for credit against a U.S. holder’s federal income tax liability. Each U.S. holder should consult its own tax advisors regarding the foreign tax credit rules.

In general, the amount of a distribution paid to a U.S. holder in a foreign currency will be the dollar value of the foreign currency calculated by reference to the spot exchange rate on the day the U.S. holder receives the distribution, regardless of whether the foreign currency is converted into U.S. dollars at that time. Any foreign currency gain or loss a U.S. holder realizes on a subsequent conversion of foreign currency into U.S. dollars will be U.S. source ordinary income or loss. If dividends received in a foreign currency are converted into U.S. dollars on the day they are received, a U.S. holder should not be required to recognize foreign currency gain or loss in respect of the dividend.

Sale, Exchange or Other Taxable Disposition of the ADSs. A U.S. holder will generally recognize gain or loss for U.S. federal income tax purposes upon the sale, exchange or other taxable disposition of ADSs in an amount equal to the difference between the U.S. dollar value of the amount realized from such sale or exchange and the U.S. holder’s tax basis for those ADSs. Subject to the discussion under “—Passive Foreign Investment Company Considerations” below, this gain or loss will generally be a capital gain or loss. The adjusted tax basis in the ADSs generally will be equal to the cost of such ADSs. Capital gain from the sale, exchange or other taxable disposition of ADSs of a non-corporate U.S. holder is generally eligible for a preferential rate of taxation applicable to capital gains, if the non-corporate U.S. holder’s holding period determined at the time of such sale, exchange or other taxable disposition for such ADSs exceeds one year (i.e., such gain is a long-term taxable gain). The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations. Any such gain or loss that a U.S. holder recognizes generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

For a cash basis taxpayer, units of foreign currency paid or received are translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. In that case, no foreign currency exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of such a purchase or sale. An accrual basis taxpayer, however, may elect the same treatment required of cash basis taxpayers with respect to purchases and sales of the ADSs that are traded on an established securities market, provided the election is applied consistently from year to year. Such election may not be changed without the consent of the IRS. For an accrual basis taxpayer that does not make

such an election, units of foreign currency paid or received are translated into U.S. dollars at the spot rate on the trade date of the purchase or sale. Such an accrual basis taxpayer may recognize exchange gain or loss based on currency fluctuations between the trade date and the settlement date. Any foreign currency gain or loss a U.S. holder realizes will be U.S. source ordinary income or loss.

Net Investment Income Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their “net investment income,” which may include all or a portion of their dividend income and net gains from the disposition of ADSs. Each U.S. holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Net Investment Income tax to its income and gains in respect of its investment in the ADSs.

Passive Foreign Investment Company Considerations. If we are a PFIC for any taxable year, a U.S. holder would be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of U.S. federal income tax that a U.S. holder could derive from investing in a non-U.S. company that does not distribute all of its earnings on a current basis.

A corporation organized outside the United States generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules with respect to the income and assets of its subsidiaries, either: (i) at least 75% of its gross income is “passive income” or (ii) at least 50% of the average quarterly value of its total gross assets, for which purpose, assuming we are treated as a publicly traded company pursuant to Section 1297(e)(3) of the Code, the total value of our assets may be determined in part by reference to the market value of its ADSs and ordinary shares, which is subject to change) is attributable to assets that produce “passive income” or are held for the production of “passive income.”

Passive income for this purpose generally includes dividends, interest, royalties, rents, gains from commodities and securities transactions, the excess of gains over losses from the disposition of assets which produce passive income, and includes amounts derived by reason of the temporary investment of cash, including the funds raised in offerings of the ADSs. If a non-U.S. corporation owns directly or indirectly at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation’s income for purposes of the PFIC tests. If we are classified as a PFIC for any year with respect to which a U.S. holder owns ADSs, we will continue to be treated as a PFIC with respect to such U.S. holder in all succeeding years during which the U.S. holder owns ADSs, regardless of whether we continue to meet the tests described above.

Whether we are a PFIC for any taxable year will depend on the composition of our income and the projected composition and estimated fair market values of our assets in each year, and because this is a factual determination made annually after the end of each taxable year, there can be no assurance that we will not be considered a PFIC for any taxable year. The market value of our assets may be determined in large part by reference to the market price of the ADSs and our ordinary shares, which is likely to fluctuate. Based on the foregoing, with respect to our 2022 taxable year, we anticipate that we will be a PFIC based upon the expected value of our assets, including any goodwill, and the expected composition of our income and assets, however, as previously mentioned, we cannot provide any assurances regarding our PFIC status for the current, prior or future taxable years.

Because we believe we were a PFIC for the 2022 taxable year, unless you make one of the elections described below, a special tax regime will apply to both (a) any “excess distribution” by us to you (generally, your ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by you in the shorter of the three preceding years or your holding period for the ADSs) and (b) any gain realized on the sale or other disposition of the ADSs. Under this regime, any excess distribution and realized gain will be treated as ordinary income and will be subject to tax as if (a) the excess distribution or gain had been realized ratably over your holding period, (b) the amount deemed realized in each year had been subject to tax in each year of that holding period at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax at the U.S. holder’s regular ordinary income rate for the current year and would not be subject to the interest charge discussed below), and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, dividend distributions made to you will not qualify for the lower rates of taxation applicable to long-term capital gains discussed above under “—Distributions.”

Certain elections exist that would result in an alternative treatment (such as mark-to-market treatment) of the ADSs. If a U.S. holder makes the mark-to-market election, the U.S. holder generally will recognize as ordinary income any excess of the fair market value of the ADSs at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes the election, the U.S. holder's tax basis in the ADSs will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). The mark-to-market election is available only if we are a PFIC and the ADSs are "regularly traded" on a "qualified exchange." The ADSs will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the ADSs are traded on a qualified exchange on at least 15 days during each calendar quarter (subject to the rule that trades that have as one of their principal purposes the meeting of the trading requirement as disregarded). Nasdaq is a qualified exchange for this purpose and, consequently, if the ADSs are regularly traded, the mark-to-market election will be available to a U.S. holder.

Because we believe we were a PFIC for the 2022 taxable year, we must generally continue to be treated as a PFIC by that U.S. holder for all succeeding years during which the U.S. holder holds the ADSs, unless we cease to meet the requirements for PFIC status and the U.S. holder makes a "deemed sale" election with respect to the ADSs. If such election is made, the U.S. holder will be deemed to have sold the ADSs it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain from such deemed sale would be subject to the consequences applicable to sales of PFIC shares described above. After the deemed sale election, the U.S. holder's ADSs with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

The tax consequences that apply if we are a PFIC would also be different from those described above if a U.S. holder were able to make a valid "qualified electing fund," or QEF, election. Because we were a PFIC for the 2022 taxable year, we will provide information necessary for our shareholders to make a QEF election with respect to us for the 2022 taxable year and expect to provide such information for any subsequent year if we believe we are a PFIC. We will provide such information on our website. A U.S. holder that makes a QEF election with respect to our shares is required to include a pro rata share of our income on a current basis, whether or not we make distributions. U.S. holders should consult their tax advisors to determine whether any of these above elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

Because we believe we were a PFIC for the 2022 taxable year, the general tax treatment for U.S. holders described in this section would apply to indirect distributions and gains deemed to be realized by U.S. holders in respect of any of our subsidiaries that also may be determined to be PFICs ("lower-tier PFICs").

If a U.S. holder owns ADSs during any taxable year in which we are a PFIC, the U.S. holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to the company and any lower-tier PFICs, generally with the U.S. holder's federal income tax return for that year.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. investors are urged to consult their own tax advisers with respect to ownership and disposition of the ADSs, the consequences to them of an investment in a PFIC, any elections available with respect to the ADSs and the IRS information reporting obligations with respect to ownership and disposition of the ADSs.

Backup Withholding and Information Reporting. U.S. holders generally will be subject to information reporting requirements with respect to dividends on ADSs and on the proceeds from the sale, exchange or disposition of ADSs that are paid within the United States or through U.S.-related financial intermediaries, unless the U.S. holder is an "exempt recipient." In addition, U.S. holders may be subject to backup withholding on such payments, unless the U.S. holder provides a correct taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption. Backup withholding is not an additional tax, and the amount of any backup withholding will be allowed as a credit against a U.S. holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

Foreign Asset Reporting. Certain U.S. holders who are individuals and certain entities controlled by individuals may be required to report information relating to an interest in the ADSs, subject to certain exceptions (including an exception for shares held in accounts maintained by U.S. financial institutions) by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their federal income tax return. U.S. holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the ADSs.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN ADS IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

Belgian tax consequences

The following paragraphs are a summary of material Belgian tax consequences of the ownership and disposal by an investor of ADSs representing our shares. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Form 20-F, all of which are subject to change, including changes that could have retroactive effect.

The summary only discusses Belgian tax aspects which are relevant to U.S. holders of ADSs representing our shares, or “**Holders**”. This summary does not address Belgian tax aspects which are relevant to persons who are fiscally resident in Belgium or who are engaged in a business in Belgium through a permanent establishment or a fixed base in Belgium to which the ADSs are effectively connected.

This summary does not purport to be a description of all of the tax consequences of the ownership and disposal of ADSs representing our shares, and does not take into account the specific circumstances of any particular investor, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe all tax consequences of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, ADSs representing our shares as a position in a straddle, share-repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions. Investors should consult their own advisers regarding the tax consequences of an investment in ADSs representing our shares in the light of their particular circumstances, including the effect of any state, local or other national laws.

In addition to the assumptions mentioned above, it is also assumed in this discussion that for purposes of the domestic Belgian tax legislation, the owners of ADSs will be treated as the owners of the ordinary shares represented by such ADSs. However, the assumption has not been confirmed by or verified with the Belgian Tax Authorities.

Dividend withholding tax

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to the ordinary shares represented by the ADSs is generally treated as a dividend distribution. By way of exception, the repayment of fiscal capital carried out in accordance with the Belgian Companies and Associations Code is not treated as a dividend distribution to the extent that such repayment is imputed to the fiscal capital (subject to certain conditions and the pro rata rule, see below). This fiscal capital includes, in principle, the actual paid-up statutory share capital and, subject to certain conditions, the paid-up issuance premiums and the cash amounts subscribed to at the time of the issue of profit sharing certificates. However, for any decision of capital reduction, in accordance with the Belgian Companies and Associations Code, the amount of the capital reduction will be deemed to be derived proportionally (a) from the fiscal capital of our company, on the one hand and (b) on the other hand, from certain reserves (i.e., and in the following order: (i) certain taxed reserves incorporated in the capital of our company, (ii) certain taxed reserves not incorporated into the capital of our company and (iii) certain tax-exempt reserves incorporated into the capital of our company). Only the part of the capital reduction that is deemed to be paid out of the fiscal capital may, subject to certain conditions, not be considered as a dividend distribution for Belgian tax purposes. The part of the capital reduction that is deemed to be derived from the abovementioned taxed (irrespective of whether they are incorporated into the capital) and/or tax-exempt reserves incorporated into the capital will be treated as a dividend distribution from a tax perspective and be subject to Belgian withholding tax, if applicable. Such portion is determined on the basis of the ratio of the taxed reserves (except for the legal reserve up to the legal minimum and certain unavailable retained earnings) and the tax-

exempt reserves incorporated into the capital (with a few exceptions) over the aggregate of such reserves and the fiscal capital.

As a general rule, a withholding tax of 30% is levied on the gross amount of dividends paid on or attributed to the ordinary shares represented by the ADSs, subject to such relief as may be available under applicable domestic or tax treaty provisions. In case of a redemption by us of our own shares represented by ADSs, the redemption distribution (after deduction of the portion of fiscal capital represented by the redeemed shares) will be treated as a dividend which in principle is subject to the withholding tax of 30%, subject to such relief as may be available under applicable domestic or tax treaty provisions. In case of a liquidation of our company, any amounts distributed in excess of the fiscal capital will also be treated as a dividend, and will in principle be subject to a 30% withholding tax, subject to such relief as may be available under applicable domestic or tax treaty provisions. No Belgian withholding tax will be triggered if this redemption is carried out on a stock exchange and meets certain conditions. For non-residents the dividend withholding tax, if any, will be the only tax on dividends in Belgium, unless the non-resident is engaged in a business in Belgium through a fixed base in Belgium or a Belgian permanent establishment to which the ADSs are effectively connected. Prospective Holders should consult their own advisors regarding the tax consequences in case the ADSs are effectively connected to a fixed base or a permanent establishment in Belgium.

Relief of Belgian Dividend Withholding Tax

Under the U.S.-Belgium Tax Treaty, under which we are entitled to benefits accorded to residents of Belgium, there is a reduced Belgian withholding tax rate of 15% on dividends paid by us to a U.S. resident which beneficially owns the dividends and is entitled to claim the benefits on the U.S.-Belgium Tax Treaty under the limitation on benefits article included in the U.S.-Belgium Tax Treaty, or “**Qualifying Holders**”.

If such Qualifying Holder is a company that owns directly at least 10% of our voting stock, the Belgian withholding tax rate is further reduced to 5%. No withholding tax is however applicable, if the Qualifying Holder does not carry on a business in Belgium through a permanent establishment situated therein, with which our shares, represented by the ADSs, are effectively connected and is either of the following:

- a company that is a resident of the United States that has directly owned our shares, represented by the ADSs, representing at least 10% of our capital for a twelve-month period ending on the date the dividend is declared, or
- a pension fund in the meaning of Article 3, (1), (k) of the U.S.-Belgium Tax Treaty, that is a resident of the United States, provided that such dividends are not derived from the carrying on of a business by the pension fund or through an associated enterprise.

Under the normal procedure, we or our paying agent must withhold the full Belgian withholding tax, without taking into account the reduced U.S.- Belgium Tax Treaty rate. Qualifying Holders may then make a claim for reimbursement for amounts withheld in excess of the rate defined by the U.S.- Belgium Tax Treaty. The reimbursement form (Form 276 Div-Aut.) can be obtained as follows:

- by letter from KMO Centrum Specifieke Materies - Team 6 - Kruidtuinlaan 50, mailbox 3429, B-1000 Brussels, Belgium;
- by telephone at +32 (0)2 572 57 57 + call code 17486;
- via e-mail at foreigners.team6@minfin.fed.be; or at
- <https://financien.belgium.be/nl/ondernemingen/internationaal/terugbetaling-van-de-roerende-voorheffing#q1>.

The reimbursement form is to be sent to KMO Centrum Specifieke Materies - Team 6 - Kruidtuinlaan 50, mailbox 3429, B-1000 Brussels, Belgium as soon as possible and in each case within a term of five years starting from the first of January of the year the withholding tax was paid to the Belgian Treasury.

Qualifying Holders may also, subject to certain conditions, obtain the reduced U.S.-Belgium Tax Treaty rate at source. Qualifying Holders should deliver a duly completed Form 276 Div-Aut. to us no later than ten days after the date on which the dividend has been paid or attributed (whichever comes first).

Additionally, pursuant to Belgian domestic tax law, dividends paid or attributed to non-resident individuals who do not use our shares represented by ADSs in the exercise of a professional activity may be exempt from non-resident individual income tax up to the amount of 800 EUR (for income year 2022). Consequently, if Belgian withholding tax has been levied on dividends paid or attributed to our shares represented by ADSs, such Belgian non-resident may request in his or her non-resident income tax return that any Belgian withholding tax levied on dividends up to the amount of EUR 800 (for income year 2022) be credited and, as the case may be, reimbursed. However, if no Belgian non-resident income tax return has to be filed by the non-resident individual, any Belgian withholding tax levied on dividends up to such an amount could in principle be reclaimed by filing a request thereto addressed to the designated tax official. Such a request has to be made at the latest on December 31 of the calendar year following the calendar year in which the relevant dividend(s) have been received, together with an affidavit confirming the non-resident individual status and certain other formalities which are determined by Royal Decree. For the avoidance of doubt, all dividends paid or attributed to the non-resident individual are taken into account to assess whether the maximum amount of EUR 800 (for income year 2022) is reached (and hence not only the amount of dividends paid or attributed on our shares represented by ADSs).

Additionally, pursuant to Belgian domestic tax law, dividends distributed to corporate Holders beneficially owning the dividends that qualify as a parent company will be exempt from Belgian withholding tax, provided that the shares which are represented by ADSs held by the Holder amount to at least 10% of our share capital upon payment or attribution of the dividends and such minimum participation is held or will be held during an uninterrupted period of at least one year, and provided the general anti-abuse provision does not apply. A Holder-beneficial owner qualifies as a parent company (i) if it has a legal form similar to the ones listed in the annex to the Parent-Subsidiary Directive as amended from time to time, (ii) if it is considered to be a tax resident according to the laws of the United States of America and the U.S.-Belgium Tax Treaty, and (iii) if it is subject to a tax similar to the Belgian corporate income tax without benefiting from a tax regime that derogates from the ordinary tax regime. Please note that this withholding tax exemption will not be applicable to dividends which are connected to an arrangement or a series of arrangements ("*rechtshandeling of geheel van rechtshandelingen*" / "*acte juridique ou un ensemble d'actes juridiques*") for which the Belgian Tax Administration, taking into account all relevant facts and circumstances, has proven, unless evidence to the contrary, that this arrangement or this series of arrangements is not genuine ("*kunstmatig*" / "*non authentique*") and has been put in place for the main purpose or one of the main purposes of obtaining the dividend received deduction, the above dividend withholding tax exemption or one of the advantages of the Parent-Subsidiary Directive in another EU Member State. An arrangement or a series of arrangements is regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality.

In order to benefit from this exemption, the Holder must provide us or our paying agent with a certificate confirming its qualifying status and the fact that it satisfies the abovementioned conditions.

If the Holder holds the above-mentioned minimum participation for less than one year, at the time the dividends are paid on or attributed to the shares represented by the ADSs, we must levy the withholding tax but we do not need to transfer it to the Belgian Treasury provided that the Holder provides us or our paying agent, at the latest upon the attribution of the dividends, its qualifying status, with a certificate confirming – in addition to its qualifying status and the fulfilment of the relevant conditions – , the date as of which the Holder has held the minimum participation, and the Holder's commitment to hold it for an uninterrupted period of at least one year. The Holder must also inform us or our paying agent when the one-year period has expired or if its shareholding drops below 10% of our share capital before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the dividend withholding tax which was temporarily withheld will be paid to the Holder.

Dividends paid or attributed to a corporate Holder beneficially owning the dividend income will also be exempt from withholding tax, provided that (i) the Holder is subject to corporate income tax or a similar tax without benefiting from a tax regime that derogates from the ordinary tax regime, (ii) upon the date of payment or attribution of the dividends, the Holder holds a participation in us with an acquisition value of at least € 2,500,000, but representing less than 10% of our capital, (iii) the dividends relate to shares represented by the ADSs which are or will be held in full ownership for at least one year without interruption, (iv) the Holder has a legal form similar to the ones listed in the annex to the Parent-Subsidiary Directive, as amended from time to time and (v) the general anti-abuse provision is not

be applicable. The exemption from withholding tax is only applicable to the extent that the ordinary Belgian withholding tax, which would be due in the absence of said exemption, is, in principle, neither creditable nor reimbursable in the hands of the Holder. The latter condition is arguably contrary to EU law based on a recent judgement of the Court of Justice of the EU dated June 16, 2022 (C-572/20). Shareholders are encouraged to consult their own tax advisor to determine whether they can invoke this argument if need be. In order to benefit from the above exemption of withholding tax, the corporate Holder must provide us or our paying agent with a certificate confirming (i) that it has a legal form as described above, (ii) that it is subject to corporate income tax or a similar tax without benefiting from a tax regime that deviates from the ordinary domestic tax regime, (iii) that it holds a participation of less than 10% in our capital, but with an acquisition value of at least € 2,500,000 upon the date of payment or attribution of the dividend, (iv) that the dividends relate to shares in us represented by the ADSs which it has held or will hold in full legal ownership for an uninterrupted period of at least one year, (v) to which extent it could in principle, in case this exemption would not exist, credit the levied Belgian withholding tax or obtain a reimbursement thereof according to the legal provisions applicable on December 31st of the year preceding the year of the payment or attribution of the dividends, and (vi) its full name, legal form, address and fiscal identification number, if applicable. Furthermore, we or our paying agent may also request confirmation from the Holder that the Holder commits to keep the participation with an acquisition value of at least € 2,500,000 until the completion of the minimum holding period of one year and that the Holder immediately notifies us or our paying agent of the completion of said one year holding period.

Withholding tax is also not applicable, pursuant to Belgian domestic tax law, on dividends paid to a U.S. pension fund which satisfies the following conditions:

- (i) to be a legal entity with separate legal personality and fiscal residence in the United States,
- (ii) whose corporate purpose consists solely in managing and investing funds collected in order to pay legal or complementary pensions,
- (iii) whose activity is limited to the investment of funds collected in the exercise of its statutory mission, without any profit making aim,
- (iv) which is exempt from income tax in the United States, and
- (v) provided that it (save in certain particular cases as described in Belgian law) is not contractually obligated to redistribute the dividends to any ultimate beneficiary of such dividends for whom it would manage our shares or ADSs, nor obligated to pay a manufactured dividend with respect to our shares or ADSs under a securities borrowing transaction.

The exemption will only apply if the U.S. pension fund provides an affidavit confirming that it is the full legal owner or usufruct holder of our shares or ADSs and that the above conditions are satisfied. The organization must then forward that affidavit to us or our paying agent.

Please note that the above withholding tax exemption will not be applicable to dividends which are connected to an arrangement or a series of arrangements ("rechtshandeling of geheel van rechtshandelingen"/"acte juridique ou un ensemble d'actes juridiques") for which the Belgian Tax Administration, taking into account all relevant facts and circumstances, has proven, unless evidence to the contrary, that this arrangement or this series of arrangements is not genuine ("kunstmatig"/"non authentique") and has been put in place for the main purpose or one of the main purposes of obtaining the dividend received deduction, the above dividend withholding tax exemption or one of the advantages of the Parent-Subsidiary Directive in another EU Member State. An arrangement or a series of arrangements is regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality. There is a rebuttable presumption that dividends are deemed to be connected to an artificial transaction if the shares have not been held by the pension fund in full legal ownership for an uninterrupted period of at least 60 days within 15 days from the date of the attribution or payment of the income.

Prospective Holders are encouraged to consult their own tax advisers to determine whether they qualify for an exemption or a reduction of the withholding tax rate upon payment of dividends and, if so, the procedural requirements for obtaining such an exemption or a reduction upon the payment of dividends or making claims for reimbursement.

Capital gains and losses

Pursuant to the U.S.-Belgium Tax Treaty, capital gains and/or losses realized by a Qualifying Holder entitled to claim the benefits of the U.S.- Belgium Tax Treaty under the limitation of benefits article in the U.S.-Belgium Tax Treaty from the sale, exchange or other disposition of our shares represented by ADSs are exempt from tax in Belgium.

Capital gains realized on our shares represented by ADSs by a corporate Holder who is not such a Qualifying Holder are generally not subject to taxation in Belgium unless these ADSs are held in connection with a business conducted in Belgium through a Belgian permanent establishment or a fixed place in Belgium to which the ADSs are effectively connected (in which case a 25% or 0% tax on the capital gain may apply, depending on the particular circumstances). Capital losses are generally not tax deductible in Belgium.

Private individual Holders who are not such Qualifying Holders and who are holding our shares represented by ADSs as a private investment and within the bounds of the normal management of one's private estate will, as a rule, not be subject to tax in Belgium on any capital gains arising out of a disposal of our shares represented by ADSs.

Capital losses will, as a rule, not be tax deductible in Belgium. Capital gains realized by a Holder upon the redemption of shares represented by ADSs or upon our liquidation will generally be taxable as a dividend. See "— Dividend Withholding Tax" above.

Estate and gift tax

There is no Belgian estate tax on the transfer of our shares represented by ADSs on the death of a Belgian non-resident. Donations of our shares represented by ADSs made in Belgium may or may not be subject to gift tax depending on the modalities under which the donation is carried out.

Belgian Tax on Securities Accounts

Parliament adopted on February 11, 2021 a bill submitted by the Belgian federal government introducing an annual tax on securities accounts. This bill was published in the Belgian State Gazette on February 25, 2021 and entered into force, subject to certain exceptions, on February 26, 2021.

An annual tax of 0.15% is levied on securities accounts of which the average value of the taxable financial instruments (covering, amongst others, financial instruments such as our shares represented by ADSs) held thereon during a reference period of twelve consecutive months (in principle) starting on October 1 and ending on September 30 of the subsequent year, would exceed EUR 1 million. The first reference period begins on February 26, 2021 and ends on September 30, 2021.

The amount of the tax due is limited to 10% of the difference between said average value of the taxable financial instruments, and the threshold of EUR 1 million.

The tax targets, among others, securities accounts held by non-resident individuals, companies and legal entities with a financial intermediary established or located in Belgium.

A financial intermediary is defined as (i) the National Bank of Belgium, the European Central Bank and foreign central banks performing similar functions, (ii) a central securities depository included in article 198/1, §6, 12° of the Belgian Income Tax Code, (iii) a credit institution or a stockbroking firm as defined by Article 1, §3 of the Law of April 25, 2014 on the status and supervision of credit institutions and investment companies and (vi) the investment companies as defined by Article 3, §1 of the Law of October 25, 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

There are various exemptions, such as securities accounts (in)directly held by non-residents for their own account at central securities depositories or at a depository bank accredited by the National Bank of Belgium. This exemption is subject to the condition that the securities accounts are not attributable to a Belgian branch of the non-residents.

Belgian tax on stock exchange transactions

The purchase and the sale and any other acquisition or transfer for consideration by a Holder of existing shares represented by ADSs (secondary market transactions) is subject to the Belgian tax on stock exchange transactions (“*taks op de beursverrichtingen*” / “*taxe sur les opérations de bourse*”) if it is entered into or carried out in Belgium through a professional intermediary. The tax on stock exchange transactions is not due upon the issuance of new shares represented by ADSs (primary market transactions). The tax on stock exchange transactions is levied at a rate of 0.35% of the purchase/sales price, capped at € 1,600 per transaction and per party. A separate tax is due by each party to any such transaction, and both taxes are in principle collected by the professional intermediary.

Belgian non-residents who purchase or otherwise acquire or transfer, for consideration, existing shares represented by ADSs in Belgium for their own account through a professional intermediary may be exempt from the stock exchange tax if they deliver a certificate to the financial intermediary in Belgium confirming their non-resident status.

In addition to the above, no tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2, 9° and 10° of the Law of August 2, 2002, (ii) insurance companies described in Article 2, §1 of the Law of July 9, 1975 (as replaced by Article 5 of the Law of March 13, 2016 on the status and supervision of insurance and reinsurance undertakings), (iii) professional retirement institutions referred to in Article 2, §1 of the Law of October 27, 2006 relating to the control of professional retirement institutions, (iv) collective investment institutions, or (v) regulated real estate companies, (vi) the aforementioned non-residents (upon delivery of a certificate of non-residency in Belgium).

No stock exchange tax will thus be due by Holders on the subscription, purchase or sale of existing shares represented by ADSs, if the Holders are acting for their own account. In order to benefit from this exemption, the Holders must deliver a certificate to their financial intermediary in Belgium confirming their non-resident status for Belgian tax purposes.

The European Commission has published a proposal for a Directive for a common financial transactions tax (the **FTT**). The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

Common Reporting Standard

Following recent international developments, the exchange of information is governed by the Common Reporting Standard (“**CRS**”). On September 25, 2014, the total of jurisdictions that have signed the multilateral competent authority agreement (“**MCAA**”) amounts to 114. The MCAA is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which include trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On December 9, 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation (“**DAC2**”), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU and replaces the EC Council Directive 2003/48/EC on the taxation of savings income (commonly referred to as the “**Savings Directive**”) as from January 1, 2016. Austria has been nonetheless allowed to exchange information under DAC2 as from January 1, 2017.

On May 27, 2015, Switzerland signed an agreement with the European Union in order to implement, as from January 1, 2017, an automatic exchange of information based on the CRS. This new agreement will replace the agreement on the taxation of savings that entered into force in 2005. As from January 1, 2017, financial institutions in the EU and Switzerland apply the due diligence procedures envisaged under the new agreement to identify customers who are reportable persons, i.e., for Switzerland residents of any EU Member State. This data was exchanged for the first time in autumn 2018.

As a result of the Law of December 16, 2015, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective of the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of income year 2014 (first information exchange in 2016) towards the US and (iii), with respect to any other non-EU States that have signed the MCAA, as of income year 2016 (first information exchange in 2017) for a first list of 18 countries, as of income year 2017 (first information exchange in 2018) for a second list of 44 countries, as of income year 2018 (first information exchange in 2019) for a third list of 1 country and as of income year 2019 (first information exchange in 2020) for a fourth list of 6 countries.

Investors who are in any doubt as to their position should consult their professional advisers.

F. Dividends and paying agents

Not applicable.

G. Statement by experts

Not applicable.

H. Documents on display

We are subject to the information reporting requirements of the Exchange Act applicable to foreign private issuers and under those requirements will file reports with the SEC. Those reports may be inspected without charge at the locations described below. As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. Nevertheless, we will file with the SEC an annual report containing financial statements that have been examined and reported on, with an opinion expressed by an independent registered public accounting firm.

We maintain a corporate website at www.glp.com. We intend to post a link to our annual report on Form 20-F as filed with the SEC on our website promptly following it being filed with the SEC. Information contained on, or that can be accessed through, our website does not constitute a part of this annual report. We have included our website address in this annual report solely as an inactive textual reference.

You may also review a copy of this annual report, including exhibits and any schedule filed herewith, and obtain copies of such materials at prescribed rates, at the SEC's Public Reference Room in Room 1580, 100 F Street, NE, Washington, D.C. 20549-0102. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants, such as Galapagos NV, that file electronically with the SEC.

With respect to references made in this annual report to any contract or other document of Galapagos NV, such references are not necessarily complete and you should refer to the exhibits attached or incorporated by reference to this annual report for copies of the actual contract or document.

I. Subsidiary information

Not applicable.

Item 11 Quantitative and qualitative disclosures about market risk

Our financial risks are managed centrally. Our finance department coordinates the access to national and international financial markets and considers and manages continuously the financial risks concerning our activities. These relate to the following financial markets risks: credit risk, liquidity risk, currency and interest rate risk. Our interest rate risk is limited because we have no financial debt and have a strong cash position. In case of decreasing interest rates we will face a reinvestment risk on our strong cash position. We do not buy or trade financial instruments for speculative purposes. For additional information on general risk factors, please see the section of this annual report titled “Item 3.D.—Risk Factors.”

Liquidity risk

Our cash and cash equivalents and current financial investments amounted to respectively €508.2 million and €3,585.9 million on December 31, 2022. Cash used in operating activities amounted to €500.5 million for the year ended December 31, 2022. Management forecasts our liquidity requirements to ensure that there is sufficient cash to meet operational needs. Based upon our current expected level of operating expenditures and our existing cash and cash equivalents, we believe that we will be able to fund our operating expenses and capital expenditure requirements at least for a period of 12 months. We have no credit lines. Such forecasting is based on realistic assumptions with regards to product sales, royalties, milestone and upfront payments to be received, taking into account our past track record, including the assumption that not all new projects that are being planned will be realized.

All our cash and cash equivalents have only an insignificant liquidity risk as they are all convertible upon a maximum three month notice period and without incurring a significant penalty.

Credit risk

The term “credit risk” refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss.

Our trade receivables consist of receivables on our collaboration partner Gilead, creditworthy pharmaceutical wholesalers and hospitals in Europe. To limit the risk of financial losses, a policy of only dealing with creditworthy counterparties has been developed.

We grant credit to our clients in the framework of our normal business activities. Usually, we require no pledge or other collateral to cover the amounts due. Management continuously evaluates the client portfolio for creditworthiness. All receivables are considered collectable.

To measure the expected credit losses, receivables have been grouped based on credit risk characteristics and the days past due. The provision for expected credit losses was not significant given that there have been no credit losses over the last three years and the high quality nature of our customers.

Aging balance of receivables that are due, but are still considered collectable:

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
60 - 90 days	€ 424	€ 141	€ —
90 - 120 days	208	92	—
more than 120 days	€ 473	€ 113	€ —

Our cash and cash equivalents are invested primarily in current, notice and term accounts. For banks and financial institutions, only independently rated parties with a minimum rating of ‘A’ are accepted at the beginning of the term. Our current financial investments are also kept within different financial institutions and include term deposits, money market funds and treasury bills with an AAA rating. The money market funds are invested in a well-diversified portfolio of highly rated assets.

Interest rate risk

The only variable interest-bearing financial instruments are cash and cash equivalents and current financial investments. Our interest rate income is impacted by the negative interest rate environment in EUR, and the low interest rate environment in USD.

Changes in interest rates may cause variations in interest income and expenses resulting from short term interest-bearing assets. Management does not expect the short term interest rates to decrease significantly in the immediate foreseeable future, which limits the interest exposure on our cash and cash equivalents and current financial investments.

Effect of interest rate fluctuation

A 100 basis point increase in interest rates at balance sheet date would have increased profit or loss, and equity, by approximately €40.9 million (2021: €47.0 million, 2020: €51.7 million); a 100 basis point decrease in interest rates would have decreased profit or loss, and equity, by approximately €40.9 million (2021: €47.0 million, 2020: €51.7 million).

Foreign exchange risk

We are exposed to foreign exchange risk arising from various currency exposures. Our principal functional currency is euro, but we receive payments from our business partners Gilead in U.S. dollars and acquire some consumables and materials in U.S. dollars, Swiss Francs, and GB Pounds.

To limit this risk, we attempt to align incoming and outgoing cash flows in currencies other than the euro. In addition, contracts closed by our different entities are mainly in the functional currencies of that entity, except for the collaboration agreements signed with Gilead for which payments are denominated in U.S. dollars.

The exchange rate risk in case of a 10% change in the exchange rate amounts to:

Net book value	December 31,		
	2022	2021	2020
Increase in Euros - U.S. Dollars	€ (85,140)	€ (83,996)	€ (116,690)
Increase in Euros - GB Pounds	960	1,093	303
Increase in Euros - CH Francs	557	233	2,013

The exchange rate risk on the U.S. dollar is primarily related to our cash and cash equivalents and current financial investments held in U.S. dollars.

Capital risk factors

We manage our capital to safeguard that we will be able to continue as a going concern. At the same time, we want to ensure the return to our shareholders through the results from our research and development activities.

Our capital structure consists of current financial investments, cash and cash equivalents, and equity attributed to the holders of our equity instruments, such as capital, reserves and results carried forward, as mentioned in the consolidated statement of changes in equity.

We manage our capital structure and make the necessary adjustments in the light of changes of economic circumstances, the risk characteristics of underlying assets and the projected cash needs of the current research and development activities.

The adequacy of the capital structure will depend on many factors, including scientific progress in the research and development programs, the magnitude of those programs, the commitments to existing and new clinical contract research organizations, the ability to establish new alliance or collaboration agreements, the capital expenditures, market developments and any future acquisition.

Neither we nor any of our subsidiaries are subject to any externally imposed capital requirements, other than those imposed by generally applicable company law requirements.

Item 12 Description of securities other than equity securities

A. Debt securities

Not applicable.

B. Warrants and rights

Not applicable.

C. Other securities

Not applicable.

D. American Depositary Shares

Citibank, N.A., as depositary, registers and delivers ADSs. Each ADS represents one ordinary share (or a right to receive one ordinary share) deposited with Citibank International Limited (located at EGSP 186, 1 North Wall Quay, Dublin 1, Ireland) or any successor, as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary in respect of the depositary facility. The depositary's corporate trust office at which the ADSs are administered is located at 388 Greenwich Street, New York, New York 10013.

A deposit agreement among us, the depositary and the ADS holders sets out the ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs. A copy of the deposit agreement is incorporated by reference as an exhibit to this annual report.

Fees and charges

Pursuant to the terms of the deposit agreement, the holders of ADSs will be required to pay the following fees:

<i>Service</i>	<i>Fees</i>
• Issuance of ADSs	Up to U.S. \$0.05 per ADS issued
• Cancellation of ADSs	Up to U.S. \$0.05 per ADS canceled
• Distribution of cash dividends or other cash distributions	Up to U.S. \$0.05 per ADS held
• Distribution of ADSs pursuant to stock dividends, free stock distributions or exercise of rights.	Up to U.S. \$0.05 per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to U.S. \$0.05 per ADS held
• ADS Services	Up to U.S. \$0.05 per ADS held on the applicable record date(s) established by the depositary

The holders of ADSs will also be responsible to pay certain fees and expenses incurred by the depositary and certain taxes and governmental charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;

- the registration fees as may from time to time be in effect for the registration of ordinary shares on the share register and applicable to transfers of ordinary shares to or from the name of the custodian, the depository or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the expenses and charges incurred by the depository in the conversion of foreign currency;
- the fees and expenses incurred by the depository in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, ADSs and ADRs; and
- the fees and expenses incurred by the depository, the custodian, or any nominee in connection with the servicing or delivery of deposited property.

ADS fees and charges payable upon (i) deposit of ordinary shares against issuance of ADSs and (ii) surrender of ADSs for cancellation and withdrawal of ordinary shares are charged to the person to whom the ADSs are delivered (in the case of ADS issuances) and to the person who delivers the ADSs for cancellation (in the case of ADS cancellations). In the case of ADSs issued by the depository into the Depository Trust Company, or DTC, or presented to the depository via DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs or the DTC participant(s) surrendering the ADSs for cancellation, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account(s) of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participant(s) as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs.

In the event of refusal to pay the depository fees, the depository may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depository fees from any distribution to be made to the ADS holder. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depository. You will receive prior notice of such changes. The depository may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depository agree from time to time.

PART II

Item 13 Defaults, dividend arrearages and delinquencies

Not applicable.

Item 14 Material modifications to the rights of security holders and use of proceeds

Not applicable.

Item 15 Controls and procedures

Disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of December 31, 2022. While there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures, our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Based upon our evaluation, as of December 31, 2022, our Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures, in accordance with Exchange Act Rule 13a-15(e), (i) are effective at that level of reasonable assurance in ensuring that information required to be disclosed in the reports that are filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, and (ii) are effective at that level of reasonable assurance in ensuring that information to be disclosed in the reports that are filed or submitted under the Exchange Act is accumulated and communicated to the management of our company, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Management's Annual Report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rule 13a-15(f) and Rule 15d-15(f) of the Exchange Act, as amended). Our internal control over financial reporting is a process designed, under the supervision of our Chief Executive Officer and Chief Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly, reflect transactions and dispositions of assets, provide reasonable assurance that transactions are recorded in the manner necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are only carried out in accordance with the authorization of our management and directors, and provide reasonable assurance regarding the prevention or timely detection of any unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements. Our internal control over financial reporting also includes controls over relevant IT systems that have an impact on financial reporting including accuracy and completeness of our account balances.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Moreover, projections of any evaluation of the effectiveness of internal control to future periods are subject to a risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Our management has assessed the effectiveness of internal control over financial reporting based on the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. Based on this assessment, our management has concluded that our internal control over financial reporting as of December 31, 2022, was effective.

Galapagos' management notes that the material weakness that was identified in our internal control over financial reporting as of December 31, 2021 relating to the review of the filgotinib collaboration revenue recognition, has been

fully remediated as of December 31, 2022. The remediation efforts mainly focussed on improving the existing control over the filgotinib revenue recognition by enhancing the precision of the review of management's cost to complete estimate that drives the filgotinib collaboration revenue recognition.

Notwithstanding the material weakness in the prior period, management has concluded that our audited financial statements included in this Annual Report on Form 20-F are fairly stated in all material respects in accordance with IFRS for each of the periods presented herein.

The effectiveness of internal control over financial reporting as of December 31, 2022 has also been audited by Deloitte Bedrijfsrevisoren BV, our independent registered public accounting firm. Their audit report, including their opinion and attestation report on management's assessment of internal control over financial reporting, is included in our audited consolidated financial statements included in this annual report.

Changes in internal control over financial reporting

Other than the remediation efforts related to the above mentioned material weakness, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the year ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 15T. Controls and procedures

Not applicable.

Item 16 Reserved

Not applicable.

Item 16A Audit Committee financial expert

Our Board of Directors has determined that Jérôme Contamine is an Audit Committee financial expert as defined by SEC rules, and has the requisite financial sophistication under the applicable rules and regulations of the Nasdaq Stock Market. Furthermore, Jérôme Contamine is an independent director as such term is defined in Rule 10A-3 under the Exchange Act and under the listing standards of the Nasdaq Stock Market.

Item 16B Code of Ethics

Since 2021, we have adopted a Code of Business Conduct and Ethics, or the Code of Conduct, that is applicable to all of our employees, Executive Committee members and Board members in order to ensure that they are making ethical and legal decisions when conducting Galapagos' business and performing their day-to-day duties. To this end, we give trainings on our Code of Conduct to our employees, including our subsidiaries' employees. So far, since the launch of our Code of Conduct, 97.1% of our employees has completed the training. The Code of Conduct is available on our website at www.glp.com/governance-information (this website does not form part of this annual report). Our Board of Directors is responsible for overseeing the Code of Conduct. We expect that any amendments to the Code of Conduct, or any waivers of its requirements, will be disclosed on our website.

One breach of our Code of Conduct was reported to the Audit Committee in 2022.

At the beginning of 2023, we made some updates to our Code of Conduct to ensure that it continues to reflect who we are as an organization, including, but not limited to, (a) an explicit applicability of our Code of Conduct to our suppliers and business partners, and (b) an overview of some of the work done in the past year in the field of ESG.

Item 16C Principal Accountant fees and services

Deloitte Bedrijfsrevisoren BV has served as our independent registered public accounting firm for 2022 and 2021. Our accountants billed the following fees to us for professional services in each of those fiscal years:

	Year ended December 31,	
	2022	2021
	(Euro, in thousands)	
Audit Fees	€ 1,127.1	€ 860.3
Audit-Related Fees	26.9	101.1
All Other Fees	429.5	587.7
Total	€ 1,583.5	€ 1,549.2

“Audit Fees” are the aggregate fees billed for the audit of our annual financial statements. This category also includes services that generally the independent accountant provides, such as consents and assistance with and review of documents filed with the SEC.

“Audit-Related Fees” are the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit and are not reported under Audit Fees.

“All Other Fees” are any additional amounts billed for products and services provided by the principal accountant. For the year ended December 31, 2022 and 2021, they relate to non-audit fees, in particular related to advisory services in relation to IT and quality management.

Audit and non-audit services pre-approval policy

The Audit Committee has responsibility for, among other things, appointing, setting compensation of and overseeing the work of our independent registered public accounting firm, or external auditor. In recognition of these responsibilities, the Audit Committee has adopted a policy governing the pre-approval of all audit and permitted non-audit services performed by our external auditor to ensure that the provision of such services does not impair the external auditor’s independence from us and our management. Unless a type of service to be provided by our external auditor has received general pre-approval from the Audit Committee, it requires specific pre-approval by the Audit Committee. The payment for any proposed services in excess of pre-approved cost levels requires specific pre-approval by the Audit Committee.

Pursuant to its pre-approval policy, the Audit Committee may delegate its authority to pre-approve services to the Chairman of the Audit Committee. The decisions of the Chairman to grant pre-approvals must be presented to the full Audit Committee at its next scheduled meeting. The Audit Committee may not delegate its responsibilities to pre-approve services to the management.

The Audit Committee has considered the non-audit services provided by Deloitte Bedrijfsrevisoren BV as described above and believes that they are compatible with maintaining Deloitte Bedrijfsrevisoren BV’s independence as our external auditor. In accordance with Regulation S-X, Rule 2-01, paragraph (c)(7)(i), no fees for professional services were approved pursuant to any waivers of the pre-approval requirement.

Item 16D Exemptions from the listing standards for Audit Committees

Not applicable.

Item 16E Purchases of equity securities by the issuer and affiliated purchasers

Not applicable.

Item 16F Change in registrant’s certifying accountant

Not applicable.

Item 16G Corporate governance

As a Belgian naamloze vennootschap / société anonyme, we are subject to various corporate governance requirements under Belgian law, including the Belgian Code of Companies and Associations (the “Belgian Companies Code”), and the 2020 Belgian Corporate Governance Code (the “2020 Code”). In addition, as we qualify a foreign

private issuer listed on the Nasdaq Global Select Market, we will be subject to Nasdaq corporate governance listing standards. However, the Nasdaq Global Select Market's listing standards include certain accommodations in corporate governance requirements that allow foreign private issuers to follow home country corporate governance practices in lieu of the otherwise applicable corporate governance standards of the Nasdaq Global Select Market, with certain exceptions. We intend to rely on certain exemptions for foreign private issuers, and follow Belgian corporate governance practices in lieu of the Nasdaq corporate governance rules.

In 2019, the Belgian Companies Code was approved by the Belgian Parliament. For existing companies, like us, there was in principle a transition regime providing for a staggered applicability of the new provisions. However, certain parts of the (new) Belgian Companies Code already applied to Galapagos as of January 1, 2020, and the full transition was completed at our Extraordinary Shareholders' Meeting of April 28, 2020, which resolved to amend our Articles of Association as a consequence of the newly applicable Belgian Companies Code.

The full text of our Articles of Association (coordinated as per March 20, 2023) is made available as an exhibit to this annual report.

From January 1, 2022 until April 26, 2022, Galapagos had a two-tier governance structure as provided by the Belgian Companies Code, with two governance bodies: the Supervisory Board and the Management Board. As from April 26, 2022, Galapagos has adopted a one-tier governance structure as provided by the Belgian Companies Code, with the Board of Directors replacing the (former) Supervisory Board and the Executive Committee replacing the (former) Management Board.

The role of the Board of Directors is to pursue sustainable value creation by the Company, by setting the Company's strategy, putting in place effective, responsible and ethical leadership and monitoring the Company's performance. The Board of Directors is the ultimate decision-making body, with the overall responsibility for the management and control of the Company, and is authorized to carry out all actions that are necessary or useful for the realization of the Company's object, with the exception of those reserved to the Shareholders' Meeting by applicable law. The Board of Directors also supervises the Executive Committee. The Board of Directors acts as a collegiate body.

The Board of Directors has delegated certain powers to manage the Company to the Executive Committee, led by our Chief Executive Officer. The Executive Committee is responsible and accountable to the Board of Directors for the discharge of its responsibilities. Furthermore, the Board of Directors has delegated the day-to-day management of the Company to one Executive Committee member, i.e. our Chief Executive Officer.

For further information on our governance structure, see the section of this annual report titled "Item 6.A – Directors and Senior Management"

On April 26, 2022, as a consequence of the introduction of a one-tier governance structure at the Company through the amendment of our Articles of Association, Galapagos' Board of Directors approved an updated Corporate Governance Charter. On March 21, 2023, our Board of Directors approved an amendment to the Corporate Governance Charter. The amended Corporate Governance Charter refers to the establishment of the Management Committee supporting the Executive Committee, allows the same person to be Lead Non-Executive Director and Chairman of the Audit Committee, provides that the Lead Non-Executive Director is member or Chairman of the Nomination Committee, and clarifies that the Lead Non-Executive Director supports the Chairman in ensuring the prevention and managing of conflicts of interest involving potentially a director. Galapagos' Corporate Governance Charter is available on our website: www.glp.com (this website does not form part of this annual report). The Corporate Governance Charter applies in addition to the applicable laws and regulations, Galapagos' Articles of Association and the corporate governance provisions included in the Belgian Companies Code and the 2020 Code. The Corporate Governance Charter describes the main aspects of corporate governance at Galapagos, including its governance structure, the terms and functioning of the Board of Directors (including its Board Committees), the Executive Committee and the rules of conduct.

The 2020 Code is based on a "comply or explain" principle: Belgian listed companies are expected to follow the 2020 Code, but can deviate from specific provisions and guidelines (though not the principles) provided they disclose the justification for such deviations.

For the reporting year beginning on January 1, 2022, our Board of Directors strove to comply with the rules and recommendations of the 2020 Code as much as possible. At the same time, our Board of Directors believes that certain deviations from its provisions were justified in view of our particular situation. Provision 4.19 of the 2020 Code

recommends that the Board of Directors should set up a Nomination Committee with the majority of its members comprising independent non-executive directors. In deviation from this provision, the Nomination Committee consisted in 2022 of one executive director, one independent non-executive director and one non-executive director. The latter (Dr. Rajesh Parekh) no longer qualifies as independent pursuant to article 7:87 of the Belgian Companies Code and provision 3.5 of the 2020 Code given his long tenure at Galapagos. The Board felt it was appropriate to appoint him as a member and Chairman of the Nomination Committee in view of his experience as former Chairman of the Board, and to ensure a smooth transition to the new Chairman. Effective as of March, 21 2023, Dr. Elisabeth Svanberg was appointed as member and Chairman of the Nomination Committee, replacing Dr. Rajesh Parekh.

Differences between our corporate governance practices and the listing rules of the Nasdaq stock market

The following is a summary of the significant ways in which our corporate governance practices differ from those required by the Nasdaq Listing Rules with which we are not required to comply:

- **Quorum At Shareholders' Meetings.** Nasdaq Stock Market Listing Rule 5620(c) requires that for any shareholders' meeting, the quorum must be no less than 33% (1/3) of the outstanding ordinary shares. There is no quorum requirement generally applicable to our Shareholders' Meetings pursuant to the Belgian Companies Code and/or our Articles of Association, except as provided for by Belgian law in relation to decisions regarding certain matters, e.g. amendment of the Articles of Association.
- **Committees.** We have opted out of (a) Nasdaq Stock Market Listing Rule 5605(d)(2) which requires that compensation of officers must be determined by, or recommended to, the Board of Directors for determination, either by a majority of the independent directors, or a compensation committee comprised solely of independent directors, and (b) Nasdaq Stock Market Listing Rule 5605(e) which requires that director nominees be selected, or recommended for selection, either by a majority of the independent directors or a nominations committee comprised solely of independent Directors. Under Belgian law, we are not subject to such composition requirements. Pursuant to Article 7:100 of the Belgian Companies Code and the rules and recommendations of the 2020 Code, we are required to set up a Remuneration Committee within our Board of Directors, consisting of a majority of independent members of our Board of Directors. In addition, the 2020 Code provides that the Board of Directors should set up a Nomination Committee, which can be combined with the Remuneration Committee. Until May 2, 2022, there was a combined Nomination and Remuneration Committee. As from May 2, 2022, our Board of Directors has set up a separate Nomination Committee and Remuneration Committee. Although we have chosen not to comply with Nasdaq Listing Rule 5605(d) regarding the independence of our Remuneration Committee, all Remuneration Committee members meet the heightened independence requirements under these rules.
- **Executive Session.** Nasdaq Stock Market Listing Rule 5605(b)(2) requires that independent directors must have regularly scheduled meetings at which only independent directors are present. There is no corresponding requirement under Belgian law. We do not intend to require the independent Board members to meet separately from the full Board on a regular basis or at all, although the Board of Directors is supportive of its independent members voluntarily arranging to meet separately from the other Board members when and if they wish to do so.
- **Committee Charters.** Nasdaq Stock Market Listing Rules 5605(c)(1), (d)(1) and (e)(2) require that each Board Committee must have a formal written charter. Pursuant to the 2020 Code, our Board of Directors has drawn up a Corporate Governance Charter including, amongst others, the internal rules with respect to the composition, role and functioning of our Board Committees.
- **Shareholder Approval for Certain Issuances of Securities.** Nasdaq Stock Market Listing Rule 5635 requires that a company obtains shareholder approval prior to making certain issuances of securities. Pursuant to the Belgian Companies Code and subject to the conditions set forth therein and in our Articles of Association, our Board of Directors is allowed to increase the share capital of Galapagos in one or several times, and to issue new Galapagos' shares through the use of authorized capital limited to the maximum amount of our share capital. The authorized capital may however not be used for (i) capital increases by contribution in kind exclusively reserved for one of our shareholders holding shares to which more than 10% of the voting rights are attached, (ii) the issuance of shares with multiple voting rights, (iii) the issuance of a new class of securities, or (iv) the issuance of subscription rights intended mainly for one or more specified persons other than our or our subsidiaries' staff. Restrictions on the use of the authorized capital also exist in case a public take-over bid on us has been announced.

Item 16H Mine safety disclosure

Not applicable.

PART III

Item 17 Financial statements

Not applicable.

Item 18 Financial statements

See pages F-1 through F-67 of this annual report.

Item 19 Exhibits

The Exhibits listed in the Exhibit Index at the end of this annual report are filed as Exhibits to this annual report.

Index to Financial Statements

FINANCIAL SECTION

Audited consolidated financial statements as of and for the years ended December 31, 2022, 2021 and 2020

Contents

Reports of Independent Registered Public Accounting Firm – Deloitte Bedrijfsrevisoren/Réviseurs d’Entreprises BV/SRL (Firm ID:1133)	F-2
Consolidated Statement of Financial Position	F-6
Consolidated Statement of Operations	F-7
Consolidated Statement of Comprehensive Income	F-8
Consolidated Statement of Changes in Equity	F-9
Consolidated Statement of Cash Flows	F-10
Notes to Consolidated Financial Statements	F-11

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the board of directors of Galapagos NV

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Galapagos NV and subsidiaries (the "Company") as of December 31, 2022, 2021 and 2020, the related consolidated statements of operations, comprehensive income/loss(-), changes in equity and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, 2021 and 2020 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 23, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Determination of the estimated costs impacting the percentage of completion used for revenue recognition related to the filgotinib performance obligation under the license and collaboration agreement with Gilead - Refer to notes 2, 4, 6, and 25 to the consolidated financial statements

Critical Audit Matter Description

As described in notes 2, 4, 6 and 25 to the consolidated financial statements, the Company recognized collaboration revenues of 174,4 million EUR in 2022 from upfront payments and milestone payments related to the filgotinib performance obligation under the license and collaboration agreement with Gilead (the "agreement"). For this filgotinib performance obligation, the Company recognized revenue using the cost-to-cost input method, which management believes best depicts the transfer of control to the customer. Under the cost-to-cost input method, the extent of progress

towards completion is measured based on the ratio of actual costs incurred to the total estimated costs expected upon satisfying the filgotinib performance obligation.

Significant management judgment is required in determining the total estimated costs required under the agreement and the period over which the Company is expected to complete its performance obligation. This significant estimate is the principal consideration for our conclusion that procedures relating to the determination of the estimated costs to complete the performance obligation, impacting the revenue recognition for the filgotinib performance obligation is a critical audit matter. This increased level of judgment by management led to a high degree of auditor judgment, complexity, and effort in performing procedures and in evaluating audit evidence related to management's assumptions related to the estimation of total costs to complete.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the determination of the estimated costs impacting the percentage of completion used for revenue recognition related to the filgotinib performance obligation under the license and collaboration agreement with Gilead included the following, among others:

- We evaluated and tested management's process for determining the estimate of total costs to complete the performance obligation, which included evaluating the reasonableness of significant assumptions related to the estimate.
- We tested, on a sample basis, the accuracy and completeness of actual costs incurred to date.
- Our procedures on the reasonableness of the assumptions also included evaluating management's ability to reasonably estimate costs to complete the performance obligation. Specifically, we:
 - Evaluated the appropriateness of changes made during the period to management's estimates of total costs to complete.
 - Performed a comparison of management's prior period cost estimates to actual costs incurred and approved.
 - Evaluated the period over which management is expecting the company to complete its performance obligation.
 - Compared certain costs to third-party supporting evidence.
 - Considered the impact of any subsequent events on management's assumptions.

Accounting for Business Combination – CellPoint B.V. - Refer to notes 3, 4, 12, 13, 24 and 26 to the financial statements

Critical Audit Matter Description

The Company entered into an agreement to acquire CellPoint B.V. ("Cellpoint") in June 2022, where the Company acquired 100 percent of the outstanding shares and voting interests in an all-cash transaction.

We identified the valuation of acquired in-process research and development ("IPR&D") and the valuation of the collaboration agreement for the exclusive right to use the Lonza Cocoon® manufacturing platform, in addition to the contingent consideration liability recognized in connection with the acquisition of CellPoint, as a critical audit matter because of the judgments necessary for management to estimate the acquisition date fair value of such balances.

The significant assumptions used to estimate the fair value of the acquired IPR&D, collaboration agreement for the exclusive right to use the Lonza Cocoon® manufacturing platform, and contingent consideration included discount rates, as well as certain other business-related assumptions that form the basis of forecasted financial results, including probability of success factors and revenue forecasts. Given the complexity of these assumptions this matter required a high degree of auditor judgment, and increased extent of effort including involvement of valuation specialists, when performing audit procedures and evaluating the results of those procedures.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's accounting for the IPR&D, collaboration agreement for the exclusive right to use the Lonza Cocoon® manufacturing platform and the contingent consideration liability recognized in connection with the CellPoint acquisition, included the following, among others:

- We tested the effectiveness of the Company's controls associated with accounting for business combinations.
- We assessed the reasonableness of management's key estimates and assumptions used in the valuation models. We met with key individuals from the senior leadership team and key personnel involved to discuss and evaluate management's evidence to support the relevant assumptions.

- With the assistance of our valuation specialists, we evaluated the reasonableness of the valuation methodologies used to determine the value of the acquired IPR&D, collaboration agreement for the exclusive right to use the Lonza Cocoon® manufacturing platform, and contingent consideration liability, including testing the mathematical accuracy of the calculations, the discount rate, and company specific risks.

Zaventem, Belgium, March 23, 2023

/s/ Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises BV/SRL

We have served as the Company's auditor since 2000.

**Report of independent registered public accounting firm
To the shareholders and the board of directors of Galapagos NV**

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Galapagos NV and subsidiaries (the “Company”) as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated March 23, 2023 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Zaventem, Belgium, March 23, 2023

/s/ Deloitte Bedrijfsrevisoren / Réviseurs d’Entreprises BV/SRL

We have served as the Company’s auditor since 2000.

Consolidated Statement of Financial Position

	December 31,			Notes
	2022	2021	2020	
	(Euro, in thousands)			
Assets				
Goodwill	€ 69,813	€ —	€ —	12
Intangible assets other than goodwill	146,354	60,103	67,565	13
Property, plant and equipment	154,252	137,512	103,378	14
Deferred tax assets	1,363	4,032	4,475	22
Non-current trade receivables	—	—	50,000	18
Non-current R&D incentives receivables	119,941	127,186	111,624	16
Other non-current assets	5,778	2,473	11,343	15
Non-current assets	497,501	331,306	348,384	
Inventories	52,925	20,569	36	17
Trade and other receivables	40,429	111,337	148,418	18
Current R&D incentives receivables	26,126	16,827	24,104	16
Current financial investments	3,585,945	2,469,809	3,026,278	19
Cash and cash equivalents	508,117	2,233,368	2,135,187	20
Other current assets	23,307	9,945	11,917	18
Current assets from continuing operations	4,236,850	4,861,854	5,345,941	
Assets classified as held for sale	—	—	23,406	27
Total current assets	4,236,850	4,861,854	5,369,347	
Total assets	€ 4,734,351	€ 5,193,160	€ 5,717,731	
Equity and liabilities				
Share capital	€ 293,604	€ 292,075	€ 291,312	21
Share premium account	2,735,557	2,730,391	2,727,840	21
Other reserves	(4,853)	(10,177)	(10,907)	
Translation differences	(1,593)	(1,722)	(3,189)	
Accumulated losses	(496,689)	(367,205)	(334,701)	
Total equity	2,526,026	2,643,362	2,670,355	
Retirement benefit liabilities	5,540	11,699	14,996	
Deferred tax liabilities	20,148	—	—	22
Non-current lease liabilities	14,692	19,655	23,035	23
Other non-current liabilities	21,808	7,135	8,096	24
Non-current deferred income	1,623,599	1,944,836	2,365,974	25
Non-current liabilities	1,685,787	1,983,325	2,412,101	
Current lease liabilities	7,209	7,204	6,401	23
Trade and other liabilities	148,675	137,622	175,550	24
Current tax payable	1,022	1,782	1,248	10
Current deferred income	365,631	419,866	443,159	25
Current liabilities from continuing operations	522,538	566,474	626,357	
Liabilities directly associated with assets classified as held for sale	—	—	8,917	27
Current liabilities	522,538	566,474	635,274	
Total liabilities	2,208,325	2,549,798	3,047,375	
Total equity and liabilities	€ 4,734,351	€ 5,193,160	€ 5,717,731	

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Operations

	Year ended December 31,			Notes
	2022	2021	2020	
	(Euro, in thousands, except per share data)			
Product net sales	€ 87,599	€ 14,753	€ 2	6
Collaboration revenues	417,681	470,093	478,051	6
Total net revenues	505,280	484,846	478,053	
Cost of sales	(12,079)	(1,629)	—	
Research and development expenses	(515,083)	(491,707)	(523,667)	7
Sales and marketing expenses	(147,555)	(69,956)	(66,468)	7
General and administrative expenses	(144,931)	(140,899)	(118,757)	7
Other operating income	46,848	53,749	52,207	7
Operating loss	(267,520)	(165,596)	(178,632)	
Fair value adjustments and net exchange differences	51,473	61,296	(116,188)	9
Other financial income	18,578	3,058	11,573	9
Other financial expenses	(17,679)	(21,757)	(26,528)	9
Loss before tax	(215,147)	(122,999)	(309,775)	
Income taxes	(2,844)	(2,423)	(1,226)	10
Net loss from continuing operations	(217,991)	(125,422)	(311,001)	
Net income from discontinued operations, net of tax	—	22,191	5,565	27
Net loss	€ (217,991)	€ (103,231)	€ (305,436)	
Net loss attributable to:				
Owners of the parent	(217,991)	(103,231)	(305,436)	
Basic and diluted loss per share	€ (3.32)	€ (1.58)	€ (4.69)	11
Basic and diluted loss per share from continuing operations	€ (3.32)	€ (1.91)	€ (4.78)	

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income/Loss (-)

	Year ended December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Net loss	€ (217,991)	€ (103,231)	€ (305,436)
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligation	5,324	730	(6,065)
Items that may be reclassified subsequently to profit or loss:			
Translation differences, arisen from translating foreign activities	129	736	(1,024)
Realization of translation differences upon sale/liquidation of foreign operations	—	731	(1,023)
Other comprehensive income/loss (-), net of income tax	5,453	2,197	(8,112)
Total comprehensive loss attributable to:			
Owners of the parent	(212,538)	(101,034)	(313,548)
Total comprehensive loss attributable to owners of the parent arises from:			
Continuing operations	(212,538)	(123,956)	(318,841)
Discontinued operations	—	22,922	5,293
Other comprehensive loss, net of income tax	€ (212,538)	€ (101,034)	€ (313,548)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Translation differences (Euro, in thousands)	Other reserves	Accumul. losses	Total
On December 31, 2019	€ 287,282	€ 2,703,583	€ (1,142)	€ (4,842)	€ (109,223)	€ 2,875,658
Net loss					(305,436)	(305,436)
Other comprehensive loss			(2,047)	(6,065)		(8,112)
Total comprehensive loss			(2,047)	(6,065)	(305,436)	(313,548)
Share-based compensation					79,959	79,959
Exercise of subscription rights	4,031	24,257				28,288
On December 31, 2020	€ 291,312	€ 2,727,840	€ (3,189)	€ (10,907)	€ (334,701)	€ 2,670,355
Net loss					(103,231)	(103,231)
Other comprehensive income			1,467	730		2,197
Total comprehensive income/loss (-)			1,467	730	(103,231)	(101,034)
Share-based compensation					70,726	70,726
Exercise of subscription rights	763	2,551				3,314
On December 31, 2021	€ 292,075	€ 2,730,391	€ (1,722)	€ (10,177)	€ (367,205)	€ 2,643,362
Net loss					(217,991)	(217,991)
Other comprehensive income			129	5,324		5,453
Total comprehensive income/loss (-)			129	5,324	(217,991)	(212,538)
Share-based compensation					88,506	88,506
Exercise of subscription rights	1,530	5,166				6,695
On December 31, 2022	€ 293,604	€ 2,735,557	€ (1,593)	€ (4,853)	€ (496,689)	€ 2,526,026

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

	2022	2021	2020	Notes
	(Euro, in thousands)			
Net loss	€ (217,991)	€ (103,231)	€ (305,436)	
Adjustment for non-cash transactions	117,296	57,718	230,723	28
Adjustment for items to disclose separately under operating cash flow	(4,533)	11,227	4,067	28
Adjustment for items to disclose under investing and financing cash flows	(3,789)	(28,847)	(2,472)	28
Change in working capital other than deferred income	32,313	23,337	(146,092)	28
Cash used for other liabilities related to the acquisition of subsidiaries	(28,164)	—	—	26
Decrease in deferred income	(383,618)	(453,720)	(207,787)	25
Cash used in operations	(488,487)	(493,516)	(426,998)	
Interest paid	(12,463)	(12,540)	(9,033)	
Interest received	4,839	2,913	10,054	
Income taxes paid	(4,433)	(684)	(1,358)	
Net cash flows used in operating activities	(500,544)	(503,827)	(427,336)	
Purchase of property, plant and equipment	(27,389)	(54,205)	(42,522)	14
Purchase of and expenditure in intangible fixed assets	(9,558)	(3,674)	(48,793)	13
Proceeds from disposal of property, plant and equipment	739	—	49	14
Purchase of current financial investments	(2,728,634)	(1,561,015)	(4,574,206)	19
Interest received related to current financial investments	2,996	12	3,500	19
Sale of current financial investments	1,641,602	2,127,380	5,415,316	19
Disposals of subsidiaries, net of cash disposed	—	28,696	—	27
Cash out from acquisition of subsidiaries, net of cash acquired	(115,270)	—	—	26
Cash advances and loans to third parties	(10,000)	—	—	26
Acquisition of financial assets	—	—	(2,681)	15
Proceeds from sale of financial assets held at fair value through profit or loss	—	4,045	6,626	15
Net cash flows generated from/used in (-) investing activities	(1,245,514)	541,238	757,288	
Payment of lease liabilities and other debts	(8,182)	(7,190)	(6,247)	23
Proceeds from capital and share premium increases from exercise of subscription rights	6,695	3,314	28,287	21
Net cash flows generated from/used in (-) financing activities	(1,487)	(3,876)	22,040	
Increase/decrease (-) in cash and cash equivalents	€ (1,747,545)	€ 33,535	€ 351,994	
Cash and cash equivalents at beginning of year	€ 2,233,368	€ 2,143,071	€ 1,861,616	20
Increase/decrease (-) in cash and cash equivalents	(1,747,545)	33,535	351,994	
Effect of exchange rate differences on cash and cash equivalents	22,293	56,763	(70,539)	
Cash and cash equivalents at end of year	€ 508,117	€ 2,233,368	€ 2,143,071	20
	December 31,			
	2022	2021	2020	Notes
	(Euro, in thousands)			
Current financial investments	€ 3,585,945	€ 2,469,809	€ 3,026,278	19
Cash and cash equivalents	508,117	2,233,368	2,135,187	20
Cash and cash equivalents classified as assets held for sale	—	—	7,884	27
Current financial investments and cash and cash equivalents	€ 4,094,062	€ 4,703,177	€ 5,169,349	

The accompanying notes form an integral part of these financial statements.

Notes to Consolidated Financial Statements

1. General information

Galapagos NV is a limited liability company incorporated in Belgium and has its registered office at Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium. In the notes to the consolidated financial statements, references to “we,” “us,” “the group” or “Galapagos” include Galapagos NV together with its subsidiaries.

We are a fully integrated biotechnology company focused on discovering, developing, and commercializing innovative medicines. We are committed to improving patients’ lives worldwide by targeting diseases with high unmet needs. Our research and development (R&D) capabilities cover multiple drug modalities, including small molecules and cell therapies. Our portfolio comprises discovery through to commercialized programs in immunology, oncology and other indications. Our first medicine for rheumatoid arthritis and ulcerative colitis is on the market in Europe and Japan.

We devote substantially all of our resources to our drug discovery efforts from target discovery through clinical development and to our commercialization efforts for filgotinib in Europe.

The components of the operating result presented in the financial statements include the following companies: Galapagos NV, Galapagos Biopharma Belgium BV, Galapagos Real Estate Belgium BV (Mechelen, Belgium); Galapagos SASU (Romainville, France); Galapagos B.V., Galapagos Biopharma Netherlands B.V., Galapagos Real Estate Netherlands B.V. and CellPoint B.V. (CellPoint) (Oegstgeest, the Netherlands); Galapagos, Inc. and its subsidiaries Xenometrix, Inc. and AboundBio, Inc. (AboundBio) (United States); Galapagos GmbH (Basel, Switzerland); Galapagos Biotech Ltd (Cambridge, UK), Galapagos Biopharma Germany GmbH (München, Germany), Galapagos Biopharma Spain S.L.U. (Madrid, Spain); Galapagos Biopharma Italy S.r.l. (Milan, Italy); Galapagos Biopharma Sweden AB (Stockholm, Sweden), Galapagos Biopharma Norway AS (Oslo, Norway), Galapagos Biopharma Finland Oy (Helsinki, Finland), Galapagos Biopharma Denmark ApS (Copenhagen, Denmark), Galapagos Biopharma Austria GmbH (Vienna, Austria) and Galapagos Biopharma Ireland Ltd (Dublin, Ireland).

Our continuing operations had 1,338 employees as at December 31, 2022 (as compared to 1,309 employees as at December 31, 2021 and 1,304 employees as at December 31, 2020) mainly working in our operating facilities in Mechelen (the Belgian headquarters), the Netherlands, France, Switzerland, Germany, Italy, Spain and the United Kingdom.

We previously had two reportable segments, R&D and fee-for-services business. On January 4, 2021, we sold our fee-for-service business Fidelta d.o.o. (Fidelta) to Selvita S.A. (Selvita) for a total consideration of €37.1 million. Fidelta had 185 employees on December 31, 2020 working in the operating facilities in Croatia. We classified the assets and the associated liabilities of Fidelta as held for sale in our financial statements for the year ended December 31, 2020. We have reported the fee-for-service segment as discontinued operations and we are currently operating as a single operating segment.

Impact of COVID-19 on the financial statements

To date, we have experienced limited impact on our financial performance, financial position, cash flows and significant judgements and estimates.

Conflict in Ukraine

To date, we have experienced very limited impact of the armed conflict between Russia and Ukraine. However, we keep on monitoring the impact of the situation.

2. Summary of significant transactions

GILEAD COLLABORATION AGREEMENT

On July 14, 2019 we and Gilead announced that we entered into a 10-year global research and development collaboration. Through this agreement, Gilead gained exclusive access to our innovative portfolio of compounds, including clinical and preclinical programs and a proven drug discovery platform. At inception of this collaboration in 2019, we received an upfront payment €3,569.8 million (\$3.95 billion) and a €960.1 million (\$1.1 billion) equity investment from Gilead.

On the closing date of the transaction (August 23, 2019) we concluded that the upfront payment implicitly included a premium for the future issuance of warrant A and initial and subsequent Warrant B. The expected value of the warrants to be issued is treated as a contract liability ("warrant issuance liability") and reduces the transaction price until approval date of the issuance of the underlying warrants. As from approval date, the allocation of the upfront payment to the respective warrant becomes fixed and future changes in the fair value of the respective warrant are recognized in profit or loss. As such, the part of the upfront payment allocated to the Warrant A and initial Warrant B reflects the fair value of these financial liabilities at the warrant approval date (October 22, 2019).

On November 6, 2019 Gilead exercised warrant A, which resulted in an additional equity investment of €368.0 million.

Subsequent Warrant B is still subject to approval by an Extraordinary Meeting of Shareholders and is therefore still presented as warrant issuance liability in our deferred income (we refer to note 25 for more information). The value allocated to the subsequent Warrant B reflects the fair value of the underlying liability on December 31, 2020, December 31, 2021 and December 31, 2022. On December 31, 2022 the value of subsequent Warrant B further decreased to €0.7 million, driven by the decrease of our share price and of the implied volatility in 2022.

At inception of this collaboration, we identified the following three performance obligations: (i) the transfer of an extended license on GLPG1690, (ii) the granting of exclusive access to our drug discovery platform (i.e. the IP, technology, expertise and capabilities) during the collaboration period and exclusive option rights on our current and future clinical programs after Phase 2 (or, in certain circumstances, the first Phase 3 study) outside Europe and (iii) an increased cost share from 20/80 to 50/50 on the global development activities of filgotinib, as a result of the revised license and collaboration agreement.

As part of the collaboration, Gilead also received option rights for GLPG1972, a Phase 2b candidate for osteoarthritis, in the United States. In November 2020, Gilead however declined to exercise its option for GLPG1972.

Since October 22, 2019, Gilead has had two representatives on the Board of Directors of Galapagos (Daniel O'Day and Linda Higgins).

In Q4 2020, Gilead decided not to pursue FDA approval of the RA indication for filgotinib in the U.S. as a result of Complete Response Letter (CRL) from the Food and Drug Administration (FDA). Due to this, in December 2020 Gilead and we agreed to amend our existing collaboration for the commercialization and development of filgotinib. This resulted in the execution of the Transition and Amendment Agreement of April 3, 2021 and the Second Amended and Restated license and Collaboration Agreement of December 24, 2021, effective as of January 1, 2022.

In September 2021 we agreed together with Gilead to also take over the sponsorship of and operational and financial responsibility for the ongoing DIVERSITY clinical study, evaluating filgotinib in CD, and its long-term extension study. The DIVERSITY clinical study was transferred and from April 1, 2022, we were solely responsible for all development costs for the DIVERSITY clinical study.

Gilead remains responsible for commercial activities outside of Europe.

These modifications to the collaboration with Gilead did not result in the creation of new performance obligations, and only the performance obligation related to the development activities for filgotinib has been reassessed.

We retain the following three performance obligations, of which the first one was satisfied completely in 2019; (i) the transfer of an extended license on GLPG1690, (ii) the granting of exclusive access to our drug discovery platform (i.e. the IP, technology, expertise and capabilities) during the collaboration period and exclusive option rights on our current and future clinical programs after Phase 2 (or, in certain circumstances, the first Phase 3 study) outside Europe and (iii) an increased cost share from 20/80 to 50/50 to 100/0 (for certain agreed activities (Group A activities, as defined below) on the global development activities of filgotinib, until we complete the remaining development activities.

We refer to the critical accounting judgments and key sources of estimation uncertainty section (note 4) explaining critical judgments and estimates in applying accounting policies.

Terms of the collaboration

We will fund and lead all discovery and development autonomously until the end of Phase 2. After the completion of a qualifying Phase 2 study (or, in certain circumstances, the first Phase 3 study), Gilead will have the option to acquire a license to the compound outside Europe. If the option is exercised, we and Gilead will co-develop the compound and share costs equally. Gilead will maintain option rights to our programs through the 10-year term of the collaboration. This term can be extended for up to an additional three years thereafter for those programs, if any, that have entered clinical development prior to the end of the collaboration term. In addition a final term extension can be granted in certain circumstances. Development of GLPG1690 was discontinued in February 2021.

For GLPG1972, after the completion of the ongoing Phase 2b study in osteoarthritis, Gilead had the option to pay a \$250 million fee to license the compound in the United States but declined to exercise its option in November 2020.

For all other programs resulting from the collaboration, Gilead will make a \$150 million opt-in payment per program and will owe no subsequent milestones. We will receive tiered royalties ranging from 20%-24% on net sales of all our products licensed by Gilead in all countries outside Europe as part of the agreement.

Revised filgotinib collaboration

Under the revised agreement of December 2020, we assume all development, manufacturing, commercialization and certain other rights for filgotinib in Europe, providing the opportunity to build a commercial presence on an accelerated timeline. The transfer is subject to applicable local legal, regulatory and consultation requirements. All activities have been transferred as of December 31, 2022. Beginning on January 1, 2021, we bear the future development costs for certain studies (defined as "Group A activities"), in lieu of the equal cost split contemplated by the previous agreement. These studies initially included the DARWIN3, FINCH4, PHILOSOPHY, and Phase 4 studies and registries in RA, MANTA and MANTA-RAY, the PENGUIN1 and 2 and EQUATOR2 studies in PsA, the SEALION1 and 2 studies in AS, the HUMBOLDT study in uveitis in addition to other clinical and non-clinical expenses supporting these studies and support for any investigator sponsored trials in non-IBD conditions and non-clinical costs on all current trials. The DIVERSITY study has been added to the "Group A activities" in September 2021. The existing 50/50 global development cost sharing arrangement will continue for the following studies (defined as "Group B activities"): SELECTION and its long-term extension study (LTE) in UC, DIVERGENCE 1 and 2 and their LTEs and support for Phase 4 studies and registries in Crohn's disease, pediatric studies and their LTEs in RA, UC and Crohn's disease, and support for investigator sponsored trials in IBD. All commercial economics on filgotinib in Europe were transferred to us as of January 1, 2022, subject to payment of tiered royalties of 8% to 15% of net sales in Europe to Gilead, starting in 2024. In connection with the amendments to the existing arrangement for the commercialization and development of filgotinib, Gilead paid us €160 million, which is split between a €110 million payment received in 2021 and a €50 million payment received in 2022 and is subject to certain adjustments for higher than budgeted development costs. In July 2022, Gilead made a one-time payment of \$15 million to us in consideration for assuming responsibility for the DIVERSITY clinical study. In addition, we will no longer be eligible to receive any future milestone payments relating to filgotinib in Europe. In 2022 we also received from Gilead \$20 million of milestone payment for the regulatory approval of filgotinib in UC in Japan. Other terms of the original license agreement remain in effect, including the remaining \$275 million in development and regulatory milestones, sales-based milestone payments of up to \$600 million and tiered royalties ranging from 20% – 30% payable in territories outside Europe (whereas before it was applicable for all countries outside of Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Spain and the United Kingdom).

Terms of the equity investment

As part of the research and development collaboration of 2019 Gilead also entered into a share subscription agreement with us. Gilead's equity investment consisted of a subscription for new Galapagos shares at a price of €140.59 per share, representing at July 14, 2019 a 20% premium to Galapagos' 30-day, volume-weighted average price. This equity subscription took place at closing of the transaction, on August 23, 2019 and increased Gilead's stake in Galapagos from approximately 12.3% to 22.04% of the then issued and outstanding shares in Galapagos.

In addition, the extraordinary general meeting of shareholders of October 22, 2019 approved the issuance of Warrant A and initial Warrant B allowing Gilead to further increase its ownership of Galapagos to up to 29.9% of the company's issued and outstanding shares. The initial Warrant B has a term of five years and an exercise price per share equal to the greater of (i) 120% multiplied by the arithmetic mean of the 30-day daily volume weighted average trading price of Galapagos' shares as traded on Euronext Brussels and Euronext Amsterdam, and (ii) €140.59. Subsequent Warrant B is still subject to approval by an extraordinary general meeting of shareholders. This Extraordinary General Meeting of Shareholders shall take place between 57 and 59 months after the closing of the subscription agreement (August 23, 2019) and this warrant will have substantially similar terms, including as to exercise price, to the initial Warrant B. The agreement also includes a 10-year standstill restricting Gilead's ability to propose a business combination with or acquisition of Galapagos or increase its stake in Galapagos beyond 29.9% of the company's issued and outstanding shares, subject to limited exceptions. On November 6, 2019 Gilead exercised Warrant A and increased its ownership in Galapagos to 25.10% of the then outstanding shares. Gilead's ownership amounted to 25.38% at December 31, 2022.

BUSINESS COMBINATIONS

On June 21, 2022 we acquired, in an all-cash transaction, 100% of the shares and voting interests of CellPoint. On the same date we acquired all of the outstanding capital and voting interests of AboundBio. We refer to note 12 Goodwill and impairment of goodwill and note 26 Business combinations during the period, for more information.

3. Significant accounting policies

Our principal accounting policies are summarized below.

BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IASB's International Financial Reporting Interpretation Committee. The consolidated financial statements provide a general overview of our activities and the results achieved. They give a true and fair view of our financial position, our financial performance and cash flows, on a going concern basis.

NEW STANDARDS AND INTERPRETATIONS APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON JANUARY 1, 2021

New standards and interpretations applicable for the annual period beginning on January 1, 2021 did not have a material impact on our consolidated financial statements.

NEW STANDARDS AND INTERPRETATIONS APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON JANUARY 1, 2022

New standards and interpretations applicable for the annual period beginning on January 1, 2022 did not have a material impact on our consolidated financial statements.

STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON JANUARY 1, 2022

A number of new standards are effective for annual periods beginning on or after January 1, 2023 with earlier adoption permitted. However we have not early adopted new or amended standards in preparing our consolidated

financial statements. We are currently still assessing the impact of these new accounting standards and amendments that are not yet effective but we expect no standard to have a material impact on our financial statements in the period of initial application.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and
- IFRS 17 Insurance Contracts and Amendments to IFRS 17.

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendment to IFRS 16);
- Classification of liabilities as current or non-current (Amendment to IAS 1); and
- Non-current liabilities with covenants (Amendment to IAS 1).

CONSOLIDATED REPORTING

The consolidated financial statements comprise the financial statements of Galapagos NV and entities controlled by Galapagos NV (subsidiaries). Control is achieved where Galapagos NV has the power to direct the relevant activities of another entity so as to obtain benefits from its activities. The results of subsidiaries are included in the statement of operations and statement of comprehensive income from the effective date of acquisition up to the date when control ceases to exist. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with our accounting policies. All intra-group transactions, balances, income and expenses are eliminated when preparing the consolidated financial statements.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair value at the acquisition date. The results of acquired operations are included in our consolidated statement of operations from the date on which control is obtained. Any contingent consideration to be transferred by us will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in profit or loss. The excess of the fair value of the total purchase consideration transferred over the fair value of the acquired assets and assumed liabilities is recognized as goodwill. The valuations in support of fair value determinations are based on information available at the acquisition date. Acquisition related costs are expensed as incurred.

Contingent amounts payable or paid by us to former shareholders of acquired companies, who continue to be employed by us, but which would be automatically forfeited (or become repayable) upon termination of employment before a specific date, are classified as remuneration for post-combination services on the appropriate line in our consolidated statement of operations. These cash-settled contingent amounts are recognized in accordance with IAS 19 and are recorded in the statement of financial position on the lines "other (non-) current assets" and "other non-current/trade and other liabilities" depending on the timing of the payment by us.

GOODWILL

Goodwill is initially measured as the excess of the total purchase consideration transferred and the fair value of the acquired assets and assumed liabilities. Subsequently, goodwill is stated at cost less impairments and tested for impairment at least annually at the level of the cash generating unit to which it was allocated. Any impairment costs are recorded in our consolidated statement of operations on the line "Other operating income/expenses".

INTANGIBLE ASSETS OTHER THAN GOODWILL

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from our development activities is recognized only if all of the following conditions are met:

- Technically feasible to complete the intangible asset so that it will be available for use or sale
- We have the intention to complete the intangible assets and use or sell it
- We have the ability to use or sell the intangible assets
- The intangible asset will generate probable future economic benefits, or indicate the existence of a market
- Adequate technical, financial and other resources to complete the development are available
- We are able to measure reliably the expenditure attributable to the intangible asset during its development

(i) Internally generated intangible assets

The amount capitalized as internally generated intangible assets is the sum of the development costs incurred as of the date that the asset meets the conditions described above. Because of risks and uncertainties inherent to the regulatory authorizations and to the development process itself, management estimates that the conditions for capitalization are not met until we obtain regulatory approval from the competent authorities.

Currently we recognize all development costs as an expense in the period in which they are incurred, even for approved products because they do not generate separately identifiable incremental future economic benefits that can be reliably measured.

(ii) Licences, rights and in-process research and development

Acquired in-process research and development obtained through in-licensing agreements, business combinations, collaboration agreements or separate acquisitions are capitalized as an intangible asset provided that they are separately identifiable, controlled by us and expected to provide economic benefits. As the probability criterion in IAS 38 is always considered to be satisfied for separately acquired research and development assets, upfront and milestone payments to third parties for products or compounds for which regulatory approval has not yet been obtained are recognized as intangible assets. We consider such intangible assets as not yet available for use until the moment that the underlying asset is approved and commercially launched. Amortization will commence when the underlying asset is approved for commercialization and the asset will be amortized over its useful life.

Intangible assets may also consist of upfront fees paid to third party institutions in exchange for an option to negotiate a license to any of the third party's rights in technology resulting from the collaboration. The upfront fee paid in exchange for this option is capitalized as intangible asset and amortized over the expected duration of the option.

Exclusivity contracts and technology acquired through business combinations are valued independently as part of the fair value of the businesses acquired and are amortized over their estimated useful lives. The estimated useful life is based on the lower of the contract life or the economic useful life.

In the event an asset has an indefinite life, this fact is disclosed along with the reasons for being deemed to have an indefinite life. Intangible assets with an indefinite useful life and intangible assets which are not yet available for use are tested for impairment annually, and whenever there is an indication that the asset might be impaired.

(iii) Software

Acquired software is recognized at cost less accumulated amortization and any impairment loss. Amortization is recognized so as to write off the cost of assets over their useful lives (generally between 3 and 5 years), using the straight-line method.

(iv) Contract costs

Contract costs are those costs we incur to obtain a contract with a customer that we would not have incurred if the contract has not been obtained and are capitalized as intangible assets only if they are expected to be recoverable. Capitalized contract costs are amortized on a systematic basis that reflects the pattern of transfer of the related promised goods or services to the customer. Costs that we would have incurred regardless of whether the contract is obtained or those costs that are not directly related to obtaining a contract would not be capitalized.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at cost less accumulated depreciation and any impairment loss.

Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is recognized so as to write off the cost of assets over their useful lives, using the straight-line method, on the following bases:

- Installation & machinery: 3–15 years
- Furniture, fixtures & vehicles: 4–10 years

Leasehold improvements are depreciated 3 -10 years, being the term of the lease, unless a shorter useful life is expected.

The other tangible assets category mainly consists of assets under construction. Assets under construction are not depreciated.

Any gain or loss incurred at the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

LEASES

All leases are accounted for by recognizing a right-of-use asset and a corresponding lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, we will apply the incremental borrowing rate. The lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date, expected residual value guarantees, termination penalties and extension option payments or purchase options if we are reasonably certain to exercise this option.

After initial recognition, the lease liability will be measured at amortized cost using the discount rate determined at commencement and will be re-measured (with a corresponding adjustment to the related right-of-use asset) when there is

a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

At the commencement date, the right-of-use assets are measured at cost, comprising the amount of the initial lease liability, initial direct costs and the expected dismantling and removing costs (when we incur an obligation for these costs), less any lease incentives received from the lessors.

After initial recognition, the right-of-use assets are measured at cost and depreciated over the shorter of the underlying asset's useful life and the lease term on a straight-line basis. The right-of-use assets will be adjusted for any re-measurements of the lease liability as a result of lease modifications. The right-of-use assets are subject to impairment testing if there is an indicator for impairment, as for property, plant and equipment. The right-of-use assets are presented in the statement of financial position under the caption "property, plant and equipment" and the lease liabilities are presented as current and non-current lease liabilities.

In determining the lease term, we consider all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. We only include extension options (or periods after termination options) in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within our control.

Each lease payment is allocated between the liability and financial expenses. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

INVENTORIES

Inventories consist of raw materials, semi-finished products and finished products. These inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, conversion costs and transportation costs, and is determined using the FIFO-method.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in our statement of financial position when we become a party to the contractual provisions of the instrument. We do not actively use currency derivatives to hedge planned future cash flows, nor do we make use of forward foreign exchange contracts, outside of the Gilead transaction, fully settled at December 31, 2019. Additionally, we do not have financial debts at December 31, 2022.

(i) Financial assets

Financial assets are initially recognized either at fair value or at their transaction price. All recognized financial assets will subsequently be measured at either amortized cost or fair value under IFRS 9 on the basis of both our business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

- a financial asset that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding is measured at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option;
- a financial asset that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, is measured at fair value through other comprehensive income (FVTOCI), unless the asset is designated at FVTPL under the fair value option;
- all other financial assets are measured at FVTPL.

A financial asset is classified as current when the cash flows expected to flow from the instrument mature within one year.

We derecognize a financial asset when the contractual rights to the cash flows from the asset expire, or we transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

We classify non-derivative financial assets into the following categories:

- financial assets at fair value through profit or loss (equity instruments, current financial investments and cash equivalents)
- financial assets at amortized cost (receivables, current financial investments and cash and cash equivalents).

Financial assets at fair value through profit or loss

Financial assets are designated at fair value through profit or loss if we manage such investments and make purchase and sale decisions based on their fair value in accordance with the investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend income, are recognized in profit or loss.

Equity instruments

We hold investments in equity instruments, which based on IFRS 9, are designated as financial assets at fair value through profit or loss. The fair value of listed investments is based upon the closing price of such securities on Euronext at each reporting date. If there is no active market for an equity instrument, we establish the fair value by using valuation techniques.

Current financial investments measured at fair value through profit or loss

Current financial investments include financial assets measured at fair value through profit or loss and may comprise short term bond funds that have a maturity equal or less than 12 months, and money market funds.

Cash equivalents measured at fair value through profit or loss

Cash equivalents measured at fair value through profit or loss may comprise bonds and money market funds that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Financial assets at amortized cost

Receivables

Receivables are designated as financial assets measured at amortized cost. They are initially measured either at fair value or at transaction price, in the absence of a significant financing component.

All receivables are subsequently measured in the balance sheet at amortized cost, which generally corresponds to nominal value less expected credit loss provision.

Receivables mainly comprise trade and other receivables and current/non-current R&D incentives receivables.

The R&D incentives receivables relate to refunds resulting from R&D incentives on research and development expenses in France and Belgium. Research and development incentives receivables are discounted over the period until maturity date according to the appropriate discount rates.

Current financial investments measured at amortized cost

Current financial investments measured at amortized cost include treasury bills that have a maturity equal to or less than 12 months. We apply settlement date accounting for the recognition and de-recognition of current financial investments measured at amortized cost. Current financial investments measured at amortized cost also include short-term deposits with maturities exceeding three months from the acquisition date.

Cash and cash equivalents measured at amortized cost

Cash and cash equivalents measured at amortized cost mainly comprise of notice accounts and short-term deposits that are readily convertible to cash within three months or less and that are subject to an insignificant risk of changes in value.

Cash and cash equivalents exclude restricted cash, which is presented in the line other non-current assets in the statement of financial position.

(ii) Financial liabilities

Financial liabilities are initially measured either at fair value or at their transaction price. Subsequent to initial recognition, financial liabilities are measured at amortized cost.

Financial liabilities mainly comprise trade and other liabilities and contingent consideration liabilities.

Trade and other liabilities are comprised of liabilities that are due less than one year from the balance sheet date and are in general not interest bearing and settled on an ongoing basis during the financial year. They also include accrued expenses related to our research and development project costs.

We derecognize a financial liability when its contractual obligations are discharged, cancelled or expire.

Contingent consideration liabilities

Any contingent consideration to be transferred by us in relation to businesses acquired are linked to milestone payments and are initially recognized at fair value as a financial liability. They are adjusted for the probability of their likelihood of payment and are appropriately discounted to reflect the impact of time.

Changes in the fair value of these contingent consideration liabilities in subsequent periods are recognized in our consolidated statement of operations on the line "other operating income/expense". The effect of unwinding the discount over time is recognized on the line "other financial expenses".

(iii) Financial instruments: derivative assets/liabilities

Financial assets and financial liabilities are recognized on our statement of financial position when we become a party to the contractual provisions of the instrument.

Derivative assets and liabilities are initially measured at fair value. After initial measurement we will measure the derivatives at fair value through profit or loss.

TAXATION

Income tax in the profit or loss accounts represents the sum of the current tax and deferred tax.

Current tax is the expected tax payable on the taxable profit of the year. The taxable profit of the year differs from the profit as reported in the financial statements as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Our liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability-method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. As such, a deferred tax asset for the carry forward of unused tax losses will be recognized to the extent that it is probable that future taxable profits will be available.

FOREIGN CURRENCIES

- Functional and presentation currency

Items included in the financial statements of each of our entities are valued using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Euros, which is our presentation currency.

- Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognized in the financial result in the statement of operations.

Non-monetary assets and liabilities measured at historical cost that are denominated in foreign currencies are translated using the exchange rate at the date of the transaction.

- Financial statements of foreign group companies

The results and financial position of all our entities that have a functional currency different from Euro are translated as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each statement of operations are translated at average exchange rates;
- All resulting cumulative exchange differences are recognized as a separate component of equity;
- Such cumulative exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

RECOGNITION OF EXPENSES LINKED TO CLINICAL TRIAL MILESTONES

We recognize expenses specifically linked to clinical trial milestones with regard to patient recruitment and patient treatment (i.e. completion), incurred in carrying out clinical trials, in line with actual patient recruitment or treatment at each period end, in reference to the milestone targets for patient recruitment or treatment.

This involves the calculation of clinical trial accruals at each period end, for which an estimation of the expected full clinical trial milestone cost is required, as well as the current stage of patient recruitment or treatment.

Clinical trials usually take place over extended time periods and typically involve a set-up phase, a recruitment phase and a completion phase which ends upon the receipt of a final report containing full statistical analysis of trial results. Accruals for patient recruitment and patient completion are prepared separately for each clinical trial in progress

and take into consideration the stage of completion of each trial including the number of patients that have entered the trial and the number of patients that have been treated in the trial. In all cases, the full cost of each trial is expensed by the time the final report is received.

REVENUE RECOGNITION

Revenues to date have consisted principally of collaboration revenues, which consist of milestones, license fees, non-refundable upfront fees and royalties received in connection with collaboration and license agreements. Starting in 2021 we also have commercial revenues from the sales of Jyseleca, which are reported as “Product net sales” in our consolidated income statement. We also generated revenue from our fee-for-service activities, which is reported as discontinued operations per December 31, 2020 and per December 31, 2021. The revenue recognition policies can be summarized as follows:

We recognize revenue when our customer obtains control of promised goods or services, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. To determine revenue recognition for agreements that we determine are within the scope of IFRS 15, we perform the following five steps:

COLLABORATION REVENUES

(i) identify the contract

In our agreements with customers we are mainly transferring licenses on our IP and in some cases this is combined with access rights and/or providing research and development services and/or cost sharing mechanisms. In some cases our collaborations also include an equity subscription component. If this is the case, we analyze if the criteria to combine contracts, as set out by IFRS 15, are met.

(ii) identify the performance obligations in the contract

Depending on the type of the agreement, there can be one or more distinct performance obligations under IFRS 15. This is based on an assessment of whether the promises in an agreement are capable of being distinct and are distinct from the other promises to transfer goods and/or services in the context of the contract. For some of our agreements we combine the transfer of the license with the performance of research and development activities because we consider that the license is not capable of being distinct and is not distinct in the context of the contract.

(iii) determine the transaction price

Collaboration and license agreements with our commercial partners for research and development activities generally include non-refundable upfront fees; milestone payments, the receipt of which is dependent upon the achievement of certain clinical, regulatory or commercial milestones; license fees, royalties on sales and sometimes reimbursement income or profits sharing arrangements.

a/ License fees or upfront payments

If the license to our intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, we recognize revenues from non-refundable upfront fees allocated to the license at the point in time the license is transferred to the customer and the customer has the right to use the license.

For licenses that are bundled with other promises, we utilize judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time. If the performance obligation is satisfied over time, revenue is then recognized based on a pattern that best reflects the transfer of control of the service to the customer.

b/ Milestone Payments other than sales based milestones

A milestone payment is only included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where milestone payments are included in the transaction

price we estimate the amount to be included in the transaction price using the most likely amount method. The transaction price is allocated to each performance obligation on a stand-alone selling price basis. We recognize revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, we re-evaluate the probability of achievement of such milestones and any related constraint. If necessary we adjust our estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenue and earnings in the period of adjustment.

c/ Reimbursement Income for R&D Services

Collaboration and license agreements may include reimbursement or cost sharing for research and development services: such as outsourcing costs and payment for FTEs at contractual rates. R&D services are performed and satisfied over time given that the customer simultaneously receives and consumes the benefits provided by us.

Such costs reimbursements received are recognized in revenues when costs are incurred and agreed by the parties when we are acting as a principal in the scope of our stake of the R&D activities. If the later condition is not fulfilled, costs reimbursements are accounted for as a decrease of the related expenses.

d/ Sales based milestone payment and Royalties

License and collaboration agreements include sales-based royalties, including commercial milestone payments based on the level of sales, and the license has been deemed to be the predominant item to which the royalties relate. Related revenue is recognized as the subsequent underlying sales occur.

(iv) allocate the transaction price to the performance obligations in the contract

We allocate the transaction price to each performance obligation identified in the contract based upon the stand-alone selling price. The stand-alone selling price of each performance obligation is estimated by using one of the following methods: adjusted market assessment approach, the expected cost plus a margin approach or the residual approach. If management assesses that there is only one single performance obligation, the entire transaction price would be allocated to this performance obligation.

(v) recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized when our customer obtains control of the goods and/or services foreseen in the contracts. The control can be transferred over time or at a point in time – which results in recognition of revenue over time or at a point in time.

In case of revenue recognition over time, we use an input model that considers estimates of the percentage of total research and development costs that are completed each period compared to the total estimated costs (percentage of completion method) to measure the progress of the satisfaction of the underlying performance obligation (which is the applied method for the filgotinib performance obligation). In other cases, depending on specific circumstances, we recognize revenue on a straight-line basis over the estimated term of the performance obligation (which is the applied method for the performance obligation related to our drug discovery platform).

PRODUCT NET SALES

Revenue on the sale of Jyseleca is recorded as “Product net sales” in our consolidated statement of operations.

Product net sales is the net amount of revenue recognized resulting from transferring control over our products to our customer (for example wholesalers and hospitals). Product sales revenue is recognized at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer depending on the specific incoterms in the contract with a customer.

The amount of revenue recognized is the amount allocated to the satisfied performance obligation taking into account variable consideration. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration

that is included in the transaction price is primarily composed of rebates, discounts, cash discounts and chargebacks granted to various customers that are part of commercial and governmental contractual arrangements or other reimbursement programs. Shelf stock adjustments are granted to some of our customers to cover the inventory held by them at the time of a price decrease becomes effective. A liability is recognized for expected rebates, cash discounts, chargebacks or other reimbursements payable directly or indirectly to customers in relation to sales made until the end of the reporting period.

The amount of variable consideration is estimated using several elements such third-party market data, product pricing, the specific terms in the individual agreements, estimated inventory levels and the shelf life of our product. If actual results differ, these estimates will be adjusted.

Net sales are presented net of value added tax and other sales related taxes.

We refer to note 6 for detailed information per agreement and to our Critical judgments in applying accounting policies for more information.

COST OF SALES

Cost of sales includes primarily the purchase cost of the goods sold and transportation costs.

OTHER OPERATING INCOME

Grants and R&D incentives

As we carry out extensive research and development activities, we benefit from various grants and R&D incentives from certain governmental agencies. These grants and R&D incentives generally aim to partly reimburse (approved) expenditures incurred in our research and development efforts and are credited to the statement of operations, under other income, when the relevant expenditure has been incurred and there is reasonable assurance that the grants or R&D incentives are receivable.

EQUITY INSTRUMENTS

Equity instruments issued by us are measured by the fair value of the proceeds received, net of direct issue costs.

EMPLOYEE BENEFITS

a/ Defined contribution plans

Contributions to defined contribution pension plans are recognized as an expense in the statement of operations as incurred.

b/ Defined benefit plans

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)

- Net interest expenses or income
- Re-measurement

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or a reduction in future contributions to the plans. A liability for a termination benefit is recognized at the earlier of when we can no longer withdraw the offer of the termination benefit and when we recognize any related restructuring costs.

c/ Staff bonus plan

We recognize an expense in the statement of operations for staff bonus plans.

d/ Management bonus plan

The members of the Executive Committee, together with other senior managers are eligible to receive a bonus based on achievement of personal and corporate objectives. This bonus is paid in cash.

SHARE-BASED PAYMENTS

a/ Equity-settled share based payments

We grant equity-settled incentives to certain employees, members of the Executive Committee and consultants in the form of subscription rights. Equity-settled subscription rights are measured at fair value at the date of acceptance. The fair value determined at the acceptance date of the subscription rights is expensed over time until the end of the vesting period, based on our estimate of subscription right warrants that are expected to be exercised. Fair value is measured by use of the Black & Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

b/ Long-term incentive plans in RSUs (Restricted Stock Units)

Executive Committee members and other employees are granted RSUs. An RSU is a grant that takes the form of a promise that employees will receive Galapagos stock in the future and it will be payable, at the company's discretion in cash or in shares, upon completion of a certain vesting period. Each RSU reflects the value of one Galapagos share.

The RSUs are measured based on the average share price over the 30-calendar day period preceding the measurement date. We recognize the corresponding expense and liability over the vesting period. The fair value of the liability is re-measured at each reporting date because currently it is management's intention to settle the RSUs in cash.

PROVISIONS

Provisions are recognized in the statement of financial position when we have a present obligation as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligations. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of the money and, when appropriate, the risk specific to the liability.

IMPAIRMENT

(i) Financial assets

The impairment loss of a financial asset measured at amortized cost is calculated based on the expected loss model.

For trade receivables, in the absence of a significant financing component, the loss allowance is measured at an amount equal to lifetime expected credit losses. Those are the expected credit losses that result from all possible default events over the expected life of those trade receivables.

Impairment losses are recognized in the consolidated statement of operations.

(ii) Property, plant and equipment and intangible assets other than goodwill

For intangible assets with an indefinite life or intangible assets not available for use yet, we perform an impairment test at least on an annual basis. Furthermore we review at each balance sheet date the carrying amount of our tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, we estimate the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss resulting from a sale of a subsidiary is recognized as income.

(iii) Goodwill

As goodwill is considered to have an indefinite life, it is tested for impairment annually, and whenever there is an indication that it may be impaired, by comparing its carrying amount with its recoverable amount. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Impairment losses on goodwill are not reversed.

NET INCOME / LOSS PER SHARE

Basic net income/loss per share is computed based on the weighted average number of shares outstanding during the period. Diluted net income per share is computed based on the weighted average number of shares outstanding including the dilutive effect of warrants, if any.

SEGMENT REPORTING

We currently have one operating and reportable segment. Prior to the disposal of our fee-for-service business Fidelta in 2021 our reportable segments were R&D and fee-for-service business. Fidelta is reported as discontinued operations for the years ended December 31, 2020 and at December 31, 2021.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale. It must either: represent a major separate line of business or geographical area of operations; be part of a single coordinated disposal plan; or be a subsidiary acquired exclusively with a view to resale.

Intercompany transactions between continuing and discontinued operations are eliminated against discontinuing operations.

Non-current assets and disposal groups are classified as assets held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met

only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

They are stated at the lower of carrying amount and fair value less costs to sell with any resulting impairment recognized. Assets related to discontinued operations and assets of disposal group held for sale are not depreciated.

On January 4, 2021, we sold of our fee-for-service business Fidelta. We classified the assets and the associated liabilities of Fidelta as held for sale in our financial statements for the year ended December 31, 2020.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the accounting policies, we are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Our estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revisions and future periods if the revision affects both current and future periods.

The following are the critical judgments that we have made in the process of applying the accounting policies and the key sources of estimation that have the most significant effect on the amounts recognized in the consolidated financial statements presented elsewhere in this annual report.

Critical judgments in applying accounting policies

IFRS 15 – Revenue recognition Gilead

Our critical judgments were as follows:

Identification of the contract

- Despite our obligation to pay future sales-based royalties to Gilead and a change in the governance structure for the development activities, management judged that all activities are still beneficial for the further development of filgotinib, for which Gilead still owns the ex-Europe rights. All contract modifications have thus been analyzed following the requirements of IFRS 15 as we concluded that Gilead is still to be considered as a customer. This is also supported by the fact that we concluded that there continues to be only one performance obligation with respect to filgotinib.

Identification of the performance obligation

- The modifications of 2020 and 2021 did not give rise to new performance obligations. There was only a change in scope and price of the existing filgotinib performance obligation, which was only partly satisfied at the time of the modification. It's management's judgement that the Group A and Group B development activities (see note 2 for more details) still to be performed are interrelated and thus cannot be seen as separate performance obligations. Based on this, the contract modification has been treated on a cumulative catch-up basis under IFRS 15.

Allocation of the total transaction price

- The increased fixed consideration as result of the modification has been allocated in its entirety to the filgotinib performance obligation. We assessed that the contract modification only changes the scope of the filgotinib performance obligation and the change in both fixed and variable consideration is reflective of the updated stand-alone selling price for the remaining activities of this performance obligation. If we would have concluded that the increased consideration was not, or only partially, related to the filgotinib performance obligation, the consideration would have been potentially allocated to other performance obligations in the contract, which would alter the timing of revenue recognition.

- The denominator used in the calculation of the percentage of completion reflects our best estimate of the total costs to complete the filgotinib performance obligation. These costs were assessed considering management's best estimate of the design and duration of ongoing and planned clinical trials.

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty that have the most significant effect on the amounts recognized in our consolidated financial statements for the year ended December 31, 2022.

Costs to complete the filgotinib performance obligation

The denominator used in the calculation of the percentage of completion reflects our best estimate of the total costs to complete the filgotinib performance obligation (which is composed of the actual costs already incurred at reporting date and our best estimate of the remaining costs to complete the performance obligation). As our estimate of the costs is depending on the evolution of the development activities, it may be subject to change in the future. If the outcome of certain activities would be different from the assumptions that we made, it could lead to a material adjustment to the total estimated costs, resulting in a reallocation of revenue between current and future periods. Revenue recognized for upfront payments and milestone payments in 2022 amounted to €174.4 million. Our total deferred income balance related to this filgotinib performance obligation amounts to €456.4 million on December 31, 2022. At reporting date, had our best estimate of the remaining cost to complete the filgotinib performance obligation been increased by 5%, this would have resulted in a decrease in revenue recognition in 2022 of €15.4 million and a corresponding increase in current and non-current deferred income. Had our best estimate of the remaining cost to complete the filgotinib performance obligation been decreased by 5%, this would have resulted in an increase in revenue recognition in 2022 of €16.0 million and a corresponding decrease in current and non-current deferred income.

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which the goodwill has been allocated. The calculation of this recoverable amount includes forecasts of future cash flows of the cash-generating unit (highly dependent upon the probability of success linked to the progress of our clinical programs) and an appropriate discount rate is required to calculate present values, a process which involves estimates. These estimates are constantly monitored and an impairment test will be executed as soon as there is an impairment indicator and at least annually. The carrying value of goodwill at December 31, 2022 is €69.8 million.

Contingent consideration

The contingent consideration included in the consideration payable for the acquisition of CellPoint was recorded at fair value at the date of acquisition. These fair values were mainly based on our best estimate of probabilities of reaching the underlying milestones and by applying an appropriate discount rate. The fair values are reviewed at each reporting date and any changes are reflected in our consolidated statement of operations. We refer to the specific note on contingent consideration for more details.

5. Segment information

We currently operate as a single operating segment. Prior to the disposal of Fidelta in 2021 we had two reportable segments: R&D and fee-for-service business. Operating segments are identified as components of an entity about which separate discrete financial information is available for evaluation by the chief operating decision maker in making decisions regarding resource allocation and assessing performance. The chief operating decision maker made such decisions and assessed performance at the company level, as one segment.

GEOGRAPHICAL INFORMATION

In 2020, 2021 and 2022, our continuing operations were mainly located in Belgium, France, the Netherlands, Germany, Italy, Spain, Switzerland and United Kingdom. The revenues from our collaboration partner Gilead represented 82% of our total net revenues in 2022 (97% in 2021, 99% in 2020).

In 2022 we reported €87.6 million of product net sales for Jyseleca in Europe (€14.8 million in 2021), of which €7.3 million realized in Belgium (€1.7 million in 2021).

Following table summarizes the collaboration revenues by destination of customer:

	Year ended December 31,		
	2022	2021	2020
	(Euro, in thousands)		
United States of America	€ 414,129	€ 467,978	€ 472,445
Europe	3,552	2,114	5,605
Total collaboration revenues	€ 417,681	€ 470,093	€ 478,051

Following table summarizes the collaboration revenues by major customers:

	Year ended December 31,					
	2022		2021		2020	
	(Euro in thousands)	%	(Euro, in thousands)	%	(Euro in thousands)	%
Gilead:						
United States of America	€ 414,129	100%	€ 467,978	100%	€ 472,445	99%
Europe	1,452	0%	2,071	0%	1,460	0%
AbbVie:						
Europe	—	0%	—	0%	(52)	0%
Novartis:						
Europe	56	0%	—	0%	4,125	1%
Total revenues from major customers	€ 415,637	100%	€ 470,049	100%	€ 477,978	100%

As of December 31, 2022, we held €370.4 million of non-current assets (€197.6 million in 2021; €170.9 million in 2020) distributed as follows:

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Belgium	€ 72,087	€ 98,295	€ 113,524
France	20,397	21,051	18,398
The Netherlands	255,461	66,621	28,210
Switzerland	4,962	7,181	7,668
Spain	3,037	3,029	2,755
United States of America	12,729	136	372
Other	1,747	1,302	16
Total non-current assets	€ 370,420	€ 197,615	€ 170,943

As the net assets associated with Fidelta d.o.o. (Croatia) will be recovered principally through a sale transaction rather than through continuing use, we have classified these assets and the associated liabilities as held for sale in our financial statements for the year ended December 31, 2020.

6. Total revenues

PRODUCT NET SALES

We reported net sales of Jyseleca for the year ended December 31, 2022 amounting to €87.6 million, compared to €14.8 million for the year ended December 31, 2021. Our counterparties for the sales of Jyseleca during 2022 were mainly hospitals and wholesalers located across Europe. Net sales exclusively consisted of sales of Jyseleca. Cost of sales related to Jyseleca net sales for the year ended December 31, 2022 amounted to €12.1 million, compared to €1.6 million for the year ended December 31, 2021.

COLLABORATION REVENUES

The following table summarizes details of collaboration revenues for the years ended December 31, 2022, 2021 and 2020 by collaboration and by category of revenue: upfront payments and license fees, milestone payments, reimbursement income, and royalties.

	Over time	Point in time	2022	2021	2020
			(Euro, in thousands)	(Euro, in thousands)	(Euro, in thousands)
Recognition of non-refundable upfront payments and license fees			€ 370,078	€ 433,884	€ 411,417
Gilead collaboration agreement for filgotinib	0		139,655	203,301	181,816
Gilead collaboration agreement for drug discovery platform	0		230,423	230,582	229,601
Milestone payments			36,777	32,408	46,261
Gilead collaboration agreement for filgotinib	0		34,777	32,408	46,261
Sobi distribution agreement for Jyseleca		0	2,000	-	-
Reimbursement income			56	-	4,073
Novartis collaboration agreement for MOR106	0		56	-	4,125
AbbVie collaboration agreement for CF	0		-	-	(52)
Royalties			10,770	3,801	16,300
Gilead royalties on Jyseleca		0	10,726	3,757	16,227
Other royalties		0	44	43	72
Total collaboration revenues			€ 417,681	€ 470,093	€ 478,051

The below table summarizes the transaction price of our collaboration with Gilead.

	December 31, 2020	Other movements in 2021	Filgotinib amendment (September 6, 2021)	December 31, 2021	Other movements in 2022	December 31, 2022
Allocation of transaction price						
Upfront consideration	€ 4,005,373		€ 12,643	€ 4,018,016		€ 4,018,016
Milestones achieved	194,363			194,363	€ 18,238	212,601
Royalties	16,227	€ 3,757		19,984	10,726	30,710
Impact initial valuation of share subscription	124,604			124,604		124,604
	<u>4,340,567</u>	<u>3,757</u>	<u>12,643</u>	<u>4,356,967</u>	<u>28,964</u>	<u>4,385,931</u>
Less :						
Warrants issuance liabilities						
Warrant A	(43,311)			(43,311)		(43,311)
Initial warrant B	(2,545)			(2,545)		(2,545)
Subsequent warrant B	(7,859)	5,417		(2,442)	1,714	(728)
	<u>4,286,852</u>	<u>9,174</u>	<u>12,643</u>	<u>4,308,669</u>	<u>30,678</u>	<u>4,339,347</u>
Allocation to performance obligations						
Ziritaxestat	666,967			666,967		666,967
Filgotinib ⁽¹⁾	1,326,814	3,757	€ 12,643	1,343,214	28,964	1,372,178
Drug discovery platform (10 years)	€ 2,293,072	€ 5,417		€ 2,298,489	€ 1,714	€ 2,300,203

(1) With regard to the additional consideration received as a result of the Option, License and Collaboration agreement (July 14, 2019) allocated to the filgotinib performance obligation, we assumed the existence of a significant financing component estimated to €44.5 million as of December 31, 2019 reflecting the time value of money on the estimated recognition period. This financing component was reassessed to €55.3 million as of December 31, 2020, to €57.3 million on December 31, 2021 and to €58.7 million on December 31, 2022.

In 2022, we received \$20.0 million (€18.2 million) of milestone payment for the regulatory approval of filgotinib in UC in Japan and we recognized €10.7 million of royalties from Gilead.

A summary of our main contracts with customers and distribution/commercialization partners is given below:

Collaboration with Gilead

We refer to note 2 of this financial report for a general description of our collaboration with Gilead.

We retain the following three performance obligations, of which the first one was satisfied completely in 2019; (i) the transfer of an extended license on GLPG1690, (ii) the granting of exclusive access to our drug discovery platform (i.e. the IP, technology, expertise and capabilities) during the collaboration period and exclusive option rights on our

current and future clinical programs after Phase 2 (or, in certain circumstances, the first Phase 3 study) outside Europe and (iii) an increased cost share from 20/80 to 50/50 to 100/0 (for Group A activities only) on the global development activities of filgotinib, until we complete the remaining development activities (Group A and Group B activities).

We concluded as follows:

Determination of the total transaction price

- We assessed that the contract modifications of December 15, 2020 and of September 6, 2021 only change the scope of the filgotinib performance obligation and the changes in both fixed and variable consideration are reflective of the updated stand-alone selling price for the remaining activities of this performance obligation. As a result of these modifications, there were increases in the transaction prices of €160.0 million and \$15 million, respectively, which have been allocated in their entirety to the filgotinib performance obligation.

Financing component

- Management has considered it is appropriate to adjust the part of the transaction price that was allocated to the filgotinib performance obligation, for the time value of money. The additional consideration as a result of the contract modification of December 15, 2020 has also been adjusted for the time value of money.

Filgotinib amendment

- There is one single performance obligation under IFRS 15: the transfer of a license combined with performance of R&D activities. This is because we considered that the license is not distinct in the context of the contract.

- The transaction price is currently composed of a fixed part, being non-refundable upfront and license fees and a variable part, being milestone payments, sales based milestones and sales based royalties, and cost reimbursements for R&D activities delivered. Milestone payments are included in the transaction price of the arrangement to the extent that it is highly probable that a significant reversal of revenue will not occur. Milestone payments received from Gilead are recognized in revenue over time till the end of the development plan. Sales based milestones and sales based royalties are also part of the arrangement and are recognized as revenues at a point in time at the moment they occur. During 2020, 2021 and 2022 we reported respectively €16.2 million, €3.8 million and €10.7 million of revenues from royalties from Gilead.

- Revenues, excluding sales based milestones and sales based royalties, are recognized over time through satisfaction of the performance obligation. The "cost-to-cost" input model is applied to measure the progress of the satisfaction of this performance obligation. The estimated costs to complete the performance obligation have been reassessed as a result of the contract modifications from 2020 and 2021.

Access rights to the drug discovery platform, option rights and R&D activities

- The revenue allocated to the drug discovery platform will be recognized over time as Gilead receives exclusive access to our drug discovery platform and option rights on our current and future pipeline as well as R&D activities during the collaboration term. Management concluded that an equal spread over the collaboration period is the most reliable and appropriate recognition method.

- At inception of the collaboration (July 2019) we assessed the appropriate period over which to recognize the drug discovery platform revenue to be 10 years. This is because we granted exclusive rights over a 10-year period. However, if at the end of the 10-year period, some programs in existence as of this time would have reached the clinic (i.e. IND filed with regulatory authorities), the rights for those specific programs may be extended, for a maximum of three years. This critical estimate is reassessed at each year-end based on the evolution of our pipeline and is still valid per December 31, 2022.

Collaboration with Sobi

In October 2021, we signed an agreement with Sobi regarding the distribution of Jyseleca. Sobi will distribute the medicine in Central and Eastern Europe, Greece, Portugal, and the Baltic countries.

7. Operating costs and other operating income

RESEARCH AND DEVELOPMENT EXPENDITURE

The following table summarizes research and development expenditure for the years ended December 31, 2022, 2021 and 2020.

	Year ended December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Personnel costs	€ (190,085)	€ (165,239)	€ (161,509)
Subcontracting	(214,906)	(251,085)	(301,841)
Disposables and lab fees and premises costs	(21,356)	(24,025)	(22,349)
Depreciation	(54,462)	(17,518)	(11,707)
Professional fees	(15,167)	(15,862)	(12,692)
Other operating expenses	(19,107)	(17,978)	(13,570)
Total R&D expenses	€ (515,083)	€ (491,707)	€ (523,667)

The table below summarizes our research and development expenditure for the years ended December 31, 2022, 2021 and 2020, broken down by program.

	Year ended December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Filgotinib program	€ (245,286)	€ (171,204)	€ (126,879)
Ziritaxestat program	(1,096)	(26,725)	(55,902)
SIKi program	(47,727)	(91,957)	(87,107)
TYK2 program on GLPG3667	(24,467)	(27,141)	(20,199)
CAR-T programs in oncology	(29,999)	—	—
Other programs	(166,507)	(174,680)	(233,580)
Total R&D expenses	€ (515,083)	€ (491,707)	€ (523,667)

SALES AND MARKETING EXPENSES

The following table summarizes the sales and marketing expenses for the years ended December 31, 2022, 2021 and 2020.

	Year ended December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Personnel costs	€ (71,878)	€ (59,102)	€ (31,727)
Depreciation	(2,473)	(504)	(140)
External outsourcing costs	(54,057)	(62,321)	(31,885)
Sales and marketing expenses recharged to Gilead	31	59,699	4,711
Professional fees	(4,222)	(532)	(3,420)
Other operating expenses	(14,956)	(7,196)	(4,007)
Total sales and marketing expenses	€ (147,555)	€ (69,956)	€ (66,468)

GENERAL AND ADMINISTRATIVE EXPENSES

The following table summarizes the general and administrative expenses for the years ended December 31, 2022, 2021 and 2020.

	Year ended December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Personnel costs	€ (85,034)	€ (71,190)	€ (70,110)
Depreciation and impairment	(8,631)	(16,621)	(5,147)
Legal and professional fees	(24,368)	(26,072)	(25,592)
Other operating expenses	(26,898)	(27,016)	(17,908)
Total general and administrative expenses	€ (144,931)	€ (140,899)	€ (118,757)

OTHER OPERATING INCOME

The following table summarizes other operating income for the years ended December 31, 2022, 2021 and 2020.

	Year ended December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Grant income	€ 1,873	€ 7,334	€ 5,452
R&D incentives	38,527	44,888	45,951
Other income	6,448	1,526	804
Total other operating income	€ 46,848	€ 53,749	€ 52,207

8. Staff costs

The following table illustrates the personnel costs for the years 2022, 2021 and 2020.

	Year ended December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Wages and salaries	€ (197,013)	€ (175,167)	€ (139,681)
Social security costs	(32,543)	(29,934)	(26,471)
Pension costs	(10,881)	(8,467)	(7,337)
Costs related to subscription right plans	(88,493)	(70,726)	(79,959)
Other personnel costs	(18,067)	(11,237)	(9,897)
Total personnel costs	€ (346,997)	€ (295,531)	€ (263,345)

9. Financial result

The following table summarizes the financial result, consisting of fair value adjustments and net currency exchange differences, other financial income and other financial expenses for the years ended December 31, 2022, 2021 and 2020.

	Year ended December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Fair value adjustments and net currency exchange differences:			
Net currency exchange gain/loss (-)	€ 44,359	€ 56,492	€ (105,718)
Fair value re-measurement of warrants	186	2,960	3,034
Fair value gain/loss (-) on financial assets held at fair value through profit or loss	—	(4,919)	2,397
Fair value gain/loss (-) on current financial investments	6,929	6,763	(15,901)
Total fair value adjustments and net currency exchange differences	51,473	61,296	(116,188)
Other financial income:			
Interest on bank deposit	18,110	2,865	10,030
Discounting effect of non-current R&D incentives receivables	93	93	93
Other finance income	376	100	1,450
Total other financial income	18,578	3,058	11,573
Other financial expenses:			
Interest expenses	(6,967)	(11,656)	(9,389)
Discounting effect of non-current deferred income	(7,672)	(9,289)	(16,278)
Discounting effect of other non-current liabilities	(2,271)	—	—
Loss upon sale of financial assets held at fair value through profit or loss	—	—	(88)
Other finance charges	(769)	(812)	(773)
Total other financial expense	(17,679)	(21,757)	(26,528)
Total net other financial expense (-)/ income	€ 52,372	€ 42,598	€ (131,143)

10. Income taxes

INCOME TAXES

The following table summarizes the income tax recognized in profit or loss for the years ended December 31, 2020, 2021 and 2020.

	Year ended December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Continuing operations			
Current tax	€ (4,071)	€ (2,020)	€ (1,069)
Deferred tax	1,227	(404)	(157)
Income taxes	€ (2,844)	€ (2,423)	€ (1,226)

TAX LIABILITIES

The below table illustrates the tax liabilities related captions in the consolidated statement of financial position as at December 31, 2022, 2021 and 2020.

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Current tax payable	€ 1,022	€ 1,782	€ 1,248
Total tax liabilities	€ 1,022	€ 1,782	€ 1,248

On December 31, 2022, the tax liabilities were primarily related to our subsidiaries operating on a cost plus basis.

TAXES RECOGNIZED IN STATEMENT OF OPERATIONS

For the purpose of the disclosure below corporation tax was calculated at 25% (2021 and 2020: 25%)—which is the tax rate applied in Belgium—on the estimated assessable profit for the year. The applied tax rate for other territorial jurisdictions was the tax rate that is applicable in these respective territorial jurisdictions on the estimated taxable result of the accounting year.

	Year ended December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Loss before tax	€ (215,147)	€ (122,999)	€ (309,775)
Income tax debit/credit (-), calculated using the Belgian statutory tax rate on the accounting income/loss (-) before tax (theoretical)	(53,787)	(30,750)	(77,444)
Tax expenses in statement of operations (effective)	2,844	2,423	1,226
Difference in tax expense/income to explain	€ 56,631	€ 33,173	€ 78,670
Effect of tax rates in other jurisdictions	€ (337)	€ (582)	€ 184
Effect of non-taxable revenues	(7,642)	(9,413)	(10,196)
Effect of share based payment expenses without tax impact	22,127	17,682	19,990
Effect of expenses/income (-) not subject to tax	(146)	(907)	(639)
Effect of non tax-deductible expenses	3,224	3,812	1,053
Effect of recognition of previously non-recognized deferred tax assets	(1,677)	(1,411)	(475)
Effect of tax losses (utilized) reversed	—	(404)	(150)
Effect of under or over provision in prior periods	1,101	(840)	(25)
Effect of non-recognition of deferred tax assets	38,104	25,613	69,141
Effect of derecognition of previously recognized deferred tax assets	1,877	135	157
Effect of use of investment deduction	—	(512)	(370)
Total explanations	€ 56,631	€ 33,173	€ 78,670

Non-taxable revenues for the years ended December 31, 2022, 2021 and 2020 related to non-taxable subsidies and tax credits.

11. Income/loss (-) per share

Basic income/loss (-) per share is calculated by dividing the net income/loss (-) attributable to shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted income/loss (-) per share is calculated based on the weighted average number of shares (diluted) also considering outstanding warrants, for which our average share price of the year was higher than the exercise price.

Income/loss (-) per share

	Year ended December 31,		
	2022	2021	2020
Loss per share:			
Net loss attributable to owners of the parent (Euro, in thousands)	€ (217,991)	€ (103,231)	€ (305,436)
Number of shares (thousands)			
Weighted average number of shares for the purpose of basic income/loss (-) per share	65,699	65,500	65,075
Basic loss per share (Euros)	€ (3.32)	€ (1.58)	€ (4.69)
Net loss attributable to owners of the parent (Euro, in thousands)	€ (217,991)	€ (103,231)	€ (305,436)
Number of shares (thousands)			
Weighted average number of shares for the purpose of diluted income/loss (-) per share	65,699	65,500	65,075
Number of dilutive potential ordinary shares	—	—	—
Diluted loss per share (Euros)	€ (3.32)	€ (1.58)	€ (4.69)

As our operations reported a net loss in 2022, in 2021 and 2020, the outstanding warrants (specified in note 31) have an anti-dilutive effect rather than a dilutive effect. Consequently, basic and diluted loss per share were the same for 2022, 2021 and 2020.

12. Goodwill and impairment of goodwill

The following table illustrates the goodwill at December 31, 2022:

Cost	(Euro, in thousands)
On January 1, 2022	€ —
Recognized on acquisition of subsidiaries	69,893
Exchange differences on goodwill	(80)
On December 31, 2022	€ 69,813

The goodwill resulting from both the acquisition of CellPoint (€62.4 million) and AboundBio (€7.4 million) was allocated to the same cash-generating unit, “oncology”. The intangible assets acquired as a result of both business combinations were also allocated to this cash-generating unit, together with some other (in)intangible assets related to the “oncology” cash-generating unit. The valuation method of the recoverable amount of this cash-generating unit is based on the fair value less costs of disposal.

The valuation technique that was applied to determine the fair value less costs of disposal of the cash-generating unit is a discounted cash flow method (“DCF”) with projected cash flows that cover a period of 13 years. The period considered exceeds five years because the main sales are expected for the period beyond 2027. The key assumptions used in this valuation (level 3 in the fair value hierarchy) of the recoverable amount of the underlying cash-generating unit were:

- Probability of success of our clinical programs that is based on benchmarks in combination with management estimate
- Terminal growth rate of -50% reflecting the anticipated sales evolution beyond 2035
- Discount rate of 12.5%
- Future revenue and investment assumptions are based on management estimates of the overall cell therapy market

No impairment was identified per December 31, 2022.

Reference is made to note 26 “Business combinations during the period” for a detailed description of both business combinations.

13. Intangible assets other than goodwill

	Software & databases	Licenses, rights, technology and in-process R&D (Euro, in thousands)	Contract costs	Total
Acquisition value				
On January 1, 2020	€ 14,541	5,172	15,384	35,099
Additions	9,494	39,299		48,793
Sales and disposals	(17)			(17)
Reclassifications to assets held for sale	(159)	(38)		(197)
Translation differences	(143)	(1)		(144)
On December 31, 2020	23,717	44,432	15,384	83,534
Additions	2,423	1,250		3,673
Sales and disposals	(1,643)	(5,753)		(7,396)
Translation differences	57			57
On December 31, 2021	24,554	€ 39,929	€ 15,384	€ 79,868
Impact of acquisitions of businesses		124,570		124,570
Additions	1,126	8,423		9,549
Sales and disposals	(913)	(36,298)		(37,211)
Translation differences		(36)		(36)
On December 31, 2022	€ 24,767	€ 136,588	€ 15,384	€ 176,740
Amortization and impairment				
On January 1, 2020	€ 8,034	1,626	512	10,173
Amortization	2,303	2,289	1,538	6,130
Sales and disposals	(17)			(17)
Reclassifications to assets held for sale	(143)	(33)		(176)
Translation differences	(142)			(142)
On December 31, 2020	10,034	3,883	2,050	15,968
Amortization	3,529	2,053	1,538	7,120
Impairment		4,016		4,016
Sales and disposals	(1,643)	(5,753)		(7,396)
Translation differences	57			57
On December 31, 2021	11,977	€ 4,199	€ 3,588	€ 19,765
Amortization	3,967	6,666	1,538	12,171
Impairment		35,666		35,666
Sales and disposals	(913)	(36,298)		(37,211)
Translation differences		(4)		(4)
On December 31, 2022	€ 15,031	€ 10,229	€ 5,126	€ 30,387
Carrying amount				
On December 31, 2020	€ 13,683	€ 40,549	€ 13,334	€ 67,565
On December 31, 2021	€ 12,577	€ 35,730	€ 11,796	€ 60,103
On December 31, 2022	€ 9,736	€ 126,359	€ 10,258	€ 146,354

Impact of acquisition of businesses in 2022 refers to the acquisition of CellPoint and AboundBio. We refer to note 26 'Business combinations during the period'.

In 2022 we recorded an impairment of €26.7 million on previously capitalized upfront fees related to our collaboration with Molecure on the dual chitinase inhibitor OATD-01 (GLPG4716) in fibrosis, and impairments of €8.9 million on intangible assets related to other discontinued projects.

On December 31, 2022, our statement of financial position did not hold any internally generated assets capitalized as intangible asset.

14. Property, plant and equipment

FULLY OWNED	Land, buildings & leasehold improvements	Installation & machinery	Furniture, fixtures & vehicles (Euro, in thousands)	Other tangible assets	Total
Acquisition value					
On January 1, 2020	€ 5,284	44,655	4,028	17,856	71,823
Additions	885	3,737	1,824	32,218	38,664
Sales and disposals	(51)	(1,096)	(81)		(1,228)
Reclassifications	10,625	(623)	2,084	(12,086)	—
Reclassifications to assets held for sale	(2)	(8,938)	(484)	(686)	(10,110)
Translation differences	(2)	(127)	(19)	(30)	(178)
On December 31, 2020	16,739	37,607	7,352	37,273	98,972
Additions	1,924	4,453	434	46,028	52,839
Sales and disposals		(1,001)	(1,177)	(9,316)	(11,494)
Reclassifications	7,273	5,210	1,175	(13,658)	—
Translation differences	195	1	45	(3)	238
On December 31, 2021	€ 26,131	€ 46,270	€ 7,829	€ 60,324	€ 140,555
Impact of acquisitions of businesses	29	2,117	108		2,254
Additions	914	5,688	3,438	19,296	29,336
Sales and disposals	(2,846)	(600)	(1,344)		(4,790)
Reclassifications	64,286	3,580	167	(68,033)	—
Translation differences	205	(15)	43		233
On December 31, 2022	€ 88,719	€ 57,040	€ 10,241	€ 11,587	€ 167,588
Depreciations and impairment					
On January 1, 2020	€ 3,080	25,885	2,119	31	31,117
Depreciation	654	3,587	1,418	7	5,666
Sales and disposals	(51)	(1,058)	(77)		(1,186)
Reclassifications	46	(1,675)	1,629		—
Reclassifications to assets held for sale		(4,327)	(448)	(39)	(4,814)
Translation differences	(1)	(61)	(13)		(75)
On December 31, 2020	3,728	22,350	4,628	—	30,708
Depreciation	1,749	3,398	1,113		6,260
Impairment				9,316	9,316
Sales and disposals		(1,000)	(1,178)	(9,316)	(11,494)
Translation differences	28	1	18		47
On December 31, 2021	5,505	€ 24,749	€ 4,582	€ —	€ 34,837
Depreciation	4,433	4,336	1,265		10,034
Sales and disposals	(2,173)	(574)	(1,328)		(4,075)
Translation differences	49	(1)	18		66
On December 31, 2022	€ 7,814	€ 28,510	€ 4,537	€ —	€ 40,862
Carrying amount					
On December 31, 2020	€ 13,011	€ 15,257	€ 2,724	€ 37,273	€ 68,264
On December 31, 2021	€ 20,626	€ 21,521	€ 3,247	€ 60,324	€ 105,718
On December 31, 2022	€ 80,905	€ 28,530	€ 5,704	€ 11,587	€ 126,726

The other tangible assets primarily consist of assets under construction, which are not yet available for use and therefore not yet depreciated as per December 31, 2022.

During 2022, the construction of our new building in Oegstgeest (the Netherlands) was completed which explains the reclassification from “other tangible assets” to “land, building and building improvements” for €64.3 million.

In 2021 we recorded an exceptional impairment of €9.3 million on the other tangible fixed assets following our decision to reassess the construction project of our new future headquarter location in Mechelen (Belgium).

RIGHT-OF-USE	Land & building	Installation & machinery	Furniture, fixtures & vehicles	Total
	(Euro, in thousands)			
Acquisition value				
On January 1, 2020	€ 27,364	554	3,307	31,225
Additions	18,341	186	2,932	21,459
Sales and disposals		(6)	(161)	(167)
Reclassifications to assets held for sale	(5,940)		(263)	(6,202)
Translation differences	(88)		(3)	(90)
On December 31, 2020	39,678	734	5,812	46,225
Additions	1,722	110	5,092	6,924
Sales and disposals	(4,160)	(251)	(722)	(5,133)
Translation differences	221		2	223
On December 31, 2021	37,461	€ 593	€ 10,184	€ 48,239
Additions	703		3,603	4,306
Sales and disposals	(3,554)	(156)	(1,274)	(4,984)
Translation differences	224		(8)	216
On December 31, 2022	€ 34,834	€ 437	€ 12,505	€ 47,777
Depreciations and impairment				
On January 1, 2020	€ 4,670	342	867	5,879
Depreciation	5,350	128	1,405	6,883
Sales and disposals		(6)	(161)	(167)
Reclassifications to assets held for sale	(1,334)		(115)	(1,448)
Translation differences	(36)		(1)	(36)
On December 31, 2020	8,651	464	1,995	11,111
Depreciation	5,466	161	2,296	7,923
Sales and disposals	(1,696)	(251)	(722)	(2,669)
Translation differences	79			79
On December 31, 2021	12,500	€ 374	€ 3,569	€ 16,444
Depreciation	4,421	134	3,141	7,696
Sales and disposals	(2,602)	(156)	(1,235)	(3,993)
Translation differences	105		(2)	103
On December 31, 2022	€ 14,424	€ 352	€ 5,473	€ 20,250
Carrying amount				
On December 31, 2020	€ 31,027	€ 270	€ 3,817	€ 35,113
On December 31, 2021	€ 24,961	€ 219	€ 6,615	€ 31,794
On December 31, 2022	€ 20,410	€ 85	€ 7,032	€ 27,526
December 31,				
2022 2021 2020				
(Euro, in thousands)				
Carrying amount				
Property, plant and equipment fully owned	€ 126,726	€ 105,718	€ 68,264	
Right-of-use	27,526	31,794	35,113	
Total property, plant and equipment	€ 154,252	€ 137,512	€ 103,378	

There are no pledged items of property, plant and equipment. There are also no restrictions in use on any items of property, plant and equipment.

15. Other non-current assets

Other non-current assets consisted of non-current restricted cash, financial assets held at fair value through profit or loss and other non-current assets.

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Non-current restricted cash	€ 4,569	€ 1,425	€ 1,482
Financial assets held at fair value through profit or loss	—	—	8,951
Other non-current assets	1,209	1,048	910
Total other non-current assets	€ 5,778	€ 2,473	€ 11,343

Restricted cash on December 31, 2022 was composed of bank guarantees on real estate lease obligations for €1.8 million, as well as bid and performance bonds of €2.5 million and bank guarantees on import duties of €0.3 million.

Restricted cash on December 31, 2021 was composed of bank guarantees on real estate lease obligations in Belgium and in the Netherlands for €1.0 million and €0.4 million respectively.

Financial assets held at fair value through profit or loss on December 31, 2020 consisted of equity instruments of both listed and non-listed companies. During 2021 all equity instruments of the listed companies were sold. We have no restrictions on the sale of these equity instruments and the assets are not pledged under any of our liabilities. These instruments are designated as financial assets held at fair value through profit or loss. The fair value of the equity instrument of the listed company was determined by reference to the closing price of such securities on Euronext at each reporting date (classified as level 1 in the fair value hierarchy). The fair value of the equity instrument in the non-listed company which was originally determined mainly by reference to the initial transaction price (classified as level 3 in the fair value hierarchy) has been reduced to nil at December 31, 2021.

Fair value changes on financial assets with fair value through profit or loss are recognized directly in profit or loss, in fair value adjustments and net exchange differences, as part of the financial result.

The table below illustrates these financial assets held at fair value through profit or loss as at December 31, 2022, 2021 and 2020.

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Costs at January 1,	€ 1,994	€ 3,910	€ 4,736
Acquisitions of the year	12	12	1,994
Disposals of the year	—	(1,928)	(2,820)
Costs at December 31,	2,006	1,994	3,910
Fair value adjustment at January 1,	(1,994)	5,042	6,539
Cancellation of fair value adjustment following disposal	—	(2,116)	(3,894)
Fair value adjustment of the year	(12)	(4,920)	2,397
Fair value adjustment at December 31,	(2,006)	(1,994)	5,042
Net book value at December 31,	€ —	€ —	€ 8,951

16. Research and Development incentives receivables

The table below illustrates the R&D incentives receivables related captions in the balance sheet at December 31, 2022, 2021 and 2020:

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Non-current R&D incentives receivables	€ 119,941	€ 127,186	€ 111,624
Current R&D incentives receivables	26,126	16,827	24,104
Total R&D incentives receivables	€ 146,067	€ 144,013	€ 135,728

The R&D incentives receivables are future expected refunds or tax deductions resulting from R&D incentives on research and development expenses in France and Belgium. Non-current R&D incentives receivables are reported at their net present value and are therefore discounted over the period until maturity date.

The table below provides detailed information on the maturity of the non-current R&D incentives receivables reported in our statement of financial position at December 31, 2022.

Non-current R&D incentives receivables

	December 31, 2022 Maturity date					Total
	2024	2025	2026	2027	2028-2032	
	(Euro, in thousands)					
French non-current R&D incentives receivables - discounted value	€ 11,713	11,495	11,207	—	—	€ 34,415
Belgian non-current R&D incentives receivables - discounted value	16,805	18,604	19,443	13,908	16,767	85,526
Total non-current R&D incentives receivables - discounted value	€ 28,518	€ 30,099	30,650	13,908	16,767	€ 119,941

17. Inventories

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Raw materials	€ 39,071	€ 14,351	
Semi-finished products	5,791	1,376	
Finished products	8,063	4,842	€ 36
Total inventories	€ 52,925	€ 20,569	€ 36

18. Trade and other receivables and other current assets

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Non-current trade receivables	—	—	€ 50,000
Trade receivables	€ 28,194	€ 91,786	134,632
Prepayments	488	202	219
Other receivables	11,747	19,349	13,568
Trade and other receivables	40,429	111,337	148,418
Consumables inventory	—	—	319
Accrued income	11,277	639	1,096
Deferred charges	12,029	9,306	10,502
Other current assets	23,307	9,945	11,917
Total trade and other receivables & other current assets	€ 63,735	€ 121,282	€ 210,335

The carrying amount of trade and other receivables approximates their fair value. Other current assets mainly included accrued interest income and deferred charges.

On December 31, 2022, we did not have any provision for expected credit losses.

19. Current financial investments

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Money market funds	€ 1,292,514	€ 1,317,460	€ 1,571,858
Treasury bills	749,835	877,349	1,454,420
Term deposits	1,543,596	275,000	—
Total current financial investments	€ 3,585,945	€ 2,469,809	€ 3,026,278

Term deposits refer to non-cancellable term deposits with a maturity exceeding three months from the acquisition date. Our portfolio of treasury bills contains only AAA rated paper, issued by Germany. Our money market funds portfolio consists of AAA short-term money market funds with a diversified and highly rated underlying portfolio managed by established fund management companies with a proven track record leading to an insignificant risk of changes in value. The funds have an important daily liquidity and can be easily converted to cash.

On December 31, 2022, our current financial investments included \$809.6 million held in USD, which could generate a foreign currency exchange gain or loss in our financial results in accordance with the fluctuation of the EUR/USD exchange rate as our functional currency is EUR. This effect is embedded in the net exchange differences (for exchange differences on term deposits) and the fair value result of current financial investments (for exchange differences on money market funds) recognized in our consolidated statement of operations. We refer to note 9 for more details about the exchange gains/losses recognized in our consolidated statement of operations.

We refer to note 34 for more information on these current financial investments and to note 9 for more details about the fair value re-measurements and currency exchange gains or losses in our consolidated statement of operations.

20. Cash and cash equivalents

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Cash at banks	€ 458,117	€ 1,225,860	€ 1,239,993
Term deposits	50,000	1,007,508	895,194
Cash and cash equivalents from continuing operations	508,117	2,233,368	2,135,187
Cash and cash equivalents included in assets classified as held for sale	—	—	7,884
Total cash and cash equivalents	€ 508,117	€ 2,233,368	€ 2,143,071

Cash and cash equivalents may comprise cash at banks, bank deposits and money market funds that are readily convertible to cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents at December 31, 2022 comprised €50.0 million of term deposits which all had an original maturity longer than three months, but are readily convertible to cash without a significant penalty. All cash and cash equivalents are available upon maximum three month notice period and without significant penalty. Cash at banks were mainly composed of notice accounts and current accounts. Our credit risk is mitigated by selecting a panel of highly rated financial institutions for our deposits.

On December 31, 2022 our cash and cash equivalents included \$97.3 million held in U.S.dollars, which could generate a foreign currency exchange gain or loss in our financial results in accordance with the fluctuation of the EUR/U.S.dollar exchange rate as our functional currency is EUR. We refer to note 9 for more details about the exchange gains/losses recognized in our consolidated statement of operations.

21. Share capital

	2022	2021	2020
	(Euro, in thousands)		
On January 1	€ 292,075	€ 291,312	€ 287,282
Share capital increase	1,530	763	4,031
Costs of capital increase	—	—	—
Share capital on December 31,	€ 293,604	€ 292,075	€ 291,312
Aggregate share capital	€ 356,112	€ 354,582	€ 353,819
Costs of capital increase (accumulated)	(62,507)	(62,507)	(62,507)
Share capital on December 31,	€ 293,604	€ 292,075	€ 291,312

Costs of capital increases are netted against the proceeds of capital increases, in accordance with IAS 32—Financial instruments: disclosure and presentation.

HISTORY OF SHARE CAPITAL

The history of the share capital of Galapagos NV between January 1, 2020 and December 31, 2022 is as follows:

Date	Share capital increase due to exercise subscription rights (in thousands €)	Number of shares issued (in thousands of shares)	Aggregate number of shares after transaction (in thousands of shares)	Aggregate share capital after transaction (in thousands €)
January 1, 2020			64,667	349,789
March 17, 2020	824	152		
May 28, 2020	2,356	436		
September 19, 2020	467	86		
December 4, 2020	384	71		
December 31, 2020			65,412	353,819
March 19, 2021	540	100		
June 7, 2021	59	11		
September 20, 2021	41	8		
December 3, 2021	123	23		
December 31, 2021			65,553	€ 354,582
March 18, 2022	517	96		
June 20, 2022	434	80		
September 27, 2022	579	107		
December 31, 2022			65,836	€ 356,112

On December 31, 2022, Galapagos NV's share capital amounted to €356,112 thousand, represented by 65,835,511 shares. All shares were issued, fully paid up and of the same class.

All of the share issuances listed above were for cash consideration.

The below table summarizes the capital increases for the years 2020, 2021 and 2022.

(Euro, in thousands, except share data)	Number of shares	Share capital	Share premium	Share capital and share premium	Average exercise price subscription right (in Euro/ subscription right)	Closing share price on date of capital increase (in Euro/ share)
On January 1, 2020	64,666,802	287,282	2,703,583	2,990,865		
March 17, 2020 : exercise of subscription rights	152,220	824	4,531	5,355	35.18	141.40
May 28, 2020 : exercise of subscription rights	435,540	2,356	15,558	17,914	41.13	186.60
September 18, 2020 : exercise of subscription rights	86,280	467	1,936	2,403	27.85	117.70
December 4, 2020 : exercise of subscription rights	70,925	384	2,232	2,616	36.88	100.30
On December 31, 2020	65,411,767	291,312	2,727,840	3,019,153		
March 19, 2021 : exercise of subscription rights	99,814	540	1,718	2,258	22.62	68.48
June 7, 2021 : exercise of subscription rights	10,940	59	266	325	29.73	61.78
September 20, 2021 : exercise of subscription rights	7,600	41	111	152	19.97	46.93
December 3, 2021 : exercise of subscription rights	22,600	123	456	579	25.61	41.72
On December 31, 2021	65,552,721	€ 292,075	€ 2,730,391	€ 3,022,467		
March 18, 2022 : exercise of subscription rights	95,500	517	1,643	2,160	22.61	57.38
June 20, 2022 : exercise of subscription rights	80,290	434	1,025	1,460	18.18	53.52
September 27, 2022 : exercise of subscription rights	107,000	579	2,497	3,076	28.75	44.49
On December 31, 2022	65,835,511	€ 293,604	€ 2,735,557	€ 3,029,162		

Other information

	Ordinary shares	Total
Par value of shares (€)	5.41	5.41

The Board of Directors is authorized for a period of five years starting from the date of publication in the Annexes to the Belgian State Gazette of the Shareholders' Resolution that granted the renewed authorization, to increase the share capital of Galapagos NV within the framework of the authorized capital through contributions in kind or in cash, with limitation or cancellation of the shareholders' preferential subscription rights. Said authorization can be renewed. The authorized capital of Galapagos NV consists of two parts:

- A general authorization for capital increases up to 20% of the share capital at the time of convening the Shareholders' Meeting of October 22, 2019 (i.e. €67,022,402.04) was renewed and is valid for a period of five years from the date of publication of this renewal in the Annexes to the Belgian State Gazette, i.e. November 13, 2019. This general authorization will expire on November 12, 2024.
- A specific authorization for capital increases of more than 20% and up to 33% of the share capital at the time of the convening the Shareholders' Meeting of April 25, 2017 (i.e. €82,561,764.93), was renewed and is valid for a period of five years from the date of publication of this renewal in the Annexes to the Belgian State Gazette, i.e. May 31, 2017. This specific part of the authorized capital can, however, only be used in a number of specific circumstances and upon a resolution of the Board of Directors that all

independent members of the Board of Directors (within the meaning of article 7:87 of the Belgian Companies Code) approve. The Board of Directors is currently not authorized to increase the share capital after notification by the FSMA (Financial Services and Markets Authority) of a public takeover bid on Galapagos NV's shares. The specific authorization expired on May 30, 2022.

As of December 31, 2022, an amount of €24,889,284.17 still remained available under the general part of the authorized capital.

22. Deferred tax

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Recognized deferred tax assets and liabilities			
Assets	€ 1,363	€ 4,032	€ 4,475
Liabilities	€ 20,148	€ —	€ —
Deferred tax assets unrecognized	€ 460,102	€ 408,892	€ 365,639
Deferred taxes in the consolidated statement of operations	€ 1,227	€ (404)	€ (157)
Tax benefit arising from previously unrecognized tax assets used to reduce deferred tax expense (+)	1,677	1,411	581
Deferred tax benefit/expenses (-) relating to temporary differences	1,899	(629)	(44)
Deferred tax expenses relating to use of previously recognized deferred tax assets	(2,348)	(1,185)	(695)

The following table shows the movements in deferred tax assets and deferred tax liabilities:

	<i>Total</i>	Intangible assets other than goodwill	Retirement benefit liabilities	Tax loss carryforward	Other
	(Euro, in thousands)				
On December 31, 2019	€ 4,205		€ 535	€ 3,670	
Credited/charged (-) to profit or loss	(157)		(65)	(220)	€ 127
Credited to other comprehensive income	973		973		
Classified to held for sale	(543)			(543)	
Exchange differences	(3)		(3)		
On December 31, 2020	4,475		1,440	2,907	127
Credited/charged (-) to profit or loss	(404)		(623)	226	(7)
Charged to other comprehensive income	(74)		(74)		
Exchange differences	35		33		2
On December 31, 2021	4,032	€ -	776	3,133	122
Impact of acquisition of businesses	(23,265)	(23,265)			
Credited/charged (-) to profit or loss	1,227	2,842	17	(1,797)	165
Reclassification	—	275		(275)	
Charged to other comprehensive income	(795)		(795)		
Exchange differences	17		22		(6)
On December 31, 2022	€ (18,785)	€ (20,148)	€ 19	€ 1,061	€ 281

The total amount of tax attributes and deductible temporary differences at December 31, 2022 amounted to €1,882.5 million (2021: €1,653.7 million, 2020: €1,485.8 million). This is composed of i) consolidated tax losses carried forward and deductible temporary differences at December 31, 2022 amounting to €1,516.6 million (2021: €1,343.2 million; 2020: €1,229.3 million), and (ii) innovation income deduction, dividend received deduction and investment deduction carried forward at December 31, 2022 amounting to €365.9 million (2021: €310.5 million; 2020: €256.5 million).

The available tax losses carried forward that can be offset against possible future taxable profits amounted to €883.6 million on December 31, 2022 and can be carried forward for an indefinite period except for an amount of €2.7 million in the United States with expiry date between 2028 and 2034. On December 31, 2022, the available tax losses carried forward in Galapagos NV (Belgium) amounted to €769.9 million. In addition to the latter, Galapagos NV (Belgium) also benefits from the Belgian innovation income deduction regime which led to report, on December 31, 2022, a carried forward tax deduction of €346.2 million (2021: €301.3 million; 2020: €247.2 million) that can also be offset against possible future taxable results. In addition, Galapagos NV (Belgium) also has available investment deduction carried forward of €1 million (2021 and 2020: €1 million) and a dividend received deduction carryforward of €18.7 million (2021: €8.2 million, 2020: €8.4 million) that can be offset against possible future taxable profits. There is no limit in time for the innovation income deduction, the dividend received deduction carryforward and investment deduction carried forward.

With the exception of 2019, we have a history of losses. We forecast to continue incurring taxable losses in the foreseeable future as we continue to invest in clinical and preclinical development programs and discovery platforms. Consequently, no deferred tax asset was recognized as at December 31, 2022, except for one subsidiary in 2022 and several subsidiaries in 2021 and 2020 operating on a cost plus basis for which deferred tax assets were recognized for €1.1 million (2021: €4.0 million and 2020: €4.5 million).

Net deferred tax liabilities were initially calculated based on the fair value of the intangible assets identified from the acquisition of CellPoint and AboundBio, adjusted by considering the related recognizable deferred tax assets. We refer to note 26 for more information on the purchase price allocation of the business combinations.

23. Lease liabilities

	December 31, 2022			December 31, 2021			December 31, 2020		
	(Euro, in thousands)			(Euro, in thousands)			(Euro, in thousands)		
	Lease payments			Present value of lease payments					
Lease liabilities									
Within one year	€ 7,507	€ 7,557	€ 6,772	€ 7,209	€ 7,204	€ 6,401			
In the second to fifth years inclusive	14,401	18,873	20,399	14,100	18,381	19,833			
After five years	609	1,291	3,214	592	1,274	3,201			
	<u>€ 22,517</u>	<u>€ 27,720</u>	<u>€ 30,385</u>	<u>€ 21,901</u>	<u>€ 26,859</u>	<u>€ 29,436</u>			
Less future finance charges	616	861	949						
Present value of lease liabilities	<u>€ 21,901</u>	<u>€ 26,859</u>	<u>€ 29,436</u>						
Less amount due for settlement within 12 months				7,209	7,204	6,401			
Amount due for settlement after 12 months				<u>€ 14,692</u>	<u>€ 19,655</u>	<u>€ 23,035</u>			

24. Trade and other liabilities and other non-current liabilities

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Trade and other liabilities	€ 133,298	€ 134,304	€ 171,316
Current contingent consideration related to milestones CellPoint	8,485	—	—
Current deferred consideration payable CellPoint	6,222	—	—
Current financial instruments	19	204	3,164
Accrued charges	651	3,114	1,070
Total trade and other liabilities	<u>€ 148,675</u>	<u>€ 137,622</u>	<u>€ 175,550</u>
Non-current contingent consideration related to milestones CellPoint	€ 13,582	€ —	€ —
Other non-current liabilities	8,226	7,135	8,096
Total other non-current liabilities	<u>€ 21,808</u>	<u>€ 7,135</u>	<u>€ 8,096</u>

The increase in both trade and other liabilities and other non-current liabilities can be largely explained by contingent and deferred considerations payable related to the acquisition of CellPoint, recorded in 2022.

The contingent consideration arrangement relating to the acquisition of CellPoint requires us to pay the former owners of CellPoint additional considerations up to €100.0 million. This amount is due when certain sequential development (€20.0 million), regulatory (€30.0 million) and sales-based (€50.0 million) milestones would be achieved. Total fair value at acquisition date of these milestones amounted to €20.2 million.

The fair value measurement is based on significant inputs that are not observable in the market, which are classified as Level 3 inputs. Key assumptions in the valuation at December 31, 2022 include a discount rate of 12.5%, an appropriate probability of success of reaching these milestones and expected timing of these milestones. A change in probabilities of success by 5 percentage points would result in a change of €3.1 million in the total contingent consideration liability on December 31, 2022.

As per December 31, 2022 no change was made to the key assumptions. The only impact that was recognized compared to the date of acquisition is the discounting effect. This is recognized on the line “other financial expenses”.

Of the total contingent consideration liability at December 31, 2022, €8.5 million is expected to be paid within one year and therefore presented on the line “trade and other liabilities” in our statement of financial position. The long-term portion, amounting to €13.6 million, is presented on the line “other non-current liabilities”.

25. Deferred income

The movement in the non-current and current deferred income is detailed in the table below.

	<i>Total</i>	Gilead collaboration agreement for filgotinib	Gilead collaboration agreement for drug discovery platform ⁽¹⁾	Deferred income related to contracts in our fee-for-service segment	Other deferred income
	<i>(Euro, in thousands)</i>				
On December 31, 2019	€ 3,000,646	€ 780,261	€ 2,220,013	€ 362	€ 10
Upfront received	160,000	160,000			
Milestones received	90,192	90,192			
Significant financing component ⁽²⁾	16,278	16,278			
Revenue recognition of upfront	(411,417)	(181,816)	(229,601)		
Revenue recognition of milestones	(46,261)	(46,261)			
Other movements	(305)			(362)	57
On December 31, 2020	2,809,133	818,654	1,990,412	—	67
Upfront received	12,643	12,643			
Significant financing component ⁽²⁾	9,289	9,289			
Revenue recognition of upfront	(433,884)	(203,301)	(230,582)		
Revenue recognition of milestones	(32,408)	(32,408)			
Other movements	(67)				(67)
On December 31, 2021	2,364,701	604,875	1,759,828	—	—
Milestones received	18,238	18,238			
Significant financing component ⁽²⁾	7,672	7,672			
Revenue recognition of upfront	(370,078)	(139,655)	(230,423)		
Revenue recognition of milestones	(34,777)	(34,777)			
Other movements	3,474				3,474
On December 31, 2022	€ 1,989,230	€ 456,352	€ 1,529,405	€ —	€ 3,474

(1) The upfront received and the outstanding balance on December 31, 2022 and December 31, 2021 comprise the issuance liabilities for the warrants and the upfront payment allocated to the drug discovery platform.

(2) With regard to the additional consideration received for the extended cost sharing for filgotinib, we assume the existence of a significant financing component reflecting the time value of money on the estimated recognition period.

The outstanding deferred income balance at December 31, 2022 included €456.4 million related to the collaboration agreement with Gilead for filgotinib (€322.9 million classified as long term deferred income), and €1,529.4 million, including €0.7 million warrant issuance liability related to subsequent warrant B, related to the collaboration agreement with Gilead for the drug discovery platform (€1,299.4 million classified as long term deferred income) and €3.5 million other deferred income (€1.2 million classified as long term deferred income).

The outstanding deferred income balance at December 31, 2021 included €604.9 million deferred income related to the collaboration agreement with Gilead for filgotinib (€414.8 million classified as long term deferred income), €1,759.8 million, including €2.4 million warrant issuance liability related to subsequent warrant B, related to the collaboration agreement with Gilead for the drug discovery platform (€1,530.0 million classified as long term deferred income). We refer to note 6 for a detail of the allocation of the transaction price received from Gilead.

26. Business combinations during the period.

On June 21, 2022 we acquired, in an all-cash transaction, 100% of the shares and voting interests of CellPoint for a total agreed payment at completion of €125 million, including consideration for other liabilities associated with the transaction amounting to €10.3 million. Additional contingent consideration up to €100.0 million is due when certain milestones would be achieved.

On the same date we acquired all of the outstanding capital of AboundBio, for a total agreed price of \$14 million, including consideration for other liabilities associated with the transaction.

The main reason for these acquisitions is to position ourselves in next-generation cancer therapy market and to significantly broaden our portfolio and capabilities. As a result of these acquisitions, we gain access to an innovative, scalable, decentralized and automated point-of-care cell therapy supply model as well as a next-generation fully human antibody-based therapeutics platform. Combined and supported by us as a fully integrated biopharma, they have the potential to disrupt the CAR-T treatment paradigm. The goal is to expand the current market for CAR-T therapies and have an important impact on patients in need of additional and improved treatment options.

At the time of approval for issuance of these consolidated financial statements, our initial accounting for the business combinations, including the purchase price allocation, has been completed.

Details of the fair value of identifiable assets and liabilities acquired in both transactions, the purchase consideration, the goodwill at the acquisition date and the net cash outflow arising on acquisition are as follows:

	June 21, 2022						Total
	(Euro, in thousands)						
	CellPoint			AboundBio			
	Book value	Adjustment	Fair value	Book value	Adjustment	Fair value	
Intangible assets other than goodwill		€ 120,517	€ 120,517		€ 4,053	€ 4,053	
Property, plant and equipment	€ 1,289		1,289	€ 965		965	
Other non-current assets	81		81	4		4	
Trade and other receivables	162		162	—		—	
Cash and cash equivalents	3,179		3,179	4,279		4,279	
Other current assets	1,254		1,254	536		536	
Deferred tax liabilities	—	(22,368)	(22,368)	—	(907)	(907)	
Trade and other liabilities	(32,789)		(32,789)	(587)		(587)	
Current deferred income	—		—	(474)		(474)	
Net assets acquired	(26,824)	98,149	71,325	4,723	3,146	7,869	
Consideration paid in cash			107,750			14,976	
Fair value re-measurement of previously held equity investment			—			342	
Deferred consideration			5,808			—	
Fair value of contingent consideration			20,211			—	
Fair value of total consideration			133,769			15,318	
Goodwill			62,444			7,449	
Exchange differences on goodwill			—			(80)	
Goodwill in the balance sheet			€ 62,444			€ 7,369	€ 69,813
Net cash outflow arising on acquisition							
Consideration paid in cash			107,750			14,976	
Less: cash and cash equivalents balances acquired			(3,179)			(4,279)	

Cash out from acquisition of subsidiaries, net of cash acquired	<u>€ 104,571</u>	<u>10,698</u>	<u>€ 115,270</u>
Cash used in operating activities for other liabilities related to the acquisition of subsidiaries	<u>€ 28,164</u>		<u>€ 28,164</u>

As part of the acquisitions, we identified the following acquired intangible assets:

- IPR&D: in-process research and development related to two CD19 CAR-T product candidates in Phase 1/2a clinical studies. The fair value at acquisition date (€28.2 million) was based on the relief from royalty method.
- Exclusive rights: through the acquisition of Cellpoint we acquired on the one hand a collaboration agreement between Cellpoint and Lonza providing the exclusive right to use the automated Lonza Cocoon® Platform in the development and commercialization of CAR-T cell products, and secondly, a collaboration agreement between Cellpoint and Hypertrust providing exclusivity to use the jointly developed XCellit software for workflow management and monitoring for the manufacturing of the CAR-T cells using the Lonza Cocoons® Platform. The fair values at acquisition date amounted to €89.7 million and €2.6 million respectively. A with and without method was retained to value the exclusivity with Lonza and the XCellit software was valued based on the applicable royalty rate in the contract.
- Technology: through the acquisition of AboundBio, we acquired a fully human antibody-based therapeutics platform which was valued at €4.1 million at the time of acquisition.

We assessed that the carrying value of all other acquired assets and assumed liabilities approximate their fair value at acquisition date.

The goodwill arising from both transactions totaling €69.8 million is attributable to buyer specific synergies, the value of the assembled workforce and the accounting for net deferred tax liabilities for a total amount of €23.3 million, consisting of deferred tax liabilities on the acquired intangible assets of €32.3 million less recognized deferred tax assets of €9.0 million.

The acquisition costs related to both transactions were considered not to be material and were recognized in our consolidated statement of operations on the line "general & administrative expenses".

Since the acquisition date, there has not been a material contribution by both acquired companies to total revenues and total result, nor were there major expenses prior to the acquisition period, except for expenses directly related to the acquisitions.

27. Discontinued operations

On November 23, 2020 we signed a share purchase agreement with Selvita S.A. in relation to the disposal of Fidelta d.o.o. (our previous fee-for-service segment). We have classified the assets and the associated liabilities of Fidelta as held for sale in our financial statements for the year ended December 31, 2020.

The transaction was completed on January 4, 2021 for a total consideration of €37.1 million. Fidelta will continue performing drug discovery services for us for the next three years for which we have purchase commitments for an aggregate amount of €12.2 million on December 31, 2022.

DISPOSAL OF FIDELTA

Consideration received

	(Euro, in thousands)
Cash received	<u>€ 37,080</u>
Total cash received	<u>€ 37,080</u>

Analysis of assets and liabilities over which control was lost

	January 4, 2021
	(Euro, in thousands)
Intangible assets	€ 21
Property, plant and equipment	10,050
Other non-current assets	160
Trade and other receivables	4,428
Cash and cash equivalents	7,884
Other current assets	863
Total assets	23,406
Non-current lease liabilities	4,115
Other non-current liabilities	70
Trade and other liabilities	4,479
Current lease liabilities	727
Income tax payable	356
Total liabilities	9,747
Net assets disposed of	€ 13,658

Gain on disposal of Fidelta

	(Euro, in thousands)
Cash received	€ 37,080
Net assets disposed of	(13,658)
Effect of cumulative translation adjustment reclassified from equity on loss of control	(731)
Costs associated to the sale	(500)
Gain on disposal	€ 22,191

Net cash proceeds from the disposal of Fidelta

	(Euro, in thousands)
Cash received	€ 37,080
Less: cash and cash equivalents balances disposed of	(7,884)
Total consideration received, net of cash disposed of	29,196
Costs associated to the sale	(500)
Cash in from disposal of Fidelta, net of cash disposed of	€ 28,696

RESULT FROM DISCONTINUED OPERATIONS

	Year ended December 31,	
	2021	2020
(Euro, in thousands, except share and per share data)		
Fee-for-service revenues	€ —	€ 16,140
Total revenues	—	16,140
Gain on disposal of subsidiaries	22,191	—
Research and development expenses	—	(7,685)
Sales and marketing expenses	—	—
General and administrative expenses	—	(2,000)
Other income	—	—
Operating income	22,191	6,455
Other financial income	—	179
Other financial expenses	—	(176)
Income before tax	22,191	6,458
Income taxes	—	(893)
Net income	€ 22,191	€ 5,565
Basic income per share from discontinued operations	€ 0.34	€ 0.09
Diluted income per share from discontinued operations	€ 0.34	€ 0.08
Weighted average number of shares (in thousands of shares)	65,500	65,075
Weighted average number of shares - Diluted (in thousands of shares)	65,831	67,572

CASH FLOW FROM DISCONTINUED OPERATIONS

	2022	2021	2020
	(Euro, in thousands)		
Net cash flows generated from operating activities	€ —	€ —	€ 7,173
Net cash flows generated from/used in (-) investing activities	—	28,696	(2,284)
Net cash flows used in financing activities	—	—	(664)
Net cash flow from discontinued operations	€ —	€ 28,696	€ 4,225

28. Note to the cash flow statement

The following table details the adjustments related to the operating cash flow:

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Adjustment for non-cash transactions			
Depreciation and impairment	€ 65,566	€ 34,636	€ 18,682
Share-based compensation expenses	88,506	70,726	79,959
Increase/decrease (-) in retirement benefit obligations and provisions	136	(2,347)	(260)
Unrealized exchange losses/gains (-) and non-cash other financial result	(41,970)	(57,073)	105,055
Discounting effect of non-current deferred income	7,672	9,289	16,278
Discounting effect of other non-current liabilities	2,271	—	—
Fair value re-measurement of warrants	(186)	(2,960)	(3,034)
Net change in (fair) value of current financial investments	(6,929)	(119)	15,900
Fair value adjustment financial assets held at fair value through profit or loss	—	4,919	(2,396)
Other non-cash expenses	2,229	648	539
Total adjustment for non-cash transactions	€ 117,296	€ 57,718	€ 230,723
Adjustment for items to disclose separately under operating cash flow			
Interest expense	€ 6,967	€ 11,656	€ 9,424
Interest income	(14,344)	(2,853)	(7,476)
Tax expense	2,844	2,423	2,119
Total adjustment for items to disclose separately under operating cash flow	€ (4,533)	€ 11,227	€ 4,067
Adjustment for items to disclose under investing and financing cash flows			
Gain on disposal of subsidiaries	€ —	€ (22,191)	€ —
Gain (-)/loss on sale of fixed assets	(23)	—	82
Realized exchange gain on sale of current financial investments	—	(6,645)	—
Interest income on current financial investments	(3,766)	(12)	(2,554)
Total adjustment for items to disclose separately under investing and financing cash flow	€ (3,789)	€ (28,847)	€ (2,472)
Change in working capital other than deferred income			
Increase in inventories	€ (34,588)	€ (21,168)	€ (100)
Increase (-)/ decrease in receivables	68,984	79,859	(177,155)
Increase/decrease (-) in liabilities	(2,083)	(35,353)	31,163
Total change in working capital other than deferred income	€ 32,313	€ 23,337	€ (146,092)

29. Off-balance sheet arrangements

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

On December 31, 2022, we had outstanding obligations for future purchase commitments, which become due as follows:

	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 3 years</u>	<u>3 - 5 years</u>	<u>More than 5 years</u>
			(Euro, in thousands)		
Purchase commitments	€ 398,627	€ 240,237	€ 136,560	€ 20,797	€ 1,032

In addition to the tables above, we have a contractual cost sharing obligation related to our collaboration agreement with Gilead for filgotinib. The contractual cost sharing commitment amounted to €281.6 million at December 31, 2022 (€369.9 million at December 31, 2021 and €493.4 million at December 31, 2020), for which we have purchase commitments of €217.3 million at December 31, 2022 reflected in the above table (€169.6 million at December 31, 2021, €18.1 million at December 31, 2020).

30. Contingent assets and liabilities

On January 4, 2021, we closed the sale of our Croatian subsidiary Fidelta. Selvita acquired 100% of the outstanding shares in Fidelta for a total consideration of €37.1 million. In accordance with common practice, we gave customary representations and warranties which are capped and limited in time.

31. Share based payments

SUBSCRIPTION RIGHT PLANS

Presented below is a summary of subscription right activities for the reported periods. Various subscription right plans were approved for the benefit of our employees, and for members of the Executive Committee and of the Board of Directors and independent consultants of Galapagos NV.

The subscription rights offered to members of the Board of Directors vest over a period of 36 months at a rate of 1/36th per month. Effective January 1, 2020, we no longer grant subscription rights to members of the Board of Directors, taking into account the stricter rules of the Belgian Companies Code.

Subscription rights approved before 2021 cannot be exercised before the end of the third calendar year following the year of the grant. In the event of a change of control over Galapagos NV, all outstanding subscription rights vest immediately and will be immediately exercisable.

Subscription rights under Subscription Right Plan 2021 BE cannot be exercised before the end of the third calendar year following the year of the grant. Subscription rights under Subscription Right Plan 2021 RMV and Subscription Right Plan 2021 ROW vest in instalments: with 25% of each grant being exercisable as of January 1, 2022, 25% as of January 1, 2023 and 50% (the remainder) as of January 1, 2024.

“Subscription Right Plan 2022 (A)” and “Subscription Right Plan 2022 (B)” were approved by the Board of Directors (formerly known as Supervisory Board) on respectively January 13, 2022 and January 26, 2022, within the framework of the authorized capital. Subscription rights granted under Subscription Right Plan 2022 (B), being 30,000 subscription rights (after the acceptance by the beneficiary), will in principle not vest prior to January 1, 2026; subscription rights granted under Subscription Right Plan 2022 (A), being 1,000,000 subscription rights (after acceptance by the beneficiary) vest in instalments: with 25% of each grant being exercisable as of January 1, 2023, 25% as of January 1, 2024 and 50% (the remainder) as of January 1, 2025.

On May 6, 2022 the Board of Directors approved “Subscription Right Plan 2022 BE”, “Subscription Right Plan 2022 RMV” and “Subscription Right Plan 2022 ROW”, for a total of 2,091,239 subscription rights (after acceptance by the beneficiaries), within the framework of the authorized capital. Subscription rights granted under Subscription Right

[Table of Contents](#)

Plan 2022 BE will in principle not vest prior to January 1, 2026 and subscription rights granted under Subscription Right Plan 2022 RMV and Subscription Right Plan 2022 ROW vest in instalments: with 25% of each grant being exercisable as of January 1, 2024, 25% as of January 1, 2025 and 50% (the remainder) as of January 1, 2026.

The table below sets forth a summary of subscription rights outstanding and exercisable at December 31, 2022, per subscription right plan:

Subscription right plan	Allocation date	Expiry date	Exercise price (€)	Outstanding per	Granted	Exercised	Forfeited	Expired	Outstanding per	Exercisable per
				January 1, 2022	during year	during year	during year	during year	December 31, 2022	December 31, 2022
2014	07/25/2014	07/24/2022	14.54	127,540		(127,540)			—	—
2015	04/30/2015	04/29/2023	28.75	199,223		(136,000)			63,223	63,223
2015 (B)	12/22/2015	12/21/2023	49.00	256,500		(15,000)			241,500	241,500
2015 RMV	12/22/2015	12/21/2023	49.00	35,000					35,000	35,000
2016	06-01-2016	05/31/2024	46.10	330,750		(4,250)	(1,000)		325,500	325,500
2016 RMV	06-01-2016	05/31/2024	46.10	69,000					69,000	69,000
2016 (B)	01/20/2017	01/19/2025	62.50	10,000					10,000	10,000
2017	05/17/2017	05/16/2025	80.57	595,500			(5,500)		590,000	590,000
2017 RMV	05/17/2017	05/16/2025	80.57	127,500					127,500	127,500
2018	04/19/2018	04/18/2026	79.88	1,005,995			(31,000)		974,995	974,995
2018 RMV	04/19/2018	04/18/2026	79.88	137,500					137,500	137,500
2019	04-10-2019	04-09-2027	95.11	1,300,840			(83,850)		1,216,990	
2019 RMV	04-10-2019	04-09-2027	95.11	190,500			(4,500)		186,000	
2020	04/17/2020	04/16/2028	168.42	1,617,928			(159,684)		1,458,244	
2020RMV	04/17/2020	04/16/2028	168.42	227,475			(18,400)		209,075	
2021BE	04/30/2021	04/29/2029	64.76	1,084,036			(42,888)		1,041,148	
2021RMV	04/30/2021	04/29/2029	64.76	282,550			(24,850)		257,700	
2021ROW	04/30/2021	04/29/2029	64.76	982,000			(198,625)		783,375	
2022 (A)	01/13/2022	01-12-2030	46.18		30,000				30,000	
2022 (B)	01/26/2022	01/25/2030	50.00		1,000,000				1,000,000	
2022BE	05-06-2022	05-05-2030	57.46		839,400		(7,858)		831,542	
2022BE	08-05-2022	08-04-2030	51.58		72,000				72,000	
2022RMV	05-06-2022	05-05-2030	57.46		244,389				244,389	
2022ROW	05-06-2022	05-05-2030	57.46		875,450		(1,675)		873,775	
2022ROW	08-05-2022	08-04-2030	51.58		60,000		(27,600)		32,400	
Total				8,579,837	3,121,239	(282,790)	(607,430)	—	10,810,856	2,574,218

	Subscription rights	Weighted average exercise price (Euro)
Outstanding on January 1, 2020	5,541,117	€ 70.1
Exercisable on December 31, 2019	1,139,682	30.2
Granted during the period	2,173,335	168.4
Forfeited during the year	(40,376)	144.8
Exercised during the period	(744,965)	38.0
Expired during the year	—	—
Outstanding on December 31, 2020	6,929,111	€ 104.0
Exercisable on December 31, 2020	1,168,967	37.8
Granted during the period	2,493,433	64.8
Forfeited during the year	(701,753)	118.5
Exercised during the period	(140,954)	23.5
Expired during the year	—	—
Outstanding on December 31, 2021	8,579,837	€ 92.7
Exercisable on December 31, 2021	1,751,013	56.6
Granted during the period	3,121,239	54.7
Forfeited during the year	(607,430)	100.0
Exercised during the period	(282,790)	23.7
Expired during the year	—	—
Outstanding on December 31, 2022	10,810,856	€ 83.1
Exercisable on December 31, 2022	2,574,218	70.3

The table below sets forth the inputs into the valuation of the subscription rights.

	2022 (A)	2022 (B)	2022BE	2022 RMV/ROW	2022BE/ROW
	January 13	January 26	May 6	May 6	August 6
Exercise Price (€)	€ 46.18	€ 50.00	€ 57.46	€ 57.46	€ 51.58
Weighted average share price at acceptance date (€)	€ 46.21	€ 56.67	€ 51.64	€ 51.64	€ 44.55
Weighted average fair value at the acceptance date (€)	€ 16.10	€ 24.53	€ 20.73	€ 18.92	€ 17.07
Weighted average estimated volatility (%)	41.80	40.80	42.59	42.65	41.75
Weighted average expected life of the subscription rights (years)	4.72	5.95	6.37	5.36	5.68
Weighted average risk free rate (%)	(0.13)	0.67	1.33	1.26	2.70
Expected dividends	None	None	None	None	None

	2021	2021 RMV/ROW	2020	2020 RMV
	April 30	April 30	April 17	April 17
Exercise Price (€)	€ 64.76	€ 64.76	€ 168.42	€ 168.42
Weighted average share price at acceptance date (€)	€ 61.10	€ 61.10	€ 178.95	€ 178.95
Weighted average fair value at the acceptance date (€)	€ 22.72	€ 20.68	€ 86.45	€ 85.79
Weighted average estimated volatility (%)	40.73	40.61	51.30	51.32
Weighted average expected life of the subscription rights (years)	6.43	5.36	6.00	6.00
Weighted average risk free rate (%)	(0.21)	(0.29)	(0.44)	(0.44)
Expected dividends	None	None	None	None

Subscription right Plans

The exercise price of the subscription rights is determined pursuant to the applicable provisions of the Belgian Law of March 26, 1999.

The weighted average estimated volatility is calculated on the basis of the implied volatility of the share price over the weighted average expected life of the subscription rights.

The weighted average expected life of the subscription right is calculated as the estimated duration until exercise, taking into account the specific features of the plans.

Our share based compensation expense in 2022 in relation to subscription right plans amounted to €88,506 thousand (2021: €70,726 thousand; 2020: €79,959 thousand).

The following table provides an overview of the outstanding subscription rights per category of subscription right holders at December 31, 2022, 2021 and 2020.

Category

	December 31,		
	2022	2021	2020 (1)
	(in number of subscription rights)		
Members of the Board of Directors	75,000	157,560	157,560
Members of the Executive Committee	1,864,000	1,965,000	2,101,874
Personnel	8,871,856	6,457,277	4,669,677
Total subscription rights outstanding	10,810,856	8,579,837	6,929,111

(1) Piet Wigerinck was a member of the Executive Committee until November 30, 2021. Note that his outstanding subscription rights at December 31, 2020, were reported on the line 'Members of the Executive Committee' while at December 31, 2021 his outstanding subscription rights are presented on the line 'Personnel'.

The outstanding subscription rights at the end of the accounting period have an average exercise price of €83.12 (2021: €92.69; 2020: €103.95) and a weighted average remaining expected life of 1,913 days (2021: 1,955 days; 2020: 2,050 days).

RESTRICTED STOCK UNITS RSUs

Each RSU represents the right to receive, at Galapagos' discretion, one Galapagos share or a payment in cash of an amount equivalent to the volume-weighted average price of the Galapagos share on Euronext Brussels over the 30-calendar day period preceding the relevant vesting date, in accordance with the terms and conditions of the relevant RSU program.

We currently have the following restricted stock unit (RSU) programs:

- **Plan 2020.I, Plan 2021.I and Plan 2022.I:** these plans are intended to provide a long-term incentive to certain of our employees and members of the Executive Committee and, as of 2020, replaces the deferred portion of the bonus under the former Senior Management Bonus Scheme;
- **Plan 2019.II, Plan 2020.II, Plan 2021.II, Plan 2021.IV and Plan 2022.II:** these plans are designed with the aim to retain a specific group of our key employees and members of the Executive Committee whose retention is considered so important for our future performance that an additional incentive is desired. The beneficiaries are nominated by the Remuneration Committee and the Board of Directors approves the list of beneficiaries. The four-year vesting period is designed to be aligned with long-term shareholder interests;
- **Plan 2019.I:** this plan was granted at the discretion of the Board of Directors;
- **Plan 2019.III:** this exceptional RSU grant took place in 2019 under an RSU Transaction Bonus Plan for the successful closing of the Gilead transaction;
- **Plan 2021.III and Plan 2022.III:** these plans are intended to compensate employees who transferred from Gilead to us in the framework of the transfer of European commercialization rights for the long-term incentive plans within Gilead under which unvested RSU awards lapsed upon transfer out of the Gilead group. These employees received a **one-time** Restricted Stock Units grant from us.

The main characteristics of all these plans are as follows:

- the RSUs are offered for no consideration;
- generally four-year vesting period, with 25% vesting each year, except for some plans or some beneficiaries for which the RSUs will all vest at the same time three years after the offer date (bullet vesting); vest 50% after two years and 50% after three years or vest over three years with 34% vesting the first year and 33% in each of the remaining two years;
- payout will be in cash or shares, at Galapagos' discretion, it being understood that in respect of members of the Executive Committee, any vesting prior to the third anniversary of the offer date will always give rise to a payment in cash rather than a delivery of shares as an incentive;

- any unvested RSUs are forfeited upon termination of service before the vesting date.

The table below sets forth a summary of RSUs outstanding at December 31, 2022, per RSU plan:

RSU plan	Offer date	Outstanding per January 1, 2022	Granted during year	Forfeited during year	Paid in cash during year	Outstanding per December 31, 2022
Plan 2019.I.	10/16/2019	28,000	—	—	(28,000)	—
Plan 2019.II.	10/16/2019	42,504	—	(9,090)	(20,483)	12,931
Plan 2019.III.	10/16/2019	30,460	—	—	(30,460)	—
Plan 2020.I.	06-05-2020	32,527	—	(7,359)	(8,058)	17,110
Plan 2020.II.	07-05-2020	41,968	—	(10,831)	(13,511)	17,626
Plan 2021.I.	05-05-2021	154,616	—	(27,146)	(34,870)	92,600
Plan 2021.II.	05-06-2021	40,620	—	(9,478)	(8,801)	22,341
Plan 2021.III.	06/03/2021	38,175	—	(9,233)	(12,683)	16,259
Plan 2021.IV.	09/24/2021	248,933	—	(84,865)	(62,230)	101,838
Plan 2022.I.	03-05-2022	—	209,118	(14,480)	—	194,638
Plan 2022.II.	5/05/2022 - 5/08/2022	—	249,000	—	—	249,000
Plan 2022.III.	07-06-2022	—	12,155	(403)	—	11,752
Total		657,803	470,273	(172,885)	(219,096)	736,095

	2022	2021 (in number of RSUs)	2020
Outstanding on January 1,	657,803	313,596	213,147
Granted during the year	470,273	511,518	128,769
Forfeited during the year	(172,885)	(74,873)	(1,052)
Paid in cash during the year	(219,096)	(92,438)	(27,268)
Outstanding on December 31,	736,095	657,803	313,596

The RSUs are measured based on the volume-weighted average price of the Galapagos share on Euronext Brussels over the 30-calendar day period preceding the reporting period and they are re-measured at each reporting date. We recognize the corresponding expense and liability over the vesting period. The total liability relating to outstanding RSUs on December 31, 2022 amounted to €12.9 million (2021: €11.3 million, 2020: €12.9 million).

The following table provides an overview of the outstanding RSUs per category of RSU holders on December 31, 2022, 2021 and 2020.

	December 31,		
	2022	2021 (in number of RSUs)	2020
Members of the Executive Committee	332,038	384,340	229,276
Personnel	404,057	273,463	84,320
Total outstanding RSUs	736,095	657,803	313,596

32. Related parties

Relationship and transactions with entities with control of, or significant influence over, Galapagos

Gilead

Gilead exercises significant influence over Galapagos as from the equity subscription on August 23, 2019. As a result of the equity subscription we received a transparency notification from Gilead on August 28, 2019 confirming they held 22.04% of the then issued and outstanding shares of Galapagos.

By exercising Warrant A on November 6, 2019 Gilead increased its ownership in Galapagos to 25.10% of the then outstanding shares. Gilead further increased its ownership to 25.84% at December 31, 2019. Gilead's ownership then diluted to 25.49% at December 31, 2021 and to 25.38% at December 31, 2022, due to seven capital increases resulting from the exercise of subscription rights under employee subscription right plans in the course of respectively 2021 (four capital increases) and 2022 (three capital increases).

The presumption of significant influence is also confirmed by the fact that Gilead has the right, for as long as it holds more than 20% of Galapagos' share capital, to appoint two Investor Board Designees to Galapagos' Board of Directors, out of a total of nine.

The following balances are outstanding at the end of the reporting period in relation to Gilead:

	Year ended December 31,		
	2022	2021	2020
	(Euro, in thousands)		
Non-current trade receivables			€ 50,000
Trade and other receivables	€ 7,877	€ 88,246	132,825
Trade and other payables		€ 11,580	€ 27,074

The trade and other receivables on December 31, 2021 mainly contained €50.0 million of receivables relating to the in 2020 modified collaboration for filgotinib, €12.6 million related to the transfer of the sponsorship and operational and financial responsibility of the DIVERSITY clinical trial from Gilead to us and €23.8 million of profit and cost sharing receivables relating to our collaboration for filgotinib. All these amounts were paid during 2022. The outstanding receivables on December 31, 2022 mainly relate to development cost sharing receivables relating to our collaboration for filgotinib (€5.0 million) and €2.6 million of receivables relating to royalties.

During 2022 we recognized in revenue €230.4 million (€230.6 million for the year ended December 31, 2021; €229.6 million for the year ended December 31, 2020) relating to the performance obligation for the drug discovery platform and a total of €174.4 million (€235.7 million for the year ended December 31, 2021; €228.1 million for the year ended December 31, 2020) representing the total impact on our revenues coming from the filgotinib performance obligation. The latter consists of upfront payments and milestone payments that were recognized in accordance with the percentage of completion of the underlying performance obligation.

Additionally, we recognized in 2022 royalty income for an amount of €10.7 million in relation to the commercialization of Jyseleca (€3.8 million for the year ended December 31, 2021, €16.2 million for the year ended December 31, 2020).

Furthermore, we recognized in 2022 €0.4 million (€18.1 million for the year ended December 31, 2021; €34.1 million for the year ended December 31, 2020) of cost reimbursements from Gilead with respect to the development of GLPG1690 as a decrease of the related expenses (on the line research and development expenditure). An amount of €2.4 million (€81.3 million for the year ended December 31, 2021; €101.0 million for the year ended December 31, 2020) relating to cross charges from Gilead relating to filgotinib was recognized as expense on the line research and development expenditure.

Finally, we recognized in 2022 €0.03 million as a deduction of sales & marketing expenses (a deduction of €59.7 million for the year ended December 31, 2021; a deduction of €4.7 million for the year ended December 31, 2020) mainly relating to our 50/50 cost share mechanism with Gilead for expenses incurred in preparation for the co-promotion activities for filgotinib. We recognized €0.03 million as a deduction of research and development expenditure (a deduction of €7.0 million for the year ended December 31, 2021) mainly relating to our 50/50 profit/(cost) share mechanism with Gilead for direct sales of Jyseleca in the shared territory. This profit/(cost) share mechanism for sales and marketing expenses came to an end beginning of 2022, which explains the variance compared to 2021.

We purchased raw materials, semi-finished products and finished products of Jyseleca® from Gilead for an amount of €13.5 million for the year ended December 31, 2022 (€24.9 million for the year ended December 31, 2021 and €0.2 million for the year ended December 31, 2020).

As at December 31, 2022 we have two outstanding performance obligations under IFRS 15 towards Gilead, being the performance obligation related to our drug discovery platform and the performance obligation relating to filgotinib. This results in an outstanding deferred income balance of €1.5 billion for the drug discovery platform (including the warrant issuance liability relating to subsequent warrant B) and €456 million for the performance obligation relating to filgotinib.

A detailed explanation of our transactions with Gilead in 2020, 2021 and 2022 can be found in the section titled Agreements with major Galapagos NV shareholders. There are no other shareholders or other entities who, solely or jointly, control Galapagos or exercise significant influence over Galapagos.

Relationship and transactions with subsidiaries

Please see Note 33 for an overview of the consolidated companies of the group, which are all wholly-owned subsidiaries of Galapagos NV.

Relationship and transactions with key management personnel

Our key management personnel consists of the members of the Executive Committee and members of the Board of Directors. All amounts mentioned in this section are based on expenses recognized in the financial statements for the relevant financial year.

Remuneration of key management personnel

On December 31, 2022, our Executive Committee had four members: Stoffels IMC BV (permanently represented by Dr. Paul Stoffels), Mr. Bart Filius, Dr. Walid Abi-Saab and Mr. Michele Manto. They provide their services to us on a full-time basis. On December 31, 2022, our Board of Directors consisted of nine members: Stoffels IMC BV (permanently represented by Dr. Paul Stoffels), Dr. Raj Parekh, Dr. Mary Kerr, Mr. Peter Guenter, Mr. Daniel O'Day, Dr. Linda Higgins, Dr. Elisabeth Svanberg, Dr. Dan Baker and Mr. Jérôme Contamine.

At the Annual Shareholders' meeting of April 26, 2022, the mandates of Howard Rowe and Katrine Bosley as members of the Board of Directors came to an end.

Effective from January 1, 2020, Galapagos no longer grants any subscription rights to members of the Board of Directors, taking into account the stricter rules of the Belgian Companies Code.

Effective from April 26, 2022, our new Chief Executive Officer, Stoffels IMC BV (permanently represented by Dr. Paul Stoffels) has been appointed as the Chairman of the Board of Directors of Galapagos. The Chief Executive Officer will only be remunerated for the performance of its executive functions as Chief Executive Officer and is not entitled to any additional remuneration for its mandates of Chairman of the Board of Directors or of any Committee.

Dr. Hoekema retired from Galapagos and was our Chief Business Officer and an Executive Committee member until October 31, 2022 and hence the table below for financial year 2022 contains disclosures on his remuneration until the aforementioned date.

Dr. Walid Abi-Saab left Galapagos and was our Chief MO and an Executive Committee member until December 31, 2022 and hence the table below for financial year 2022 contains disclosures on his remuneration.

The remuneration package of the members of key management personnel comprises:

	Year ended December 31,		
	2022	2021	2020
Remuneration of key management personnel:			
Euro, in thousands (except for the number of subscription rights and RSUs)			
Short-term benefits	€ 3,444	€ 4,264	€ 3,102
Executive Committee members as a group ⁽¹⁾			
Gross salary	2,341	2,621	2,531
Cash bonus ⁽²⁾	997	1,172	433
Other short-term benefits	106	471	138
Long-term benefits for Executive Committee members as a group ⁽³⁾	—	—	—
Board fees and other short-term benefits for members of the Board of Directors			
Stofffels IMC BV (permanently represented by Dr. Paul Stofffels)	—	—	—
Raj Parekh	165	220	220
Howard Rowe ⁽⁴⁾	39	120	125
Katrine Bosley ⁽⁴⁾	21	65	115
Mary Kerr	115	115	115
Peter Guenter	115	115	115
Jérôme Contamine ⁽⁵⁾	102	—	—
Dan Baker ⁽⁵⁾	68	—	—
Elizabeth Svanberg	115	115	78
Daniel O'Day ⁽⁶⁾	—	—	—
Linda Higgins ⁽⁶⁾	—	—	—
Post-employment benefits ⁽⁷⁾	240	399	392
Total benefits excluding subscription rights and RSUs	€ 4,424	€ 5,413	€ 4,262
Severance package ⁽⁸⁾	—	802	—
Number of subscription rights granted in the year			
Executive Committee members as a group ⁽¹⁾	1,124,000	275,000	275,000
Onno van de Stolpe	—	85,000	85,000
Stofffels IMC BV (permanently represented by Dr. Paul Stofffels)	1,000,000	—	—
Bart Filius	68,000	50,000	50,000
Andre Hoekema	—	30,000	30,000
Piet Wigerinck	—	40,000	40,000
Walid Abi-Saab	32,000	40,000	40,000
Michele Manto	24,000	30,000	30,000
Total number of subscription rights granted in the year	1,124,000	275,000	275,000
Total cost of subscription rights granted in the year under IFRS 2	€ 27,010	€ 5,629	€ 22,921
Number of RSUs granted in the year ⁽⁹⁾			
Onno van de Stolpe	—	63,830	18,317
Stofffels IMC BV (permanently represented by Dr. Paul Stofffels)	74,408	—	—
Bart Filius	61,442	62,730	12,600
Andre Hoekema	—	51,433	832
Piet Wigerinck	—	835	12,080
Walid Abi-Saab	37,274	44,038	12,080
Michele Manto	27,354	31,694	5,920
Total number of RSUs granted in the year	200,478	254,560	61,829

(1) Dr. Wigerinck was a member of the Executive Committee (formerly Management Board) until November 30, 2021. His remuneration and benefits are included in the overview for the financial year 2021 and 2020.

Mr. Onno Van de Stolpe was our CEO and Executive Committee member until March 31, 2022, Dr Andre Hoekema was our CBO and Executive Committee member until October 31, 2022 and Dr. Walid Abi-Saab was our CMO and Executive Committee member until December 31, 2022. Their (prorated) remuneration and benefits are included in the overview for the financial year 2021 and 2022.

Effective as of April 1, 2022, Stoffels IMC BV (permanently represented by Dr. Paul Stoffels) is our CEO and Chair of the Executive Committee. His remuneration is included in the overview for the financial year 2022.

(2) The aggregate number under the financial year 2022 also includes the cash bonus of Dr. Andre Hoekema and Dr. Walid Abi-Saab. The aggregate number under 2021 also includes the cash bonus of Dr. Wigerinck.

- (3) Only Executive Committee members are granted long-term benefits. Pursuant to the Senior Management Bonus Scheme, these consist of the deferred part of the bonus from years ago. For financial year 2021 the deferred part of the bonus is not paid out. As of 2019 the Senior Management Bonus Scheme was no longer applicable, as a result 2021 was the last financial year during which such payment could occur.
- (4) Member of the Board of Directors until April 26, 2022.
- (5) Member of the Board of Directors as of April 26, 2022.
- (6) Gilead designees appointed to our Board of Directors on October 22, 2019. They don't receive any remuneration for their Board mandate.
- (7) Only Executive Committee members receive post-employment benefits.
- (8) For 2021 we disclose Dr. Wigerinck's severance package.
- (9) This is the sum of the RSUs awarded during the respective financial year, excluding the RSUs representing the deferred portion of the bonus for 2021 in FY2021 and for 2022 in FY2022 (each time to be granted in the following financial year). Only Executive Committee members were awarded RSUs.

OTHER

No loans, quasi-loans or other guarantees were given by Galapagos NV or any of its subsidiaries to members of the Board of Directors and of the Executive Committee. We have not entered into transactions with our key management personnel, other than as described above with respect to remuneration arrangements relating to the exercise or termination of their mandates as members of the Executive Committee and the Board of Directors.

33. Consolidated companies as of December 31, 2022

Name of the subsidiary	Country	Year ended December 31,			
		2022		2021	
		% voting right Galapagos NV (directly or indirectly through subsidiaries)	Change in % voting right previous period (2022 vs 2021)	% voting right Galapagos NV (directly or indirectly through subsidiaries)	% voting right Galapagos NV (directly or indirectly through subsidiaries)
AboundBio, Inc.	United States	100%	100%	0%	0%
CellPoint B.V.	The Netherlands	100%	100%	0%	0%
Galapagos Biopharma Belgium BV	Belgium	100%		100%	100%
Galapagos Biopharma Netherlands B.V.	The Netherlands	100%		100%	100%
Galapagos Biopharma Spain S.L.U.	Spain	100%		100%	100%
Galapagos Biopharma Italy S.r.l.	Italy	100%		100%	100%
Galapagos Biopharma Germany GmbH	Germany	100%		100%	100%
Galapagos Biopharma Sweden AB	Sweden	100%		100%	0%
Galapagos Biopharma Norway AS	Norway	100%		100%	0%
Galapagos Biopharma Finland Oy	Finland	100%		100%	0%
Galapagos Biopharma Denmark ApS	Denmark	100%		100%	0%
Galapagos Biopharma Austria GmbH	Austria	100%		100%	0%
Galapagos Biopharma Ireland Ltd	Ireland	100%		100%	0%
Galapagos B.V.	The Netherlands	100%		100%	100%
Galapagos Biotech Ltd (formerly Inpharmatica Ltd.)	United Kingdom	100%		100%	100%
Galapagos GmbH	Switzerland	100%		100%	100%
Galapagos, Inc. (formerly Biofocus, Inc.)	United States	100%		100%	100%
Galapagos NV	Belgium	Parent company		Parent company	Parent company
Galapagos Real Estate Belgium BV (former Galapagos Real Estate 1 BV)	Belgium	100%		100%	100%
Galapagos Real Estate Netherlands B.V.	The Netherlands	100%		100%	100%
Galapagos SASU	France	100%		100%	100%
Fidelta d.o.o.	Croatia	0%		0%	100%
Xenomatrix, Inc. in liquidation	United States	100%		100%	100%

On January 4, 2021, we closed the sale of our fee-for-service business Fidelta. Selvita S.A. acquired 100% of the outstanding shares in Fidelta.

In 2022, we acquired all of the issued and outstanding shares of CellPoint and AboundBio.

There are no significant restrictions on the group's ability to access or use assets and settle liabilities of one of the group's subsidiaries.

34. Financial risk management

Financial risk factors

Our financial risks are managed centrally. Our finance department coordinates the access to national and international financial markets and considers and manages continuously the financial risks concerning our activities. These relate to the following financial markets risks: credit risk, liquidity risk, currency risk and interest rate risk. Our interest rate risk is limited because we have no financial debt. In case of decreasing interest rates we will face a reinvestment risk on our strong cash and cash equivalents and current financial investments balance. We do not buy or trade financial instruments for speculative purposes.

Categories of financial assets and liabilities:

	December 31,		
	2022	2021	2020
(Euro, in thousands)			
Financial assets held at fair value through profit or loss			
Equity instruments	€ —	€ —	€ 8,951
Current financial investments	1,292,514	1,317,460	1,571,858
Financial assets at amortized cost			
Current financial investments	2,293,431	1,152,349	1,454,420
Cash and cash equivalents	508,117	2,233,368	2,135,187
Restricted cash (current and non-current)	4,569	1,425	1,482
Other non-current assets	1,209	1,048	907
Trade receivables	28,194	91,786	184,632
Total financial assets	€ 4,128,033	€ 4,797,436	€ 5,357,438
Financial liabilities held at fair value through profit or loss			
Current financial instruments	€ 19	€ 204	€ 3,164
Current contingent consideration related to milestones CellPoint	8,485	—	—
Non-current contingent consideration related to milestones CellPoint	13,582	—	—
Financial liabilities at amortized cost			
Trade liabilities	68,928	84,519	134,905
Lease liabilities	21,901	26,859	29,436
Current deferred consideration payable CellPoint	6,222	—	—
Total financial liabilities	€ 119,137	€ 111,582	€ 167,505

The carrying amounts of trade and other payables and trade and other receivables are considered to be the same as their fair values, due to their short-term nature.

Financial assets held at fair value through profit or loss

Financial assets held at fair value through profit or loss consisted of equity instruments of listed/non-listed companies and current financial investments.

We have no restrictions on the sale of these equity instruments and the assets are not pledged under any of our liabilities. These instruments are classified as financial assets held at fair value adjustment through profit or loss. The equity investments in listed companies qualified for level 1 fair value measurement based upon the closing price of such securities on Euronext at each reporting date.

The market price of those shares might face fluctuations and might be affected by a variety of factors, such as the global economic situation, the business development of competitors, sector mergers and acquisitions; it is difficult to mitigate this risk.

The fair value of the equity instrument in the non-listed company has been determined mainly by reference to the initial transaction price (classified as level 3 in the fair value hierarchy).

Current financial investments include money market funds in EUR and USD, which all classify for level 1 fair value measurement.

Liquidity risk

Current financial investments and cash and cash equivalents amounted to €4,094.1 million on December 31, 2022. Management forecasts our liquidity requirements to ensure that we have sufficient cash to meet operational needs. We have no credit lines. Such forecasting is based on realistic assumptions with regards to product sales, royalties, milestone and upfront payments to be received, taking into account our past track record, including the assumption that not all new projects that are being planned will be realized.

All our and cash and cash equivalents have only an insignificant liquidity risk as they are all convertible upon a maximum three month notice period and without incurring a significant penalty in normal market circumstances.

Credit risk

The term “credit risk” refers to the risk that counterparty will default on its contractual obligations resulting in financial loss for us.

The trade receivables consist of a receivables on our collaboration partner Gilead, creditworthy pharmaceutical wholesalers and hospitals in Europe. To limit the risk of financial losses, we have developed a policy of only dealing with creditworthy counterparties.

We grant credit to our clients in the framework of our normal business activities. Usually, we require no pledge or other collateral to cover the amounts due. Management continuously evaluates the client portfolio for creditworthiness. All our receivables are considered collectable.

We applied the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all receivables. To measure the expected credit losses, receivables have been grouped based on credit risk characteristics and the days past due. The provision for expected credit losses was not significant given that there is no history of material credit losses and the high quality nature of our customers.

Aging balance of receivables that are due, but that are still considered collectable:

	December 31,		
	2022	2021	2020
	(Euro, in thousands)		
60 - 90 days	€ 424	€ 141	€ —
90 - 120 days	208	92	—
more than 120 days	€ 473	€ 113	€ —

Our cash and cash equivalents are invested primarily in current, notice and term accounts. For banks and financial institutions, only independently rated parties with a minimum rating of ‘A’ are accepted at the beginning of the term. Our current financial investments are also kept within different financial institutions and include term deposits, money market funds and treasury bills with an AAA rating. The money market funds are invested in a well-diversified portfolio of highly rated assets.

Interest rate risk

The only variable interest-bearing financial instruments are cash and cash equivalents and current financial investments.

Changes in interest rates may cause variations in interest income and expenses resulting from short term interest-bearing assets. Management does not expect the short term interest rates to decrease significantly in the immediate foreseeable future, which limits the interest exposure on our cash and cash equivalents and current financial investments.

Effect of interest rate fluctuation

A 100 basis point increase in interest rates at balance sheet date would have increased profit or loss, and equity, by approximately €40.9 million (2021: €47.0 million; 2020: €51.7 million); a 100 basis point decrease in interest rates would have decreased profit or loss, and equity, by approximately €40.9 million (2021: €47.0 million; 2020: €51.7 million).

Foreign exchange risk

We are exposed to foreign exchange risk arising from various currency exposures. Our principal functional currency is euro, but we receive payments from our main collaboration partner Gilead in U.S. dollars and acquire some consumables and materials in U.S. dollars, Swiss Francs and GB Pounds.

To limit this risk, we attempt to align incoming and outgoing cash flows in currencies other than EUR. In addition, contracts closed by our different entities are mainly in the functional currencies of that entity, except for the collaboration agreement signed with Gilead for which payments are denominated in U.S. dollars.

The exchange rate risk in case of a 10% change in the exchange rate amounts to:

Net book value	December 31,		
	2022	2021	2020
		(Euro, in thousands)	
Increase in Euros - U.S. Dollars	€ (85,140)	€ (83,996)	€ (116,690)
Increase in Euros - GB Pounds	960	1,093	303
Increase in Euros - CH Francs	557	233	2,013

The exchange rate risk on the U.S. dollar is primarily related to our cash and cash equivalents and current financial investments held in U.S. dollars.

Capital risk factors

We manage our capital to safeguard that we will be able to continue as a going concern. At the same time, we want to ensure the return to our shareholders through the results from our research and development activities.

Our capital structure consists of current financial investments, cash and cash equivalents, and equity attributed to the holders of our equity instruments, such as capital, reserves and results carried forward, as mentioned in the consolidated statement of changes in equity.

We manage our capital structure and make the necessary adjustments in the light of changes of economic circumstances, the risk characteristics of underlying assets and the projected cash needs of the current research and development activities.

The adequacy of the capital structure will depend on many factors, including scientific progress in the research and development programs, the magnitude of those programs, the commitments to existing and new clinical CROs, the ability to establish new alliance or collaboration agreements, the capital expenditures, the new commercial activities, market developments and any future acquisition.

Neither Galapagos NV nor any of its subsidiaries are subject to any externally imposed capital requirements, other than those imposed by generally applicable company law requirements.

35. Auditor's remuneration

The statutory auditor's fees for carrying out its mandate at group level amounted to €1,127.1 thousand in 2022 (2021: €860.3 thousand). Audit-related fees, which generally the auditor provides, amounted to €26.9 thousand in 2022 (2021: €101.1 thousand). Other fees related to non-audit services executed by the statutory auditor amounted to €nil in 2022 (2021: €nil). Other fees related to non-audit services executed by persons related to the statutory auditor amounted to €429.5 thousand in 2022 and related to IT and quality management (2021: €587.7 thousand). The Audit Committee and the Board of Directors are of the opinion that these non-audit services do not affect the independence of the statutory auditor in the performance of his audit. The abovementioned additional fees were fully approved by the Audit Committee in accordance with article 3:64 of the Belgian Companies Code.

36. Events after balance sheet date

On February 8, 2023, we announced topline results from Phase 3 DIVERSITY trial of filgotinib in CD, and our decision not to submit a Marketing Authorization Application in Europe based on these topline results. By consequence, we expect a decrease to the total estimated remaining costs for us to complete the filgotinib development, resulting in a positive catch up of revenues in 2023. At the time of the issuance of this annual report, our re-assessment of the estimated remaining costs is still ongoing. If our best estimate of the remaining cost to complete the filgotinib performance obligation would be decreased by 15% to 25%, this would result in an increase in revenue recognition in 2023 of €50 million to €86 million, and a corresponding decrease in current and non-current deferred income.

On March 20, 2023, 61,560 subscription rights were exercised (with an average exercise price of €28.75 per subscription right). This resulted in a share capital increase (including issuance premium) at Galapagos NV of €1,769,850.00 and the issuance of 61,560 new ordinary shares. The closing price of our share on Euronext Brussels and Amsterdam on March 20, 2023, was €35.47.

EXHIBIT INDEX

Exhibit	Description	Incorporated by Reference			
		Schedule/ Form	File Number	Exhibit	File Date (mm/dd/yyyy)
1.1#	Articles of Association (English translation), as amended				
2.1	Form of Deposit Agreement	Form F-1/A	333-203435	4.1	04/30/2015
2.2	Form of American Depositary Receipt	424(b)3	333-203584	A	10/15/2018
2.3#	Description of Securities				
4.1	Lease dated June 30, 1999 between the registrant and Innotech N.V., as amended (English translation)	Form F-1	333-203435	10.1	04/15/2015
4.2†	Warrant Plans (English translation)	Form F-1/A	333-203435	10.3	05/11/2015
4.6##	Sale & Purchase Agreement dated March 13, 2014 between the registrant and Charles River Laboratories Holding Limited, as amended	Form F-1	333-203435	10.7	04/15/2015
4.7†	Warrant Plan 2015 (B) (English translation)	Form S-8	333-208697	99.1	12/22/2015
4.8**	License and Collaboration Agreement dated December 16, 2015 by and between the registrant and Gilead Biopharmaceutics Ireland Unlimited Company	Form 6-K	001-37384	10.1	01/19/2016
4.10†	Warrant Plan 2016 (English translation)	Form S-8	333-211834	99.1	06/03/2016
4.11†	Warrant Plan 2016 (B) (English translation)	Form S-8	333-215783	99.1	01/27/2017
4.12†	Warrants Plans 2015 RMV and 2016 RMV (English translation)	Form 20-F	001-37384	4.12	03/23/2017
4.13	Lease Addendum dated April 28, 2016 between the registrant and Intervest Offices & Warehouses NV (English translation)	Form 20-F	001-37384	4.13	03/23/2017
4.14†	Warrant Plan 2017 (English translation)	Form S-8	333-218160	99.1	05/22/2017
4.15†	Warrant Plan 2017 RMV (English translation)	Form 20-F	001-37384	4.15	03/23/2018
4.16	Lease Addendum dated December 12, 2016 between the registrant and Intervest Offices & Warehouses NV (English translation)	Form 20-F	001-37384	4.16	03/23/2018
4.17	Lease Addendum dated July 3, 2017 between the registrant and Intervest Offices & Warehouses NV (English translation)	Form 20-F	001-37384	4.17	03/23/2018
4.18	Lease Addendum dated June 6, 2018 between the registrant and Intervest Offices & Warehouses NV (English translation)	Form 20-F	001-37384	4.18	03/29/2019
4.19	Lease Addendum dated June 20, 2018 between the registrant and Intervest Offices & Warehouses NV (English translation)	Form 20-F	001-37384	4.19	03/29/2019
4.20†	Warrant Plan 2018 (English translation)	Form S-8	333-225263	99.1	05/29/2018
4.21†	Warrant Plan 2018 RMV (English translation)	Form 20-F	001-37384	4.21	03/29/2019
4.22†	Warrant Plan 2019 (English translation)	Form S-8	333-231765	99.1	05/24/2019
4.23†	Warrant Plan 2019 RMV (English translation)	Form S-8	333-231765	99.2	05/24/2019

[Table of Contents](#)

Exhibit	Description	Incorporated by Reference			File Date (mm/dd/yyyy)
		Schedule/ Form	File Number	Exhibit	
4.24##	Option, License and Collaboration Agreement dated as of July 14, 2019 by and between the registrant and Gilead Sciences, Inc.	Form 6-K	001-37384	99.2	08/29/2019
4.25##	Amended and Restated License and Collaboration Agreement dated as of August 23, 2019 by and between the registrant and Gilead Biopharmaceutics Ireland UC	Form 6-K	001-37384	99.3	08/29/2019
4.26	Subscription Agreement relating to ordinary shares in the registrant dated as of July 14, 2019 by and between the registrant and Gilead Therapeutics A1 Unlimited Company	Form 6-K	001-37384	99.4	08/29/2019
4.27†	RSU Discretionary Plan 2019	Form 20-F	001-37384	4.27	03/27/2020
4.28†	RSU Retention Plan 2019	Form 20-F	001-37384	4.28	03/27/2020
4.29†	RSU Transaction Bonus Plan 2019	Form 20-F	001-37384	4.29	03/27/2020
4.30	Lease Addendum dated July 1, 2019 between the registrant and Intervest Offices & Warehouses NV (English translation)	Form 20-F	001-37384	4.30	03/27/2020
4.31	Lease Addendum dated October 17, 2019 between the registrant and Intervest Offices & Warehouses NV (English translation)	Form 20-F	001-37384	4.31	03/27/2020
4.32	Deed of purchase between the registrant and NMBS (English translation)	Form 20-F	001-37384	4.32	03/27/2020
4.33†	Subscription Right Plan 2020 (English translation)	Form S-8	333-249416	99.1	10/09/2020
4.34†	Subscription Right Plan 2020 RMV (English translation)	Form 20-F	001-37384	4.34	03/25/2021
4.35†	Plan 2020.I – RSU Long-Term Incentive Plan 2020	Form 20-F	001-37384	4.35	03/25/2021
4.36†	Plan 2020.II – RSU Retention Plan 2020	Form 20-F	001-37384	4.36	03/25/2021
4.37	Lease Addendum dated March 9, 2020 between the registrant and Intervest Offices & Warehouses NV (English translation)	Form 20-F	001-37384	4.37	03/25/2021
4.38	Lease Addendum dated July 28, 2020 between the registrant and Intervest Offices & Warehouses NV (English translation)	Form 20-F	001-37384	4.38	03/25/2021
4.39	Lease Addendum dated December 18, 2019 between the registrant and Intervest Offices & Warehouses NV (English translation)	Form 20-F	001-37384	4.39	03/25/2021
4.40†	Subscription Right Plan 2021 BE (English translation)	Form S-8	333-260500	99.2	10/26/2021
4.41†	Subscription Right Plan 2021 RMV (English translation)	Form S-8	333-260500	99.3	10/26/2021
4.42†	Subscription Right Plan 2021 ROW (English translation)	Form S-8	333-260500	99.1	10/26/2021
4.43†	Plan 2021.I – RSU Long-Term Incentive Plan 2021	Form 20-F	001-37384	4.43	03/24/2022

[Table of Contents](#)

Exhibit	Description	Incorporated by Reference			
		Schedule/ Form	File Number	Exhibit	File Date (mm/dd/yyyy)
4.44†	Plan 2021.II – RSU Retention Plan 2021	Form 20-F	001-37384	4.44	03/24/2022
4.45†	Plan 2021.III – RSU GSI Replacement Plan 2021	Form 20-F	001-37384	4.45	03/24/2022
4.46†	Plan 2021.IV – RSU Retention Plan 2021	Form 20-F	001-37384	4.46	03/24/2022
4.47#†	Subscription Right Plan 2022 (A) (English translation)				
4.48#†	Subscription Right Plan 2022 (B) (English translation)				
4.49†	Subscription Right Plan 2022 BE (English translation)	Form S-8	333-268756	99.2	12/12/2022
4.50†	Subscription Right Plan 2022 RMV (English translation)	Form S-8	333-268756	99.3	12/12/2022
4.51†	Subscription Right Plan 2022 ROW (English translation)	Form S-8	333-268756	99.1	12/12/2022
4.52#†	Plan 2022.I – RSU Long-Term Incentive Plan 2022 (English translation)				
4.53#†	Plan 2022.II – RSU Retention Plan 2022 (English translation)				
4.54#†	Plan 2022.III – RSU GSI Replacement Plan 2022 (English translation)				
4.55#	Lease Addendum dated May 5, 2022 between the registrant and Intervest Offices & Warehouses NV (English translation)				
4.56#	Lease Addendum dated October 28, 2022 between the registrant and Intervest Offices & Warehouses NV (English translation)				
8.1#	List of subsidiaries of the registrant				
12.1#	Certification by the Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
12.2#	Certification by the Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
13.1*	Certification by the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
13.2*	Certification by the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
15.1#	Consent of Deloitte Bedrijfsrevisoren				

[Table of Contents](#)

<u>Exhibit</u>	<u>Description</u>	<u>Incorporated by Reference</u>			
		<u>Schedule/ Form</u>	<u>File Number</u>	<u>Exhibit</u>	<u>File Date (mm/dd/yyyy)</u>
101.INS#	Inline XBRL Instance Document				
101.SCH#	Inline XBRL Taxonomy Extension Schema Document				
101. CAL#	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101. DEF#	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB#	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE#	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

Filed herewith.

* Furnished herewith.

† Indicates a management contract or any compensatory plan, contract or arrangement.

Certain exhibits and schedules to these agreements were omitted from the registration statement pursuant to Item 601(b)(2) of Regulation S-K. The registrant will furnish copies of any of the exhibits and schedules to the U.S. Securities and Exchange Commission upon request.

** Confidential treatment status has been granted as to certain portions thereto, which portions are omitted and filed separately with the U.S. Securities and Exchange Commission.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

GALAPAGOS NV

/s/ Stoffels IMC BV, permanently represented by Dr. Paul
Stoffels

By: Stoffels IMC BV, permanently represented by Dr. Paul
Stoffels

Title: Chief Executive Officer (Principal Executive Officer)

Date: March 23, 2023

Free translation from Dutch
For information purposes only



GALAPAGOS
Limited Liability Company

With office at Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium
Judicial district of Mechelen (Belgium)
Registered with the Register of Legal Entities under number 0466.460.429
www.glp.com

**Coordination of the Articles of Association
per 20 March 2023**

Incorporated pursuant to a deed enacted by notary public Alois Van den Bossche, in Vorselaar, on 30 June 1999, published in the annexes to the Belgian State Gazette under number 990717-412.
[This paragraph is an abbreviation from the Dutch version] The articles of association were modified at several occasions, and most recently pursuant to a deed enacted by notary public Matthieu Derynck, in Brussels, on 20 March 2023 filed for publication in the annexes to the Belgian State Gazette.

This document is a free English translation of a document prepared in Dutch. It is only made for purposes of convenience. In case of any inconsistency between the Dutch and English version of the articles of association, the Dutch version of the articles of associations will at all times prevail. In preparing this translation,



an attempt has been made to translate as literally as possible without jeopardizing the overall continuity of the text. Inevitably, however, differences may occur in translation and if they do, the Dutch text will govern by law. In this translation, Belgian legal concepts are expressed in English terms and not in their original Dutch terms. The concepts concerned may not be identical to concepts described by the terms as such terms may be understood under the laws of other jurisdictions. The history of modification of the articles of association, as set forth on this first page, is an abbreviation from the Dutch text and indicates only the latest modification.

Title I – Name – Office – Object – Duration

1 Form and Name

The company has the form of a limited liability company (“*naamloze vennootschap*”/“*société anonyme*”) and has the capacity of a listed company within the meaning of the Code of Companies and Associations.

The company bears the name “GALAPAGOS”. This name should always be preceded or followed by the words “*naamloze vennootschap*” or the abbreviation “*NV*”, or in French “*société anonyme*” or the abbreviation “*SA*”, in all deeds, invoices, announcements, publications, letters, orders and other documents issued by the company.

2 Office

The company’s office shall be located in the Flemish Region. The board of directors can relocate the office to any other place in the Flemish Region and the Brussels Region without a modification of the articles of association or a decision of the shareholders’ meeting of the company being required. It caters for the publication of each change of the office of the company in the Annexes to the Belgian State Gazette.

The board of directors is also empowered to incorporate branch offices, corporate seats and subsidiaries in Belgium and abroad.

3 Object

The company’s object consists of:

- (a) the research and development of health products for human beings and animals, pharmaceutical products and other products relating thereto;
- (b) for its own account or for the account of third parties, the performance of research in the field of or in connection with pharmaceutical, medical, biological and industrial technology, genetics and human and animal life in general;
- (c) the exploitation of biological, chemical or other products, processes and technologies in the life sciences sector in general, and more specifically in the pharmaceutical, medical, diagnostic, and chemical sector, including activities relating to the production, marketing and commercial exploitation of such products, processes and technologies;
- (d) the acquisition, sale and licensing of patents, trademarks, industrial and intellectual property, whether or not secret, and licenses;
- (e) holding direct or indirect shareholdings in other companies having an object directly or indirectly related to research, development, industrial or commercial activities, focused mainly but not necessarily exclusively on the pharmaceutical industry.

For such object the company may, in Belgium and abroad, acquire or lease any license, movable or immovable property necessary or useful for its commercial or industrial object, operate, sell or lease same, build factories, establish subsidiaries and branches, and establish premises. It may engage in all operations with banks, post cheque, invest capital, contract or grant loans and credit facilities, whether or not mortgaged. The company may, by means of contribution, participation, loans, credit facility, subscription of shares, acquisition of shares and other commitments, participate in other companies, associations or enterprises, both existing as to be incorporated, and whether or not having an object similar to the object of the company. The company may merge with other companies or associations.

The company may incorporate subsidiaries both under Belgian as under foreign law.

The company may acquire or establish any property that is necessary or useful for its operations or its corporate object.

4 Duration

The company is incorporated for an unlimited duration.

Except for dissolution by court, the company can only be dissolved by the extraordinary shareholders' meeting in accordance with the provisions of the Code of Companies and Associations concerning the winding-up of companies.

Title II – Capital

5 Subscribed Capital

The subscribed capital amounts to EUR 356,444,938.61. It is represented by 65,897,071 shares without nominal value.

Each share represents an equal part of the capital of the company.

6 Amendment of the Subscribed Capital

The shareholders' meeting, deliberating in accordance with the provisions applicable to a modification of the articles of association, may increase or reduce the capital. The issuance price and the conditions of the issue of new shares are determined by the shareholders' meeting upon a proposal by the board of directors.

The shares that are subscribed in cash, are to be offered first to the shareholders, in proportion to the part of the capital that is represented by their shares during a period of fifteen days as of the day the subscription is opened.

The shareholders' meeting determines the subscription price and the manner in which the preferential subscription right may be exercised.

The shareholders' meeting or, as the case may be, the board of directors in the framework of the authorized capital, may decide to increase the capital for the benefit of the employees, subject to the provisions of the Code of Companies and Associations.

Subject to the relevant provisions set forth by law, the preferential subscription right may, in the interest of the company, be restricted or cancelled by the shareholders' meeting in accordance with the provisions of the Code of Companies and Associations.

In the event of a reduction of the capital, the shareholders who find themselves in equal circumstances are to be treated equally, and the applicable provisions set forth by law are to be respected.

7 Call for Paying Up

The board of directors decides at its discretion on the calling for paying up on shares. The commitment to pay up on a share is unconditional and indivisible.

In the event that shares that are not fully paid up belong in joint ownership to several persons, each of them is liable for the paying up of the full amount of the payments that are due and called for.

In case a shareholder has not made the paying up on his shares that is called for within the period of time set by the board of directors, the exercise of the voting rights attached to such shares are suspended by operation of law as long as such paying up is not made. Furthermore, the shareholder shall, by operation of law, bear an interest equal to the legal interest increased by two percent as of the due date on the amount of funds called for and not paid up.

In the event the shareholder does not act upon a notice sent by the board of directors by registered letter upon expiry of the period of time set by the board of directors, the latter may have the relevant shares sold in the most appropriate manner, without prejudice to the right of the company to claim from the shareholder the funds not paid up as well as compensation for damages.

The proceeds of such sale, up to an amount equal to the sum of the called up funds, the interests and the incurred costs, will belong to the company. The exceeding proceeds, if any, will be delivered to the defaulting shareholder, provided that he is not a debtor of the company for any other reason. If the proceeds of the sale are not sufficient to cover the obligations of the defaulting shareholder, the latter will owe the company for the difference.

The shareholder may not pay up his shares without the prior approval of the board of directors.

8 Notification of Important Interests

For the application of the articles 6 through 17 of the Law of 2 May 2007 relating to the disclosure of important interests, the applicable quota are established at five percent and multiples of five percent.

9 Nature of the Shares

The shares are registered shares until they are fully paid up. The fully paid up shares are registered shares or dematerialized shares, according to the preference of the shareholder. The company may issue dematerialized shares, either by a capital increase or by the conversion of existing registered shares into dematerialized shares. Each shareholder may at all times ask the conversion of his shares, by written request and at his own cost, into registered shares or into dematerialized shares.

10 Exercise of Rights Attached to the Shares

Vis-à-vis the company, the shares are indivisible. If a share belongs to different persons or if the rights attached to a share are divided over different persons, or if different persons hold the rights in rem to the shares, the board of directors may suspend the exercise of the rights attached thereto until one single person has been designated as shareholder vis-à-vis the company and notification thereof has been given to the company. All convocations, notifications and other announcements by the company to the different persons entitled to one share are made validly and exclusively to the designated common representative.

11 Acquisition and Disposal of Own Shares by the Company

The company may resolve to acquire the company's own shares or to dispose thereof in accordance with the provisions of the Code of Companies and Associations.

12 Bonds and Subscription Rights

The board of directors is entitled to issue bonds at the conditions it deems appropriate, whether or not such bonds are guaranteed by a mortgage or otherwise.

The shareholders' meeting or, as the case may be, the board of directors in the framework of the authorized capital, may resolve to issue convertible bonds or subscription rights in accordance with the provisions of the Code of Companies and Associations.

Title III – Administration and supervision

13 One-tier board structure

The company is managed by a board of directors of minimum five and maximum nine members, who need not be a shareholder. At least three of the appointed members of the board of directors shall meet the criteria stated in the applicable law with respect to independent directors. At least a majority of the members of the board of directors should be non-executive.

The board of directors forms a college in accordance with the applicable rules on deliberating meetings.

The members of the board of directors are appointed by the shareholders' meeting. The duration of their mandate may not exceed four years. Members of the board of directors whose mandate has come to an end may be reappointed.

If a membership of the board of directors is entrusted to a legal entity, such legal entity shall appoint a physical person as its permanent representative in accordance with the applicable legal provisions, subject to acceptance of this person by the other members of the board of directors.

14 Board of directors

14.1 Powers of the board of directors

The board of directors has the power to carry out all acts necessary or useful for the realisation of the company's object with the exception of those reserved to the shareholders' meeting by applicable law.

Within the limits of its authority, the board of directors may confer special powers on agents of its choice.

14.2 Casual Vacancy

In the event of a casual vacancy in the board of directors, the remaining members of the board of directors have the right to temporarily fill such vacancy until the shareholders' meeting appoints a new member of the board of directors. To this end, the appointment shall be put on the agenda of the first following shareholders' meeting. Each member of the board of directors appointed this way by the shareholders' meeting shall complete the mandate of the member of the board of directors he replaces, unless the shareholders' meeting decides otherwise.

14.3 Chair

The board of directors elects a chair from among its members and may also elect one or more vice-chair.

14.4 Meetings of the board of directors

The board of directors is convened by its chair, or, in case of impediment of the latter, by a vice-chair, or by two members of the board of directors, each time the interests of the company so require.

The notices of the meetings of the board of directors are, except in the event of emergency (which is to be motivated in the minutes), provided by telecopy, by electronic mail or by phone at least four calendar days prior to the meeting. The meeting is held at the place mentioned in the convening notice.

If the chair is unable to attend, the board of directors is chaired by the vice-chair, or, in the absence of the latter, by the oldest member present.

The validity of the convening notice cannot be challenged if all members of the board of directors are present or validly represented.

14.5 Deliberation

The board of directors may validly deliberate only if at least half of its members are present or represented. If this quorum is not satisfied, a new meeting may be convened with the same agenda, which will be able to validly deliberate and resolve provided that at least two members are present or represented. Members of the board of directors who, in accordance with applicable law, may not participate in the deliberation and the vote are not included to determine whether the quorum has been reached.

Board members can be present at the meeting of the board of directors by electronic communication means, such as, among others, phone- or videoconference, provided that all participants to the meeting can communicate directly with all other participants. In such case, the meeting is deemed to take place at the office of the company, unless agreed upon differently by the board of directors. The same applies to meetings of the board of directors to be held in the presence of a notary public, it being understood, however, that in such case at least one member of the board of directors or the meeting's secretary shall physically attend the meeting in the presence of the notary public and that the meeting is deemed to take place at the notary public's office, unless agreed upon differently by the board of directors. The minutes of the meeting shall mention the manner in which the members of the board of directors were present.

With respect to items that were not mentioned in the agenda, the board of directors can deliberate validly only with the consent of the entire board of directors and insofar all members are present *in persona*. Such consent is deemed to be given if no objection is made according to the minutes.

Each member of the board of directors can give a power of attorney to another member to represent him at a meeting of the board of directors and to vote in his place, by normal letter, by e-mail or by any other means of communication replicating a printed document. Without prejudice to the rules of collegiality, a board member may represent more than one of his/her colleagues.

The resolutions of the board of directors are taken by simple majority of the votes cast. Blank and invalid votes are not included in the votes cast, neither in the numerator nor in the denominator. In case of a tie, the chair has the casting vote.

Board of directors' resolutions may be approved by unanimous written consent of all members, unless otherwise provided in these articles of association and save for decisions requiring a notarial deed.

The members of the board of directors need to respect the provisions and formalities on conflicts of interest as well as on related party transactions set forth in applicable law.

14.6 Minutes

The deliberations of the board of directors are enacted in minutes that are signed by the chair and by the members of the board of directors who wish to do so. The powers of attorney are attached to the minutes. If a member expressly refuses to sign the minutes, this shall be reflected in the minutes with the motivation of such refusal.

The copies or extracts, to be submitted in legal proceedings or otherwise, shall be signed by the chair of the board of directors or by two members of the board of directors.

14.7 Remuneration of the members of the board of directors

The shareholders' meeting may grant remuneration to the members of the board of directors. The board of directors is empowered to distribute amongst its members the global remuneration granted by the shareholders' meeting.

15 Delegation of day-to-day management

The board of directors is authorized to delegate the day-to-day management of the company as described in the Code of Companies and Associations and the representation powers pertaining to such management to one or more persons. The board of directors appoints and revokes the person(s) entrusted with such management and determines the remuneration linked to this mandate.

If several persons are appointed, they form a collegial body and the board of directors determines the operating procedures of the persons entrusted with the day-to-day management of the company.

Limitations of the representation powers of the persons entrusted with the day-to-day management, other than those relating to the joint signatory authority, are not enforceable vis-à-vis third parties, even if they are published.

Within the limits of the powers delegated to them, the persons entrusted with the day-to-day management may grant specific and determined powers to one or more persons of their choice.

If the powers of day-to-day management are entrusted to a legal entity, such legal entity shall appoint a physical person as its permanent representative in accordance with the applicable legal provisions, subject to acceptance of this person by the board of directors.

The board of directors may also set up an executive committee, of which it determines the composition, the mission and powers.

16 Representation

16.1 General authority

Without prejudice to the general representation authority of the board of directors acting as a collegial body, the company is validly represented in dealings with third parties and in legal proceedings by two directors acting jointly, provided that these directors cannot be directors who factually represent shareholders holding more than 20 percent of the company's capital.

16.2 Delegated authorities

Within the limits of the day-to-day management, the company is furthermore validly represented in dealings with third parties and in legal proceedings by the person(s) entrusted with the day-to-day management of the company acting jointly or individually in accordance with the delegation by the board of directors.

Moreover, the company is validly bound by special attorneys-in-fact within the limits of the powers granted to them.

17 Committees within the board of directors

The board of directors establishes an audit committee, a remuneration committee and a nomination committee, whereby the remuneration committee and the nomination committee may be combined.

The board of directors may create amongst its members, and under its responsibility, one or more other advisory committees, of which it determines the composition and the missions.

18 Control

To the extent required by law, the control of the financial situation, of the annual accounts and of the regularity from point of view of the Code of Companies and Associations and the articles of association of the activities to be reflected in the annual accounts, are assigned to one or more statutory auditors (“*commissarissen*”) who are appointed by the shareholders’ meeting amongst the Company Auditors entered in the public register of the statutory auditors or among the registered audit firms and who carry the title of statutory auditor (“*commissaris*”).

The shareholders’ meeting determines the number of statutory auditors and fixes their remuneration.

The statutory auditors are appointed by the shareholders’ meeting, in accordance with the applicable legal provisions, for a renewable period of three years. On penalty of indemnity, they may be dismissed during their mandate by the shareholders’ meeting for legal reasons only, subject to compliance with the procedure described in the Code of Companies and Associations.

The expiring mandate of a statutory auditor ceases immediately after the annual shareholders’ meeting.

In the absence of a statutory auditor whilst such appointment is required by law or when all statutory auditors are in the impossibility to perform their mandates, the board of directors immediately convenes the shareholders’ meeting to arrange for their appointment or replacement.

The statutory auditors are granted a fixed remuneration by the shareholders’ meeting; this amount is established at the beginning of their mandate. This amount may be changed only by consent of the parties.

19 Task of the Statutory Auditor

The statutory auditors have, jointly or severally, an unlimited right of supervision over all activities of the company. They may review all books, correspondence, minutes and in general all documents of the company at the premises of the company.

Each semester, the board of directors provides them with a status report summarizing the assets and liabilities of the company.

The statutory auditors may arrange to be assisted in the performance of their task, at their costs, by employees or other persons for whom they are responsible.

Title IV – Shareholders’ meetings

20 Composition and Authorities

The regularly composed shareholders’ meeting represents the entirety of the shareholders. The resolutions of the shareholders’ meeting are binding upon all shareholders, even those absent or those who voted against.

21 Meeting

The annual shareholders' meeting is held on the last Tuesday of the month of April at 2:00 p.m. (Belgium time). If such day is a public holiday in Belgium or in The Netherlands, the shareholders' meeting will be held on the following day that is a business day in both Belgium and The Netherlands, at 2:00 p.m. (Belgian time).

The annual shareholders' meeting deals with the annual accounts and, after approval thereof, resolves by separate votes on the release from liability of the members of the board of directors and the statutory auditor.

An extraordinary shareholders' meeting may be convened each time the interest of the company so requires and is to be convened each time shareholders representing together at least one tenth of the capital so request in accordance with the applicable law.

The shareholders' meetings take place at the office of the company or at any other place that is mentioned in the convening notice.

22 Notice

The shareholders' meeting assembles pursuant to a convening notice issued by the board of directors or by the statutory auditor(s).

The invitations to a shareholders' meeting are made in accordance with applicable law.

The convening notice for a shareholders' meeting contains at least the information as required by applicable law.

On the day of publication of the convening notice and uninterruptedly until the day of the shareholders' meeting, the company makes available to its shareholders the information as required by applicable law. This information remains accessible on the company's website for a period of five years as from the date of the shareholders' meeting to which it relates.

The foregoing does not prejudice the possibility of one or more shareholders possessing together at least three percent of the capital to have items to be dealt with put on the agenda of the shareholders' meeting and table proposals of resolutions with respect to items on the agenda or items to be put on the agenda, subject to compliance with applicable law. This does not apply in case a shareholders' meeting is called with a new notice because the quorum required for the first convening was not satisfied, and provided that the first notice complied with the provisions of the law, the date of the second meeting is mentioned in the first notice and no new item is put on the agenda. The company must receive such requests ultimately on the 22nd day before the date of the shareholders' meeting. The items to be dealt with and the proposed resolutions pertaining thereto to be added to the agenda, as the case may be, will be published in accordance with the provisions of the Code of Companies and Associations. If a proxy form has already been submitted to the company before the publication of the completed agenda, the proxy holder will need to comply with the relevant provisions of the Code of Companies and Associations. The items to be dealt with and the proposed resolutions pertaining thereto that have been added to the agenda pursuant to the foregoing, shall only be discussed if all relevant provisions of the Code of Companies and Associations have been complied with.

23 Admission

The right to participate in a shareholders' meeting and to vote is only granted based on an accounting registration of the shares on the name of the shareholder, on the 14th day before the shareholders' meeting, at midnight (Belgian time), either by their registration in the register of registered shares of the company, or by their registration on the accounts of a recognized account holder or of a clearing institution, irrespective of the number of shares the shareholder possesses at the day of the shareholders' meeting.

The day and time referred to in the first paragraph form the record date.

The shareholder notifies the company, or the person appointed by the company for this purpose, ultimately on the sixth day before the date of the meeting, that he wants to participate in the shareholders' meeting.

The financial intermediary or the recognized account holder or the clearing institution provides the shareholder with a certificate evidencing the number of dematerialized shares registered in the shareholder's name on his accounts on the record date, for which the shareholder has indicated his desire to participate in the shareholders' meeting.

In a register designated by the board of directors, the name and address or office of each shareholder who has notified the company of its intention to participate in the shareholders' meeting are noted, as well as the number of shares he possessed on the record date and for which he has indicated to be participating in the shareholders' meeting, and the description of the documents demonstrating that he was in possession of the shares on said record date.

An attendance list, mentioning the names of the shareholders and the number of shares they represent, must be signed by each of them or by their proxy holders before entering the meeting.

The holders of profit sharing certificates (“*winstbewijzen/parts bénéficiaires*”), non-voting shares, convertible bonds, subscription rights or other securities issued by the company, as well as the holders of certificates issued with collaboration of the company and representing securities issued by the company (if any such exist), may attend the shareholders' meeting with advisory vote insofar permitted by law. They may only participate in the vote in the cases determined by law. They are in any event subject to the same formalities as those imposed on the shareholders, with respect to notice of attendance and admission, and the form and submission of proxies.

24 Representation – Remote Voting – Remote Attendance

Each shareholder with voting rights may participate in the meeting in person or may have himself represented by a proxy holder in accordance with the provisions of the Code of Companies and Associations.

A person acting as proxy holder may carry a proxy of more than one shareholder; in such case he may vote differently for one shareholder than for another shareholder.

The appointment of a proxy holder by a shareholder must be in writing or by means of an electronic form and must be signed by the shareholder, as the case may be with an electronic signature within the meaning of the applicable law provisions.

The notification of the proxy to the company must be in writing, as the case may be by electronic means, to the address mentioned in the convening notice. The company must receive the proxy ultimately on the sixth day before the date of the meeting.

The board of directors may determine the text of the proxies provided that the liberty of the shareholder to vote must be respected and that the modalities do not diminish the shareholder's rights.

The board of directors has the possibility to provide in the convening notice that the shareholders can vote remotely, prior to the shareholders' meeting, by letter or electronically, by means of a form made available by the company.

In case of remote voting by letter, any forms that have not been received by the company ultimately on the sixth day before the date of the meeting shall not be taken into account.

In case of remote voting by electronic means, assuming the convening notice allows this, the modalities permitting the shareholder to vote by such means will be established by the board of directors, who will ensure that the applied communication means are able to implement the mandatory legal statements, to supervise compliance with the required timing of receipt and to control the capacity and identity of the shareholder. Electronic voting is possible until the day prior to the shareholders' meeting.

The shareholder who uses distant voting, either by letter, or, as the case may be, by electronic way, must comply with the requirements for admission as set forth in article 23 of the articles of association.

The board of directors can offer the shareholders the possibility to participate in the shareholders' meeting remotely, by means of a communication mechanism made available by the company. With respect to the compliance with the conditions relating to attendance and majority, the shareholders who participate in the shareholders' meeting by such means, as the case may be, are deemed to be present at the location where the shareholders' meeting is held. If the board of directors offers the possibility to participate remotely in the shareholders' meeting by such means, the board determines the conditions applicable hereto in accordance with the relevant provisions of the Code of Companies and Associations. The board of directors may extend this possibility (if it is offered) to the holders of profit sharing certificates, non-voting rights, convertible bonds, subscription rights or certificates issued with collaboration of the company, taking into account the rights attached thereto and in accordance with the relevant provisions of the Code of Companies and Associations.

25 Bureau

Every shareholders' meeting is chaired by the chair of the board of directors or, absent any chair or if the chair cannot attend, by another member of the board of directors thereto appointed by his colleagues.

The chair of the meeting appoints the secretary, who does not necessarily need to be shareholder or member of the board of directors.

If the number of shareholders so allows the shareholders' meeting elects two vote counters. The other members of the board of directors who are present complete the bureau.

26 Adjournment

The board of directors has the right, prior to any ordinary, special or extraordinary shareholders' meeting, to postpone or cancel the meeting. This is in addition to the legal right of the board of directors to postpone any ordinary, special or extraordinary shareholders' meeting for up to five weeks due to an announcement regarding a significant participation, and during the ordinary shareholders' meeting to postpone for five weeks, the decision regarding the approval of the financial statements.

This adjournment of the decision regarding the approval of the financial statements puts an end to the deliberation and renders invalid the resolutions passed with regard to the financial statements, including the resolutions on the discharge of the members of the board of directors and the auditors. However, it does neither affect the deliberation nor the decisions in respect of resolutions having nothing to do with the financial statements.

All shareholders shall be called to attend the next meeting and admitted, provided that they have completed the formalities laid down in the articles of association, and this regardless of whether or not they attend the first meeting either in person or by proxy.

At the second meeting, the agenda of the initial meeting shall be dealt with in its entirety.

27 Number of Votes

Each share carries one vote.

28 Deliberation

The shareholders' meeting cannot deliberate on items that are not mentioned in the agenda, unless all shareholders are present or represented at the meeting and they unanimously decide to deliberate on these items.

The members of the board of directors answer the questions they are asked by the shareholders, during the meeting or in writing, relating to their report or to the agenda items, insofar the communication of information or facts is not of such nature that it would be detrimental to the business interests of the company or to the confidentiality to which the company or the members of the board of directors are bound. The statutory auditors answer the questions they are asked by the shareholders, during the meeting or in writing, relating to their report, insofar the communication of information or facts is not of such nature that it would be detrimental to the business interests of the company or to the confidentiality to which the company, the members of the board of directors or the statutory auditors are bound. In case several questions relate to the same subject matter, the members of the board of directors and the statutory auditors may respond in one answer. As soon as the convening notice is published, the shareholders may ask their questions in writing, which will be answered during the meeting by the members of the board of directors or the statutory auditors, as the case may be, insofar such shareholders have complied with the formalities to be admitted to the meeting. The questions may also be directed to the company by electronic way via the address that is mentioned in the convening notice for the shareholders' meeting. The company needs to receive these written questions ultimately on the sixth day before the meeting.

Except when otherwise provided for by legal provisions or by the articles of association, the resolutions are taken by simple majority of the votes cast, irrespective of the number of shares represented at the meeting.

If for a resolution pertaining to an appointment no candidate obtains the absolute majority of the votes cast, a new vote will be organized between the two candidates who obtained the most votes. If such new vote results in a tie, the elder candidate is elected.

The votes cast during the meeting are taken by raising hands or by calling off names, unless the shareholders' meeting decides otherwise by simple majority of the votes cast.

A change of the articles of association can only be validly deliberated and resolved by an extraordinary shareholders' meeting in the presence of a notary and in compliance with applicable law.

29 Minutes

The minutes of the shareholders' meeting are signed by the members of the bureau and by the shareholders who ask to do so. The attendance list, and as the case may be, reports, proxies and/or written votes shall remain attached to the minutes.

Except when otherwise provided for by law, extracts to be submitted in legal proceedings or otherwise, are to be signed by one or more members of the board of directors.

The minutes shall mention, for every resolution, the number of shares for which valid votes are cast, the percentage of the capital that these shares represent, the total number of votes validly cast, and the number of votes cast in favor or against each resolution, as well as the number of abstentions, if any. In the minutes of the shareholders' meetings with possibility of remote attendance (if this possibility is offered) the technical problems and incidents (if any) that have hindered or disturbed the participation by electronic means, shall be mentioned. This information will be published by the company on its website, within 15 days as from the shareholders' meeting.

Title V – Annual Accounts – Distribution of Profits

30 Annual Accounts

The financial year commences on the first of January and ends on the thirty first of December of each calendar year.

At the end of each financial year the board of directors draws up an inventory as well as the annual accounts. To the extent required by law, the members of the board of directors also draw up a report in which they account for their management.

This report contains a comment on the annual accounts in which a true overview is given of the operations and of the position of the company, as well as other information required by applicable law.

31 Approval of the Annual Accounts

The annual shareholders' meeting takes note of, as the case may be, the annual report and the report of the statutory auditor(s) and resolves on the approval of the annual accounts.

After approval of the annual accounts, the shareholders' meeting resolves, by separate vote, on the release from liability of the members of the board of directors and, as the case may be, of the statutory auditor(s). This release from liability is only valid if the annual accounts do not contain omissions or false statements which cover up the true situation of the company, and, with respect to acts in violation of the articles of association, only if these acts are specifically pointed out in the convening notice.

The board of directors ensures that the annual accounts and, as the case may be, the annual report and other documents required by applicable law are filed with the National Bank of Belgium within 30 days after the approval of the annual accounts.

32 Distribution

Each year an amount of five percent of the net profits mentioned in the annual accounts is allocated to constitute a legal reserve; such allocation ceases to be mandatory once the legal reserve amounts to one tenth of the capital.

Upon a motion of the board of directors, the shareholders' meeting resolves with simple majority of the votes cast on the destination of the balance of the net profits, subject to the provisions of the Code of Companies and Associations.

33 Dividend Payments

The payment of dividends occurs at the date and place determined by the board of directors.

Subject to the provisions of the Code of Companies and Associations, the board of directors may distribute interim dividends out of the current financial year's results or out of the profit of the previous financial year as long as the financial statements of that financial year have not yet been approved.

Title VI – Dissolution – Winding-Up

34 Early Dissolution

When, as a result of losses incurred, the net assets have decreased to a level of less than half of the capital, the members of the board of directors must submit a motion on the dissolution of the company and, as the case may be, other measures to the shareholders' meeting, who will deliberate in accordance with applicable law.

When the net assets, as a result of losses incurred, have decreased to a level of less than one fourth of the capital, a resolution to dissolve the company can be taken by one fourth of the votes cast at the shareholders' meeting, whereby abstentions are not included in the numerator nor in the denominator.

When the net assets have decreased to a level of less than the legal minimum amount, every party having an interest or the public prosecutor may petition the court to dissolve the company in accordance with applicable law. As the case may be the court may allow the company a period to regularize its situation.

35 Dissolution

A motion to dissolve the company voluntarily can be resolved only by an extraordinary shareholders' meeting and is subject to the applicable legal provisions.

After its winding-up, and until the closing of its liquidation, the company continues to exist by operation of law as a legal entity for the purposes of its liquidation.

36 Winding-Up

In case of winding-up of the company, for any reason or at any time whatsoever, the winding-up is performed by liquidators appointed by the shareholders' meeting, and absent such appointment, the winding-up is performed by the board of directors acting in capacity of winding-up committee.

Except if otherwise resolved, the liquidators act jointly. To this effect, the liquidators have the most extensive powers in accordance with applicable law, subject to restrictions imposed by the shareholders' meeting.

The shareholders' meeting determines the compensation of the liquidators and their powers.

37 Apportionment

Following settlement of all debts, charges and costs of the liquidation, the net assets are first used to pay back, in cash or in kind, the fully paid-up and not yet paid back amount of the shares.

The balance, as the case may be, is divided in equal parts among all shares. The profit sharing certificates are not entitled to a part of the liquidation balance.

If the net proceeds are not sufficient to pay back all shares, the liquidators will first pay back these shares that are paid-up to a higher extent until they are at a level equal to the shares that are paid-up to a lesser extent, or they call for an additional paying-up of capital for the latter shares.

Title VII – General Provisions

38 Election of Domicile

Each member of the board of directors, each member of the executive committee, each person entrusted with the day-to-day management of the company and each liquidator having its official residence abroad or in Belgium, is deemed to have elected domicile for the duration of his mandate at the office of the company, where writs of summons and notifications concerning company matters and the responsibility for its management can be validly made, with the exception of the notices to be made pursuant to these articles of association.

The holders of registered shares are obliged to notify the company of every change in domicile. Absent such notification, they are deemed to have elected domicile at their previous domicile.

39 Legal Provisions Incorporated in these Articles of Association

The provisions of these articles of association that literally set forth the contents of the provisions of the Code of Companies and Associations, are mentioned for information purposes only and do not acquire thereby the character of statutory provision (“*statutaire bepaling*”).

40 Applicable Law

For all matters that are not expressly regulated in these articles of association, or for the legal provisions from which would not be validly deviated in these articles of association, the provisions of the Code of Companies and Associations and the other provisions of Belgian law apply.

41 Indemnification

To the extent permitted by law, the company will be permitted to indemnify the members of the board of directors, the members of the executive management, the members of the personnel and the representatives of the Company and its subsidiaries for all damages they may be due, as the case may be, to third parties as a result of breach of their obligations towards the company, managerial mistakes and violations of the Code of Companies and Associations, with the exclusion of damages that are due as a result of gross or intentional misconduct.

Temporary provisions of the articles of association

Authorized capital

The board of directors has been granted the authority to increase the subscribed capital of the company, in accordance with applicable law, in one or several times, to the extent set forth hereafter. This authorization is valid for a period of five years from the date of publication of this authorization in the Annexes to the Belgian State Gazette.

Without prejudice to more restrictive rules set forth by law and without prejudice to the specific authorization for specific circumstances granted by the extraordinary shareholders’ meeting of 25 April 2017 as mentioned in the section “Use of authorized capital in specific circumstances” of the articles of association of the company, the board of directors can increase the subscribed capital of the company in one or several times with an amount of up to EUR 67,022,402.04, i.e. 20 percent of the subscribed capital at the time of the convening of the shareholders’ meeting granting this authorization. In accordance with applicable law, the board of directors cannot use the aforementioned authorization after the Financial Services and Markets Authority (FSMA) has notified the company of a public takeover bid for the company’s shares.

The capital increases within the framework of the authorized capital may be achieved by the issuance of shares (with or without voting rights, and as the case may be in the context of a subscription rights plan for the company’s or its subsidiaries’ personnel, members of the board of directors and/or independent consultants), convertible bonds and/or subscription rights exercisable by contributions in cash or in kind, with or without issuance premium, and also by the conversion of reserves, including issuance premiums. Aforementioned subscription rights plans can provide that, in exceptional circumstances (among others in the event of a change in control of the company or decrease), subscription rights can be exercised before the third

anniversary of their award, even if the beneficiary of such subscription right is a member of the board of directors or a person entrusted with the day-to-day management.

When increasing the subscribed capital within the limits of the authorized capital, the board of directors may, in the company's interest, restrict or cancel the shareholders' preferential subscription rights, even if such restriction or cancellation is made for the benefit of one or more specific persons other than the employees of the company or its subsidiaries.

The board of directors can ask for an issuance premium when issuing new shares in the framework of the authorized capital. If the board of directors decides to do so, such issuance premium is to be booked on a non-available reserve account that can only be reduced or transferred by a decision of the shareholders' meeting adopted in the manner required for amending the articles of association.

The board of directors is authorized to bring the company's articles of association in line with the capital increases which have been decided upon within the framework of the authorized capital, or to instruct a notary public to do so.

Use of authorized capital in specific circumstances

The board of directors has been granted the authority to increase the subscribed capital of the company, in accordance with applicable law, in one or several times, to the extent set forth hereafter. This authorization is valid for a period of five years from the date of publication of this authorization in the Annexes to the Belgian State Gazette.

Without prejudice to more restrictive rules set forth by law, but also without prejudice to any other less restrictive authorizations granted by the extraordinary shareholders' meeting of 25 April 2017, the board of directors can increase the subscribed capital at the time of the company in one or several times with an amount up to EUR 82,561,764.93, i.e. 33 percent of the subscribed capital at the time of the convening of the shareholders' meeting granting this authorization, upon a resolution of the board of directors that all independent members of the board of directors (within the meaning of the Code of Companies and Associations *juncto* the relevant principles of the Corporate Governance Code 2020) approved and relating to (i) the entire or partial financing of a transaction through the issue of new shares of the company, whereby "transaction" is defined as an acquisition (in shares and/or cash), a corporate partnership, or an in-licensing deal, (ii) the issue of subscription rights in connection with company's remuneration policy for its and its subsidiaries' employees, members of the board of directors and independent advisors, (iii) the financing of the company's research and development programs or (iv) the strengthening of the company's cash position. In accordance with applicable law, the board of directors cannot use the aforementioned authorization after the Financial Services and Markets Authority (FSMA) has notified the company of a public takeover bid for the company's shares. The maximum amount with which the subscribed capital can be increased in the framework of the authorized capital as mentioned in this temporary provision of the articles of association, is to be reduced by the amount of any capital increase realized in the framework of the authorized capital as mentioned in the preceding temporary provision of the articles of association (if any).

The capital increases within the framework of the authorized capital may be achieved by the issuance of shares (with or without voting rights, and as the case may be in the context of a subscription rights plan for the company's or its subsidiaries' personnel, members of the board of directors and/or independent consultants), convertible bonds and/or subscription rights exercisable by contributions in cash or in kind, with or without issuance premium, and also by the conversion of reserves, including issuance premiums. Aforementioned subscription rights plans can provide that, in exceptional circumstances (among others in the event of a change in control of the company or decease), subscription rights can be exercised before the third anniversary of their award, even if the beneficiary of such subscription rights is a member of the board of directors or a person entrusted with the day-to-day management.

When increasing the subscribed capital within the limits of the authorized capital, the board of directors may, in the company's interest, restrict or cancel the shareholders' preferential subscription rights, even if such restriction or cancellation is made for the benefit of one or more specific persons other than the employees of the company or its subsidiaries.

The board of directors can ask for an issuance premium when issuing new shares in the framework of the authorized capital. If the board of directors decides to do so, such issuance premium is to be booked on a non-available reserve account that can only be reduced or transferred by a decision of the shareholders' meeting adopted in the manner required for amending the articles of association.

The board of directors is authorized to bring the company's articles of association in line with the capital increases which have been decided upon within the framework of the authorized capital, or to instruct a notary public to do so.

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DESCRIPTION OF SECURITIES

The following description of the securities registered under Section 12 of the Securities Exchange Act of 1934 of Galapagos NV (“Galapagos,” “us,” “our,” “we” or the “Company”) is a summary of the rights of our ordinary shares and certain provisions of our Articles of Association in effect as of March 20, 2023. This summary does not purport to be complete and is qualified in its entirety by the provisions of our Articles of Association previously filed with the Securities and Exchange Commission and incorporated by reference as an exhibit to the Annual Report on Form 20-F of which this Exhibit 2.3 is a part, as well as to the applicable provisions of Belgian legislation on stock corporations. We encourage you to read our Articles of Association and applicable Belgian legislation on stock corporations carefully.

Articles of Association and other share information*Corporate profile*

Our legal and commercial name is Galapagos NV. We are a limited liability company incorporated in the form of a “*naamloze vennootschap / société anonyme*” under the laws of Belgium. We were incorporated in Belgium on June 30, 1999 for an unlimited duration. We are registered with the Register of Legal Entities (Antwerp, division Mechelen) under the enterprise number 0466.460.429. Our principal executive and registered offices are located at Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium and our telephone number is +32 15 342 900. Our agent for service of process in the United States is CT Corporation System, located at 28 Liberty Street, New York, New York 10005, United States of America.

Our fiscal year ends December 31.

Share capital*Share capital and shares*

Our share capital consists of ordinary shares without par value and is fully paid-up. Our shares are not separated into classes. As of December 31, 2022, our issued and paid-up share capital €356,111,899.01, represented by 65,835,511 ordinary shares without par value, each representing an identical fraction of our share capital. As of December 31, 2022, we had ten shareholders who held shares in registered form, representing less than 0.01% of our ordinary shares. The remainder of our ordinary shares are in dematerialized form. As of December 31, 2022, neither we nor any of our subsidiaries held any of our own shares.

As of March 15, 2023, we estimated that approximately 89% of our outstanding ordinary shares and ADS were held in the United States by an estimated 152 institutional holders of record, excluding Gilead Sciences, Inc.

Other outstanding securities

In addition to the shares already outstanding, we have granted subscription rights, which upon exercise will lead to an increase in the number of our outstanding shares. A total of 10,810,856 subscription rights (where each subscription right entitles the holder to subscribe for one new ordinary share) were outstanding and granted as of December 31, 2022, which represent approximately 14.10% of the total number of all our issued and outstanding voting financial instruments and subscription rights as of December 31, 2022.

Form and transferability of our shares

All of our shares belong to the same class of securities and are in registered form or in dematerialized form. All of our outstanding shares are fully paid-up and freely transferable, subject to any contractual restrictions.

Currency

Our share capital, which is represented by our outstanding ordinary shares, is denominated in euros.

Changes to our share capital

Changes to our share capital are decided by our shareholders, which may at any time resolve to increase or decrease our share capital. Any such resolution must satisfy the quorum and majority requirements that apply to an amendment of the Articles of Association, as described in “Description of Securities—Ordinary Shares—Right to Attend and Vote at Our Shareholders’ Meeting—Quorum and Majority Requirements.” No shareholder is liable to make any further contribution to our share capital other than with respect to shares held by such shareholder that would not be fully paid-up.

Share capital increases by our Board of Directors

Subject to the quorum and majority requirements described in “Description of Securities—Ordinary Shares—Right to Attend and Vote at Our Shareholders’ Meeting—Quorum and Majority Requirements,” our Shareholders’ Meeting may authorize our Board of Directors, within certain limits, to increase our share capital without any further approval being required from our Shareholders’ Meeting. Such pre-authorized capital increase is referred to as authorized capital. This authorization can only be granted for a renewable period of a maximum of five years and may not exceed the amount of the registered share capital at the time of the authorization.

This authorization consists of two parts:

- A general authorization for capital increases up to 20% of the share capital at the time of convening the Shareholders’ Meeting of October 22, 2019 (i.e. €67,022,402.04) was renewed and is valid for a period of five years from the date of publication of this renewal in the Annexes to the Belgian State Gazette, i.e. November 13, 2019. This general authorization will expire on November 12, 2024.
- A specific authorization for capital increases of more than 20% and up to 33% of the share capital at the time of the convening the Shareholders’ Meeting of April 25, 2017 (i.e. EUR 82,561,764.93), was renewed and is valid for a period of five years from the date of publication of this renewal in the Annexes to the Belgian State Gazette, i.e. May 31, 2017. This specific part of the authorized capital can, however, only be used upon a resolution of the Board of Directors that all independent Board members (within the meaning of article 7:87 of the Belgian Companies Code) approve and relating to (i) the entire or partial financing of a transaction through the issue of new shares of the Company, whereby “transaction” is defined as an acquisition (in shares and/or cash), a corporate partnership, or an in-licensing deal, (ii) the issue of warrants in connection with Company’s remuneration policy for its and its subsidiaries’ employees, directors and independent advisors, (iii) the financing of the Company’s research and development programs or (iv) the strengthening of the Company’s cash position. The specific authorization expired on May 30, 2022.

On December 31, 2022, an amount of €24,889,284.17 still remained available under the general part of the authorized capital. As of the date of this annual report, our Board of Directors may decide to issue up to 4,600,607 ordinary shares pursuant to the general authorization, without taking into account however subsequent issuances under our subscription right programs or otherwise.

Preferential subscription rights

In the event of a share capital increase for cash through the issuance of new shares, or in the event we issue convertible bonds or subscription rights, our existing shareholders have a preferential right to subscribe, pro rata, to the new shares, convertible bonds or subscription rights. These preferential subscription rights are transferable during the subscription period. Our Board of Directors may decide that preferential subscription rights that were not exercised by any shareholders shall accrue proportionally to the

other shareholders that have already exercised their preferential subscription rights and may fix the practical terms for such subscription.

Our Shareholders' Meeting may resolve to limit or cancel this preferential subscription right, subject to special reporting requirements. Such resolution must satisfy the same quorum and majority requirements as the decision to increase our share capital.

Shareholders may also decide to authorize our Board of Directors to limit or cancel the preferential subscription right within the framework of the authorized capital, subject to the terms and conditions set forth in the Belgian Companies Code. Our Board of Directors currently has the authority to increase the share capital within the framework of the authorized capital, and to limit or cancel the preferential subscription right within the framework of the authorized capital, for a period of five years from the date of publication of the relevant renewed authorization in the Annexes to the Belgian State Gazette, i.e. November 13, 2019 for the general authorization. See also "—Share Capital Increases by Our Board of Directors" above.

Under the DGCL, stockholders of a Delaware corporation have no preemptive rights to subscribe for additional issues of stock or to any security convertible into such stock unless, and to the extent that, such rights are expressly provided for in the corporation's certificate of incorporation.

Purchases and sales of our own shares

We may only repurchase our own shares pursuant to an authorization of our Shareholders' Meeting taken under the conditions of quorum and majority provided for in the Belgian Companies Code. Pursuant to the Belgian Companies Code, such a decision requires a quorum of shareholders holding an aggregate of at least 50% of the share capital and approval by a majority of at least 75% of the share capital present or represented. If there is no quorum, a second meeting must be convened. No quorum is required at the second meeting, but the relevant resolution must be approved by a majority of at least 75% of the share capital present or represented.

Within such authorization, we may only repurchase our own shares if the amount that we would use for repurchase is available for distribution. Currently we have no such an authorization and we neither have any funds available for distribution, nor we or our affiliates own any of our own shares.

Under the DGCL, a Delaware corporation may purchase or redeem its own shares, unless the capital of the corporation is impaired or the purchase or redemption would cause an impairment of the capital of the corporation.

Belgian legislation

Disclosure of significant shareholdings

The Belgian Law of May 2, 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market requires each person or legal entity acquiring or transferring our shares (directly or indirectly, by ownership of ADSs or otherwise, and including equivalent financial instruments) to notify us and the Belgian FSMA (Financial Services and Markets Authority / *Autoriteit voor Financiële diensten en Markten*) each time they cross (upwards or downwards) a threshold of 5% of the total number of outstanding voting rights or a multiple thereof.

Similarly, if as a result of events changing the breakdown of voting rights, the percentage of the voting rights reaches, exceeds or falls below any of the above thresholds, disclosure is required even when no acquisition or disposal of shares or ADSs has occurred (e.g., as a result of a capital increase or a capital decrease). Finally, disclosure is also required when persons acting in concert enter into, modify or terminate their agreement resulting in their voting rights reaching, exceeding or falling below any of the above thresholds.

The disclosure statements must be addressed to the Belgian FSMA and to us at the latest on the fourth trading day following the day on which the circumstance giving rise to the disclosure occurred. Unless otherwise provided by law, a shareholder shall only be allowed to vote at our shareholders' meeting the number of shares such shareholder validly disclosed at the latest twenty days before such meeting.

In accordance with U.S. federal securities laws, holders of our ordinary shares and holders of ADSs will be required to comply with disclosure requirements relating to their ownership of our securities. Any person that, after acquiring beneficial ownership of our ordinary shares or the ADSs, is the beneficial owner of more than 5% of our outstanding ordinary shares or ordinary shares underlying ADSs must file with the SEC a Schedule 13D or Schedule 13G, as applicable, disclosing the information required by such schedules, including the number of our ordinary shares or ordinary shares underlying ADSs that such person has acquired (whether alone or jointly with one or more other persons). In addition, if any material change occurs in the facts set forth in the report filed on Schedule 13D (including a more than 1% increase or decrease in the percentage of the total shares beneficially owned), the beneficial owner must promptly file an amendment disclosing such change.

Disclosure of net short positions

Pursuant to the Regulation (EU) No. 236/2012 of the European Parliament and the Council on short selling and certain aspects of credit default swaps, any person that acquires or disposes of a net short position relating to our issued share capital, whether by a transaction in shares or ADSs, or by a transaction creating or relating to any financial instrument where the effect or one of the effects of the transaction is to confer a financial advantage on the person entering into that transaction in the event of a decrease in the price of such shares or ADSs is required to notify the Dutch AFM (*Stichting Autoriteit Financiële Markten*) if, as a result of such acquisition or disposal his net short position reaches, exceeds or falls below 0.2% of our issued share capital and each 0.1% above that. If the net short position reaches 0.5%, and also at every 0.1% above that, the Dutch AFM will disclose the net short position to the public.

Public takeover bids

The European Takeover Directive 2004/25/EC of 21 April 2004 has been implemented in Belgium through the Law of April 1, 2007 on public takeovers, or the Takeover Law, the Royal Decree of April 27, 2007 on public takeovers and the Royal Decree of April 27, 2007 on squeeze-out bids.

Public takeover bids in Belgium for our shares or other securities giving access to voting rights are subject to supervision by the Belgian FSMA. The Takeover Law determines when a bid is deemed to be public in Belgium. Public takeover bids must be extended to all of our voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus that has been approved by the Belgian FSMA prior to publication.

The Takeover Law provides that a mandatory bid must be launched on all our shares (and our other securities giving access to voting rights), if a person, as a result of its own acquisition or the acquisition by persons acting in concert with it or by persons acting for its account, directly or indirectly holds more than 30% of our voting securities (directly or through ADSs).

Squeeze-out

Pursuant to Article 7:82 of the Belgian Companies Code and the regulations promulgated thereunder, a person or legal entity, or different persons or legal entities acting alone or in concert, that own together with the company 95% of the securities with voting rights in a public company are entitled to acquire the totality of the securities with voting rights in that company following a squeeze-out offer. The securities that are not voluntarily tendered in response to such an offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the procedure, the company is no longer deemed a public company, unless bonds issued by the company are still spread among the public. The consideration for the securities must be in cash and must represent the fair value (verified by an independent expert) in order to safeguard the interests of the transferring shareholders.

The DGCL provides for stockholder appraisal rights, or the right to demand payment in cash of the judicially determined fair value of the stockholder's shares, in connection with certain mergers and consolidations.

Limitations on the right to own securities

Neither Belgian law nor our Articles of Association impose any general limitation on the right of non-residents or foreign persons to hold our securities or exercise voting rights on our securities other than those limitations that would generally apply to all shareholders.

Exchange controls and limitations affecting shareholders

There are no Belgian exchange control regulations that impose limitations on our ability to make, or the amount of, cash payments to residents of the United States. We are in principle under an obligation to report to the National Bank of Belgium certain cross-border payments, transfers of funds, investments and other transactions in accordance with applicable balance-of-payments statistical reporting obligations. Where a cross-border transaction is carried out by a Belgian credit institution on our behalf, the credit institution will in certain circumstances be responsible for the reporting obligations.

Securities exercisable for ordinary shares

The section titled "Item 6.B.—Compensation—Subscription Right Plans" in our Annual Report on Form 20-F for the year ended December 31, 2022, incorporated by reference herein, sets forth a description of subscription rights granted by our Board of Directors to our members of the Board of Directors, members of the Executive Committee and employees as of December 31, 2022. As of 2020, we do not grant any subscription rights to members of the Board of Directors (non-executive directors), taking into account the stricter rules under the Belgian Companies Code.

The section titled "Item 6.B.—Compensation—RSU Plans" in our Annual Report on Form 20-F for the year ended December 31, 2022, incorporated by reference herein, sets forth a description of restricted stock units granted by our Board of Directors to members of the Executive Committee and employees, as of December 31, 2022.

Apart from the subscription rights, Subscription Right plans, RSUs and RSU plans, we do not currently have other stock options, options to purchase securities, convertible securities or other rights to subscribe for or purchase securities outstanding.

Ordinary shares

The following description is a summary of certain information relating to the rights and benefits attached to our ordinary shares, certain provisions of our Articles of Association and the Belgian Companies Code. Because this description is a summary, it may not contain all of the information important to you. Accordingly, this description is qualified entirely by reference to the description of our share capital and the material terms of our Articles of Association contained in our most recent Annual Report on Form 20-F as updated by other reports and documents we file with the SEC after the date hereof, together with our Articles of Association, a copy of which has been filed as an exhibit to our most recent Annual Report on Form 20-F.

Right to attend and vote at our shareholders' meetings

Annual shareholders' meeting

Pursuant to our Articles of Association, our Annual Shareholders' Meeting is held each year on the last Tuesday of the month of April, at 2 p.m. (Central European Time), at our registered office or at any other place in Belgium mentioned in the convening notice of the meeting. If this date is a public holiday in Belgium or in

The Netherlands, the meeting is held on the following day that is a business day both in Belgium and in The Netherlands, at the same time.

Special and extraordinary shareholders' meetings

Our Board of Directors or the auditor (or the liquidators, if appropriate) may, whenever our interests so require, convene a special or Extraordinary Shareholders' Meeting. Such Shareholders' Meeting must also be convened when one or more shareholders holding at least one-tenth of our share capital so requests.

Under the DGCL, special meetings of the stockholders of a Delaware corporation may be called by such person or persons as may be authorized by the certificate of incorporation or by the bylaws of the corporation, or if not so designated, as determined by the Board of Directors. Stockholders generally do not have the right to call meetings of stockholders, unless that right is granted in the certificate of incorporation or the bylaws.

Notices convening Shareholders' Meetings

Convening notices of our Shareholders' Meetings contain the agenda of the meeting, indicating the items to be discussed as well as any proposed resolutions that will be submitted at the meeting. One or more shareholders holding at least 3% of our share capital may request for items to be added to the agenda of any convened meeting and submit proposed resolutions in relation to existing agenda items or new items to be added to the agenda, provided that:

- they prove 1 ownership of such shareholding as at the date of their request and record their shares representing such shareholding on the record date; and
- the additional items for the agenda and any proposed resolutions have been submitted in writing by these shareholders to the Board of Directors at the latest on the twenty-second day preceding the day on which the relevant Shareholders' Meeting is held.

The shareholding must be proven by a certificate evidencing the registration of the relevant shares in the share register of the company or by a certificate issued by the authorized account holder or the clearing organization certifying the book-entry of the relevant number of dematerialized shares in the name of the relevant shareholder(s).

The convening notice must be published in the Belgian Official Gazette (*Belgisch Staatsblad / Moniteur belge*) at least thirty days prior to the Shareholders' Meeting. In the event a second convening notice is necessary, and the date of the second meeting is mentioned in the first convening notice, that period is seventeen days prior to the second Shareholders' Meeting. The notice must also be published in a national newspaper thirty days prior to the date of the Shareholders' Meeting, except if the meeting concerned is an Annual Shareholders' Meeting held at the municipality, place, day and hour mentioned in the Articles of Association and its agenda is limited to the examination of the annual accounts, the annual report of the Board of Directors, the annual report of the auditor, the vote on the discharge of the members of the Board of Directors and the auditor and the vote on the items referred to in Article 7:92 and 7:149, third paragraph of the Belgian Companies Code (*i.e.*, in relation to severance pay exceeding certain thresholds and the remuneration report). Convening notices of all our Shareholders' Meetings and all related documents, such as specific Board of Director and auditor's reports, are also published on our website.

Convening notices must also be sent thirty days prior to the Shareholders' Meeting to the holders of registered shares, holders of registered bonds, holders of registered subscription rights, holders of registered certificates issued with our cooperation and to our members of the Board of Directors and auditor. This communication is made by ordinary letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication, without having to give evidence of the fulfillment of such formality.

Under the DGCL, unless otherwise provided in the certificate of incorporation or bylaws, written notice of any meeting of the stockholders of a Delaware corporation must be given to each stockholder entitled to vote at the meeting not less than ten nor more than sixty days before the date of the meeting and shall specify the place, date, hour and, in the case of a special meeting, the purpose of the meeting.

Admission to meetings

A shareholder is only entitled to participate in and vote at a Shareholders' Meeting, irrespective of the number of shares he owns on the date of the Shareholders' Meeting, provided that his shares are recorded in his name at midnight (Central European Time) at the end of the fourteenth day preceding the date of the Shareholders' Meeting, or the record date:

- in case of registered shares, in our register of registered shares; or
- in case of dematerialized shares, through book-entry in the accounts of an authorized account holder or clearing organization.

In addition, we (or the person designated by us) must, at the latest on the sixth day preceding the day of the Shareholders' Meeting, be notified as follows of the intention of the shareholder to participate in the Shareholders' Meeting:

- in case of registered shares, the shareholder must, at the latest on the above-mentioned date, notify us (or the person designated by us) in writing of his intention to participate in the Shareholders' Meeting and of the number of shares he intends to participate in the Shareholders' Meeting with by returning a signed paper form, or, if permitted by the convening notice, by sending an electronic form (signed by means of an electronic signature in accordance with the applicable Belgian law) electronically, to us on the address indicated in the convening notice; or
- in case of dematerialized shares, the shareholder must, at the latest on the above-mentioned date, provide us (or the person designated by us), or arrange for us (or the person designated by us) to be provided with, a certificate issued by the authorized account holder or clearing organization certifying the number of dematerialized shares recorded in the shareholder's accounts on the record date in respect of which the shareholder has indicated his intention to participate in the Shareholders' Meeting.

Each shareholder has the right to attend a Shareholders' Meeting and to vote at such meeting in person or through a proxy holder. The proxy holder does not need to be a shareholder. A shareholder may only appoint one person as proxy holder for a particular Shareholders' Meeting, except in cases provided for by law. Our Board of Directors may determine the form of the proxies. The appointment of a proxy holder must in any event take place in paper form or electronically, the proxy must be signed by the shareholder (as the case may be, by means of an electronic signature in accordance with the applicable Belgian law) and we must receive the proxy at the latest on the sixth day preceding the day on which the Shareholders' Meeting is held.

Pursuant to Article 7, section 5 of the Belgian Law of May 2, 2007 on the disclosure of significant shareholdings, a transparency declaration has to be made if a proxy holder that is entitled to voting rights above the threshold of 5% or any multiple thereof of the total number of voting rights attached to our outstanding financial instruments on the date of the relevant Shareholders' Meeting would have the right to exercise the voting rights at his discretion.

Votes

Each shareholder is entitled to one vote per share.

Voting rights can be suspended in relation to shares:

- that were not fully paid up, notwithstanding the request thereto of our Board of Directors;
-

- to which more than one person is entitled, except in the event a single representative is appointed for the exercise of the voting right;
- that entitle their holder to voting rights above the threshold of 5% or any multiple thereof of the total number of voting rights attached to our outstanding financial instruments on the date of the relevant General Shareholders' Meeting, except to the extent where the relevant shareholder has notified us and the Belgian FSMA at least twenty days prior to the date of such Shareholders' Meeting of its shareholding reaching or exceeding the thresholds above; or
- of which the voting right was suspended by a competent court or the Belgian FSMA.

Quorum and majority requirements

Generally, there is no quorum requirement for our Shareholders' Meeting, except as provided for by law in relation to decisions regarding certain matters. Decisions are made by a simple majority, except where the law provides for a special majority.

Under the DGCL, the certificate of incorporation or bylaws of a Delaware corporation may specify the number of shares required to constitute a quorum but in no event shall a quorum consist of less than one-third of shares entitled to vote at a meeting. In the absence of such specifications, a majority of shares entitled to vote shall constitute a quorum.

Matters involving special legal quorum and majority requirements include, among others, amendments to the Articles of Association, issues of new shares, convertible bonds or subscription rights and decisions regarding mergers and demergers, which require at least 50% of the share capital to be present or represented and approval by a majority of at least 75% of votes cast. If the quorum is not reached, a second meeting may be convened at which no quorum requirement applies. The special majority requirement for voting, however, remains applicable.

Any modification of our corporate purpose or legal form requires a quorum of shareholders holding an aggregate of at least 50% of the share capital and approval by a majority of at least 80% of votes cast. If there is no quorum, a second meeting must be convened. At the second meeting, no quorum is required, but the relevant resolution must be approved by a majority of at least 80% of the votes cast.

Right to ask questions at our Shareholders' Meetings

Within the limits of Article 7:139 of the Belgian Companies Code, members of our Board of Directors and our auditor will answer, during the Shareholders' Meeting, the questions raised by shareholders. Shareholders can ask questions either during the meeting or in writing, provided that we receive the written questions at the latest on the sixth day preceding the Shareholders' Meeting.

Dividends

All shares participate in the same manner in our profits, if any. Pursuant to the Belgian Companies Code, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the Annual Shareholders' Meeting, based on the most recent non-consolidated statutory audited annual accounts, prepared in accordance with the generally accepted accounting principles in Belgium and based on a (non-binding) proposal of our Board of Directors. The Articles of Association also authorize our Board of Directors to declare interim dividends subject to the terms and conditions of the Belgian Companies Code.

Dividends can only be distributed if following the declaration and issuance of the dividends the amount of our net assets on the date of the closing of the last financial year according to the non-consolidated statutory annual accounts (*i.e.*, the amount of the assets as shown in the balance sheet, decreased with

provisions and liabilities, all as prepared in accordance with Belgian accounting rules), decreased with the non-amortized costs of incorporation and expansion and the non-amortized costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the called capital), increased with the amount of non-distributable reserves. In addition, prior to distributing dividends, at least 5% of our annual net profit under our non-consolidated statutory accounts (prepared in accordance with Belgian accounting rules) must be allotted to a legal reserve, until the legal reserve amounts to 10% of the share capital.

The right to payment of dividends expires five years after the Board of Directors declared the dividend payable.

Under the DGCL, a Delaware corporation may pay dividends out of its surplus (the excess of net assets over capital), or in case there is no surplus, out of its net profits for either or both of the fiscal year in which the dividend is declared and the preceding fiscal year (provided that the amount of the capital of the corporation is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets). Dividends may be paid in the form of shares, property or cash.

Appointment of members of the Board of Directors

Our Articles of Association provide that our Board of Directors shall be composed of at least five and a maximum of nine members, who need not to be a shareholder. The members of the Board of Directors are appointed by the shareholders, except in the case of vacancy, when the Board of Directors may temporarily fill such vacancy until the shareholders appoint a new director.

Liquidation rights

Our company can only be voluntarily dissolved by a shareholders' resolution passed with a majority of at least 75% of the votes cast at an Extraordinary Shareholders' Meeting where at least 50% of the share capital is present or represented. In the event the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new convening notice. The second Shareholders' Meeting can validly deliberate and decide regardless of the number of shares present or represented.

Under the DGCL, unless the Board of Directors approves the proposal to dissolve, dissolution of a Delaware corporation must be approved by stockholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the Board of Directors may it be approved by a simple majority of the corporation's outstanding shares. The DGCL allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the Board.

In the event of the dissolution and liquidation of our company, the assets remaining after payment of all debts and liquidation expenses (on a non-consolidated basis) will be distributed to our shareholders, each receiving a sum on a *pro rata* basis.

If, as a result of losses incurred, the ratio of our net assets (on a non-consolidated basis, determined in accordance with Belgian legal and accounting rules) to share capital is less than 50%, our Board of Directors must convene a General Shareholders' Meeting within two months of the date upon which our Board of Directors discovered or should have discovered this undercapitalization. At this Shareholders' Meeting, our Board of Directors needs to propose either our dissolution or our continuation, in which case our Board must propose measures to redress our financial situation. Our Board of Directors must justify its proposals in a special report to the shareholders. Shareholders representing at least 75% of the votes validly cast at this meeting have the right to dissolve the company, provided that at least 50% of our share capital is present or represented at the meeting. In the event the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new notice. The second Shareholders' Meeting can validly deliberate and decide regardless of the number of shares present or represented.

If, as a result of losses incurred, the ratio of our net assets to share capital is less than 25%, the same procedure must be followed, it being understood, however, that in that case, shareholders representing 25% of the votes validly cast at the meeting can decide to dissolve the Company. If the amount of our net assets has dropped below €61,500, any interested party is entitled to request the competent court to dissolve the company. The court can order our dissolution or grant a grace period during which time we must remedy the situation. Holders of ordinary shares have no sinking fund, redemption or appraisal rights.

ADSs

Citibank, N.A., as depositary, registers and delivers ADSs. Each ADS represents one ordinary share (or a right to receive one ordinary share) deposited with Citibank International Limited (located at EGSP 186, 1 North Wall Quay, Dublin 1, Ireland) or any successor, as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary in respect of the depositary facility. The depositary's principal executive office at which the ADSs are administered is located at 388 Greenwich Street, New York, New York 10013.

A deposit agreement among us, the depositary and the ADS holders sets out the ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs. A copy of the deposit agreement is incorporated by reference as an exhibit to this annual report.

Voting

Voting instructions may be given only in respect of a number of ADSs representing an integral number of deposited securities. Upon the timely receipt from a holder of ADSs as of the ADS record date of voting instructions in the manner specified by the Depositary, the depositary shall endeavor, insofar as practicable and permitted under applicable law, the provisions of the deposit agreement, Articles of Association of the Company and the provisions of the deposited securities, to vote, or cause the custodian to vote, the deposited securities represented by such holder's ADSs in accordance with such voting instructions.

Holders who have delivered voting instructions agree that such voting instruction may, at the request of the Company, be disclosed by the Company, for purposes of compliance with Belgian law, in connection with any meeting of the holders of the shares, whether prior, during or after such meeting.

Inspection

The depositary shall make available for inspection by holders, as promptly as practicable after receipt thereof, any reports and communications, including any proxy soliciting materials, received from the Company which are both (a) received by the depositary, the custodian, or the nominee of either of them as the holder of the deposited property and (b) made generally available to the holders of such deposited property by the Company.

Fees and charges

Pursuant to the terms of the deposit agreement, the holders of ADSs will be required to pay the following fees:

<i>Service</i>	<i>Fees</i>
· Issuance of ADSs	Up to U.S. \$0.05 per ADS issued
· Cancellation of ADSs	Up to U.S. \$0.05 per ADS canceled
· Distribution of cash dividends or other cash distributions	Up to U.S. \$0.05 per ADS held
· Distribution of ADSs pursuant to stock dividends, free stock distributions or exercise of rights.	Up to U.S. \$0.05 per ADS held
· Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to U.S. \$0.05 per ADS held
· ADS Services	Up to U.S. \$0.05 per ADS held on the applicable record date(s) established by the depositary

The holders of ADSs will also be responsible to pay certain fees and expenses incurred by the depositary and certain taxes and governmental charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of ordinary shares on the share register and applicable to transfers of ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the expenses and charges incurred by the depositary in the conversion of foreign currency;
- the fees and expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, ADSs and ADRs; and
- the fees and expenses incurred by the depositary, the custodian, or any nominee in connection with the servicing or delivery of deposited property.

ADS fees and charges payable upon (i) deposit of ordinary shares against issuance of ADSs and (ii) surrender of ADSs for cancellation and withdrawal of ordinary shares are charged to the person to whom the ADSs are delivered (in the case of ADS issuances) and to the person who delivers the ADSs for cancellation (in the case of ADS cancellations). In the case of ADSs issued by the depositary into the Depositary Trust Company, or DTC, or presented to the depositary via DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs or the DTC participant(s) surrendering the ADSs for cancellation, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account(s) of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participant(s) as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in

accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes. The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

Listing

The ADSs are listed on the Nasdaq Global Select Market under the symbol “GLPG.” Our ordinary shares are trading on Euronext Amsterdam and Euronext Brussels under the symbol “GLPG.”

Transfer agent and registrar

The transfer agent and registrar for the ADSs is Citibank, N.A.

Subscription Right Plan 2022 (A)

GALAPAGOS NV

General Rules

Table of Contents

1	<u>Basis and Purpose</u>	3
2	<u>Definitions</u>	3
3	<u>Subscription Rights</u>	4
3.1	<u>General</u>	4
3.2	<u>Number per Beneficiary</u>	4
3.3	<u>Transfer restrictions</u>	5
3.4	<u>Exercise Price</u>	5
3.5	<u>Administration of the Subscription Right Plan</u>	5
4	<u>Beneficiary of the Plan</u>	5
5	<u>Acceptance or Refusal of the Offer</u>	6
6	<u>Exercise and Payment Conditions</u>	6
6.1	<u>Exercise Term</u>	6
6.2	<u>Vesting of Subscription Rights</u>	6
6.3	<u>Exercise Period</u>	6
6.4	<u>Conditions of Exercise</u>	7
6.5	<u>Exercise of the Subscription Rights in accordance with the Belgian Code of Companies and Associations</u>	7
6.6	<u>Change in Control of the Company</u>	7
7	<u>Issuance of New Shares</u>	7
8	<u>Cessation of the Employment or Service Relationship</u>	8
8.1	<u>Cessation of the relationship before the date of the Deed of Issuance</u>	8
8.2	<u>Good Leaver Situation</u>	8
8.3	<u>Bad Leaver Situation</u>	8
8.3.1	<u>After the vesting of (part of) the granted Subscription Rights</u>	8
8.3.2	<u>Before the vesting of (part of) the granted Subscription Rights</u>	9
8.4	<u>Change of employment</u>	9
8.5	<u>Deviations</u>	9
9	<u>Amendments and Modifications</u>	9
10	<u>Dispute Resolution</u>	9
11	<u>Final Provisions</u>	10
11.1	<u>Additional Information</u>	10
11.2	<u>Taxes and Social Security Treatment</u>	10
11.3	<u>Costs</u>	10
11.4	<u>Relation to employment or management agreement</u>	10
11.5	<u>Shareholders' Meetings</u>	10
11.6	<u>Communication with Subscription Right Holders</u>	11
11.7	<u>Address Change</u>	11
11.8	<u>Reoffer or Resale of Shares Received under the Plan</u>	11
11.9	<u>Liens</u>	11

1 Basis and Purpose

The Supervisory Board of Galapagos NV (hereinafter referred to as the "Company") has approved the present Subscription Right Plan 2022 (A) by notarial deed of 13 January 2022.

With the Plan set forth hereafter the Company wants to inform the relevant Beneficiary (see infra sub 2 ("Definitions: Beneficiary") and sub 4 ("Beneficiary of the Plan")) of the conditions under which the Company is willing to offer Subscription Rights. The Company thus wants to acknowledge the efforts to be made by the Beneficiary to help to develop the Company to a successful enterprise.

2 Definitions

In this Plan the words and terms mentioned hereunder have the meanings given below:

Bad Leaver Situation: the effective date on which one of the following situations occurs:

- (i) the termination at the request of the Subscription Right Holder of his employment agreement or management agreement with the Company or a Subsidiary, irrespective of the fact that such termination is established in a document signed by both parties (it being understood that the termination at the request of the Subscription Right Holder because such Subscription Right Holder has reached the age at which the Subscription Right Holder can receive state pension entitlement shall not be considered a Bad Leaver Situation), or
- (ii) the termination by the relevant Company or Subsidiary of the employment agreement or management agreement of a Subscription Right Holder based on any grounds for dismissal attributable to the Subscription Right Holder, and/or any breach by the Subscription Right Holder in the performance of the relevant agreement;

Beneficiary: the Employee of a Subsidiary of the Company whose name is mentioned in [Annex A](#) to this Subscription Right Plan 2022 (A);

Company: the limited liability company Galapagos, having its registered office at Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium;

Control: the power, *de jure* or *de facto*, to have a decisive influence on the appointment of the majority of the directors or on the orientation of the management, as set forth in article 1:14 *et seq.* of the Belgian Code of Companies and Associations. The terms "to Control" and "Controlled by" shall be construed accordingly;

Deed of Issuance: the notarial deed enacting (i) the acceptance or refusal of the Subscription Rights and (ii) the unconditional issuance of the Subscription Rights;

Employee: each employee of the Company or a Subsidiary;

Exercise Period: a period of two weeks within the Exercise Term, to be determined by the Supervisory Board, during which Subscription Rights can be Exercised;

Exercise Price: the pre-determined price at which a New Share can be acquired when Exercising a Subscription Right, during one of the Exercise Periods within the Exercise Term;

Exercise Term: the term during which the Subscription Right Holder can Exercise her Subscription Rights to acquire Shares of the Company, taking into account the specific Exercise Periods and the specific exercise conditions as set forth in chapter 6 of this Plan;

Exercise: to make use of the right attached to the Subscription Rights that were acquired by accepting the Offer, to acquire New Shares at the Exercise Price;

Good Leaver Situation: the effective date of the cessation, in other circumstances than those listed in the definition of Bad Leaver Situation, of the employment agreement or management agreement of the relevant Subscription Right Holder with either the Company or a Subsidiary (including the relevant

employing entity ceasing to be a Subsidiary of the Company), with the exception of a cessation accompanied by a simultaneous (other) employment or appointment of the relevant Subscription Right Holder (or a company Controlled by the Subscription Right Holder) as a Manager or Employee of the Company or a Subsidiary. For clarity, the termination at the request of the Subscription Right Holder of her employment agreement or management agreement because such Subscription Right Holder has reached the age at which the Subscription Right Holder can receive state pension entitlement shall be considered as a Good Leaver Situation;

Grant: the moment on which the Beneficiary accepts the Subscription Rights offered;

Manager: a natural person who provides services to the Company or a Subsidiary on a contractual basis, other than pursuant to an employment agreement (irrespective of whether the contract was entered into directly with the relevant natural person or with a legal entity who has entrusted the performance of the services to such natural person);

New Shares: the Shares to be issued pursuant to the Exercise of the Subscription Rights under this Plan;

Notice of Acceptance: the form that the Beneficiary receives at the moment of the Offer and that the Beneficiary needs to return, duly executed, to the Company for the acceptance of the Offer;

Offer: the written and dated notification to the Beneficiary of the Plan as to the opportunity for her to acquire Subscription Rights in accordance with the provisions of this Plan;

Personal Representative(s): the heir(s) of a Subscription Right Holder upon the latter's decease;

Plan: the present Subscription Right Plan 2022 (A) approved by the Supervisory Board, as amended from time to time by the Supervisory Board in accordance with the provisions of this Plan;

Shares: the shares of the Company;

Subscription Right: the right to subscribe, within the framework of this Plan, to one New Share within the Exercise Term and the Exercise Period and at the Exercise Price;

Subscription Right Agreement: the agreement that may be entered into between the Subscription Right Holder and the Company;

Subscription Right Holder: the Beneficiary who has accepted the Offer and who owns one or more Subscription Rights in accordance with this Plan;

Subsidiary: a company under the Control of the Company, as further set forth in article 1:15 of the Belgian Code of Companies and Associations;

Supervisory Board: the supervisory board of the Company.

Words and terms denoting the plural shall include the singular and vice versa.

3 Subscription Rights

3.1 General

The number of Subscription Rights issued in the framework of this Plan is maximum 30,000. These Subscription Rights will be designated as "Subscription Rights 2022 (A)". The detail of the number of Subscription Rights, offered under this Plan, is set forth in [Annex A](#) to this Plan.

The Subscription Rights are granted by the Company to the Beneficiary for free.

Each Subscription Right entitles the Beneficiary to subscribe to one New Share in accordance with the terms and conditions of the Plan.

3.2 Number per Beneficiary

The number of Subscription Rights to be offered to the Beneficiary is determined by the Supervisory Board and amounts to 30,000 Subscription Rights, as set forth in [Annex A](#).

3.3 Transfer restrictions

The Subscription Rights received are registered in the name of the Subscription Right Holder and cannot be transferred *inter vivos* once granted to a Beneficiary.

The Subscription Rights cannot be encumbered by any pledge or in any other manner.

Subscription Rights that, in contravention with the foregoing, are transferred or encumbered shall automatically become null and void.

3.4 Exercise Price

The Exercise Price per Subscription Right will be determined by or on behalf of the Supervisory Board at the time of the Offer.

As the Shares of the Company are listed or traded on a regulated market at the date of the Offer, the Exercise Price of the Subscription Rights will at least be equal to (a) the closing price of the Share of the Company on Euronext Amsterdam and Brussels on the last trading day preceding the date of the Offer, or (b) the average of the closing price of the Share of the Company on Euronext Amsterdam and Brussels during the last thirty (30) days preceding the date of the Offer.

Upon Exercise and subsequent capital increase, the Exercise Price must be booked as capital for an amount equal to the accounting par value of the Shares at the moment of the establishment of the capital increase resulting from the Exercise. The part of the Exercise Price that exceeds the accounting par value must be booked as an issuance premium.

In deviation of article 7:71 of the Belgian Code of Companies and Associations and without prejudice to the exceptions provided by law, the Company, represented by the Supervisory Board, expressly reserves the right to take any possible decisions and to carry out any possible transactions which may have an impact on its capital, on the distribution of the profit or on the liquidation surpluses or that may otherwise affect the rights of the Subscription Right Holders, even in the event that these decisions might cause a reduction of the benefits offered to the Subscription Right Holders, unless the only purpose of these decisions and transactions would be such reduction of benefits.

Should the rights of the Subscription Right Holder be affected by such a decision or transaction, the Subscription Right Holder shall not be entitled to a modification of the Exercise Price, a modification of the exercise conditions or any other form of (financial or other) compensation. The Company, represented by the Supervisory Board, may, in its sole discretion, make modifications to (i) the number of Shares that relates to one Subscription Right and/or (ii) the Exercise Price. As soon as reasonably practicable, the Supervisory Board shall give notice in writing of such modification to the relevant Subscription Right Holder.

In case of a merger, demerger or stock-split of the Company, the rights of the outstanding Subscription Rights and/or the Exercise Price of the Subscription Rights shall be adjusted in accordance with the conversion ratio applicable at the occasion of the merger, demerger or the stock-split to the other shareholders.

3.5 Administration of the Subscription Right Plan

The Company is responsible for the management and the administration of the Plan and ensures that all questions of the Beneficiary or Subscription Right Holder are answered accurately and rapidly.

4 Beneficiary of the Plan

The Beneficiary is the individual as indicated in section 2 ("Definitions - Beneficiary"), who is an Employee of the Company's Swiss Subsidiary, Galapagos GmbH.

The Subscription Rights under this Plan are reserved for and granted to an Employee who is a member of the personnel as defined in article 1:27 of the Belgian Code of Companies and Associations.

5 Acceptance or Refusal of the Offer

The Beneficiary has the possibility to accept the individual Offer in whole, in part or not at all. The Beneficiary shall receive a Notice of Acceptance form wherein the Beneficiary mentions her decision regarding the Offer: (full or partial) Acceptance or Refusal. Acceptance of the Offer has to be formally established by ticking the relevant paragraph in the Notice of Acceptance.

The Notice of Acceptance needs to be returned prior to the ultimate date of response as set forth in the Notice of Acceptance, duly completed and signed, to the address mentioned in the Notice of Acceptance. Such ultimate date of response cannot be later than 120 calendar days after the date of the Offer.

In case the Beneficiary has not accepted the Offer in writing prior to the date mentioned in the Notice of Acceptance, she shall be deemed to have refused the Offer.

The Subscription Rights are registered in the name of the Beneficiary. In case of acceptance, the Beneficiary will be recorded as a Subscription Right Holder in the register of subscription right holders of the Company. This register is kept at the registered office of the Company, mentioning the identity of the Subscription Right Holders and previous subscription right holders and the number of Subscription Rights held by them. The Subscription Right Holder will receive a confirmation of the number of Subscription Rights he has accepted.

The Nomination and Remuneration Committee may decide to replace or complete the Notice of Acceptance by or with a written Subscription Right Agreement to be signed by the Subscription Right Holder and the Company and which shall contain the conditions determined by the Nomination and Remuneration Committee, in accordance with this Plan.

The Beneficiary who has accepted the Offer will receive the Subscription Rights as soon as these have been issued by the Deed of Issuance.

6 Exercise and Payment Conditions

6.1 Exercise Term

The Exercise Term is eight (8) years, starting from the date of the Offer.

6.2 Vesting of Subscription Rights

Except to the extent expressly stated otherwise in this Plan, any addendum to this Plan or decided otherwise by the Supervisory Board in accordance with section 8.5 the granted Subscription Rights will vest in instalments on the following vesting dates:

- 25% of the granted Subscription Rights (rounded down to the nearest integer) vesting on the first day of the first calendar year following the calendar year in which the Grant was made;
- 25% of the granted Subscription Rights (rounded down to the nearest integer) vesting on the first day of the second calendar year following the calendar year in which the Grant was made; and
- the remainder of the granted Subscription Rights vesting on the first day of the third calendar year following the calendar year in which the Grant was made.

6.3 Exercise Period

As of the commencement of (i) the first calendar year following the calendar year in which the Grant was made, the first instalment of vested Subscription Rights may be exercised, (ii) the second calendar year following the calendar year in which the Grant was made, the second instalment of vested Subscription Rights may be exercised, and (iii) the third calendar year following the calendar year in which the Grant was made, the third instalment of vested Subscription Rights may be exercised, during an Exercise Period.

The Supervisory Board will establish at least one Exercise Period of two weeks per semester. It is the responsibility of the Beneficiary to timely seek information from the Company relating to the establishment of Exercise Periods.

The Supervisory Board may decide, in accordance with the applicable rules relating to abuse of inside information, to establish closed periods during which the Subscription Rights cannot be exercised.

6.4 Conditions of Exercise

Individual Subscription Rights can only be exercised as a whole.

In order to exercise a Subscription Right, the Subscription Right Holder needs to submit an appropriate declaration to that effect (the exercise form) to the Supervisory Board or to an authorized person designated by the Supervisory Board, and to pay the Exercise Price into a bank account designated by the Company and opened in the name of the Company.

On the exercise form, the Subscription Right Holder needs to mention the number of Subscription Rights he desires to exercise.

In case the bank account is not or not sufficiently credited prior to the end of the Exercise Period, the Subscription Rights will be deemed not to be exercised. The Company will inform the Subscription Right Holder thereof and will reimburse the amount that was deposited too late or was insufficient as soon as possible within the limits set by law. The Subscription Rights will consequently not be lost and remain exercisable at a later stage insofar as the Exercise Term has not expired.

6.5 Exercise of the Subscription Rights in accordance with the Belgian Code of Companies and Associations

In case a Subscription Right, that is not exercisable or cannot be exercised in accordance with the issuance conditions (as specified in the Plan), becomes prematurely exercisable pursuant to article 7:71 of the Belgian Code of Companies and Associations and is thus also prematurely exercised pursuant to article 7:71 of the Belgian Code of Companies and Associations, the New Shares that the Subscription Right Holders receives as a result of such Exercise will not be transferable, except with the explicit prior consent of the Supervisory Board, until such time as the Subscription Right would have become exercisable in accordance with the Plan.

6.6 Change in Control of the Company

Notwithstanding anything to the contrary in this Plan, in the event of a change in Control of the Company, all Subscription Rights that are still outstanding under this Plan at such time shall, in principle, immediately vest (to the extent they had not all vested yet) and become immediately exercisable during an Exercise Period determined by the Supervisory Board, provided, however, that in compliance with applicable (tax) laws the Supervisory Board is authorized to establish certain conditions for such vesting and/or exercising that will be applicable to some or all of the Subscription Right Holders involved, and provided further that, in the event a public takeover bid is made on the securities of the Company, the Subscription Rights shall immediately become fully vested and exercisable as from the date of the announcement of such public takeover bid by the FSMA. In such case, the Supervisory Board shall establish an Exercise Period as soon as practicable following the announcement of such public takeover bid.

Furthermore, the transfer restrictions set forth in section 3.3 are not applicable to transfers of Subscription Rights pursuant to a public takeover bid or a public squeeze-out bid on the securities in the Company.

7 Issuance of New Shares

The Company shall only be obliged to issue New Shares pursuant to the Exercise of Subscription Rights if all exercise conditions set forth in chapter 6 have been complied with.

As soon as these exercise conditions are complied with, the New Shares will be issued, taking into account the time needed to fulfill the required administrative formalities. The Supervisory Board shall to this effect timely, at a date to be determined by the Supervisory Board and at least once per semester, have the capital increase established by notary deed.

New Shares participate in the profit of the financial year of the Company that started on the first of January of the year in which the relevant New Shares have been issued.

In view of a rapid delivery of the Shares resulting from the exercise of Subscription Rights, the Company may propose to the Subscription Right Holders who have complied with the exercise conditions to receive existing Shares awaiting the issuance of New Shares by notary deed. In such case the Subscription Right Holders will receive an advance of existing Shares subject to the condition that they sign an authorization by which the New Shares will, upon issuance, immediately and directly be delivered to the Company or to any other party who advanced them the existing Shares.

The Supervisory Board has granted power of attorney to any two (2) members of the Supervisory Board acting jointly, as well as to each Management Board member acting individually, with possibility of sub-delegation and the power of subrogation, to take care of the establishment by notary deed of the acceptance of the Subscription Rights offered, the exercise of the Subscription Rights, the issuance of the corresponding number of New Shares, the payment of the exercise price in cash, the corresponding realization of the capital increase, the allocation to the unavailable account "issuance premiums" of the difference between the subscription price for the Shares and the accounting par value, to bring the Articles of Association in accordance with the new situation of the registered capital, to sign and deliver the relevant Euroclear and bank documentation, and to sign and deliver all necessary documents in connection with the delivery of the Shares (acquired as a result of the exercise of the Subscription Rights) to the Beneficiary.

The Company will take the necessary actions to have the New Shares listed for trading on a regulated market as soon as they have been issued.

8 Cessation of the Employment or Service Relationship

8.1 Cessation of the relationship before the date of the Deed of Issuance

If the Beneficiary is not a member of the personnel (within the meaning of article 1:27 of the Belgian Code of Companies and Associations) of the Company or any of its Subsidiaries on the date of the Deed of Issuance, the Beneficiary shall be deemed to have refused the Offer and the Subscription Rights offered to such Beneficiary shall not be issued.

8.2 Good Leaver Situation

If a Good Leaver Situation arises with respect to a Subscription Right Holder, the Subscription Rights of said Subscription Right Holder shall continue to vest as set forth in Section 6.2 (if unvested) and, if and when vested, the Exercise Term of the non-exercised Subscription Rights shall remain unchanged and the Subscription Right Holder will have the time to exercise her non-exercised Subscription Rights during each Exercise Period within the Exercise Term.

If the Good Leaver Situation is caused by the decease of the relevant Subscription Right Holder, all Subscription Rights held by such Subscription Right Holder shall pass to her Personal Representative(s) and, upon vesting of the Subscription Rights, the Personal Representative(s) will be able to exercise the non-exercised Subscription Rights during each Exercise Period within the Exercise Term.

8.3 Bad Leaver Situation

8.3.1 After the vesting of (part of) the granted Subscription Rights

In case a Bad Leaver Situation occurs after the vesting of (part of) the Subscription Rights pursuant to section 6.2, the relevant Subscription Right Holder will have time to exercise, during an Exercise Period, her vested non-exercised Subscription Rights until six months after the date of the Bad Leaver Situation. All her remaining vested non-exercised Subscription Rights shall become null and void upon the expiry of such six-month period.

8.3.2 Before the vesting of (part of) the granted Subscription Rights

In case the Bad Leaver Situation occurs before the vesting of (part of) the Subscription Rights pursuant to section 6.2, all granted Subscription Rights that have not vested yet pursuant to section 6.2 on the Date of the Bad Leaver Situation shall automatically become null and void.

8.4 Change of employment

8.4.1 In case of a cessation of the employment agreement or management agreement for any reason whatsoever, in whatever form and by whomever initiates it of the relevant Subscription Right Holder accompanied by a simultaneous (other) employment or appointment of the relevant Subscription Right Holder (or a company Controlled by the Subscription Right Holder) as an Employee or Manager or director of the Company or a Subsidiary, the Subscription Rights of said Subscription Right Holder shall continue to vest as set forth in Section 6.2 (if unvested) and, if and when vested, the Exercise Term of the non-exercised Subscription Rights shall remain unchanged and the Subscription Right Holder will have the time to exercise her non-exercised Subscription Rights during each Exercise Period within the Exercise Term.

8.4.2 If, however, at any time following such change as described in section 8.4.1, a Bad Leaver Situation occurs with respect to such Subscription Right Holder, then the rules set forth in section 8.3 shall apply.

8.5 Deviations

The Supervisory Board may at its discretion decide to deviate at any time from the provisions set forth in this chapter 8.

9 Amendments and Modifications

The Supervisory Board is authorized to take appropriate measures to safeguard the interests of the Subscription Right Holders in case:

- a fundamental change in the Control of the Company occurs;
- a fundamental change in the applicable laws or regulations occurs; or
- a serious and exceptional circumstance jeopardizing the rights of the Beneficiary occurs.

In addition, the Supervisory Board may amend the provisions of this Plan to the benefit of the Subscription Right Holder, to the extent that the contemplated amendments comply with all applicable laws.

This Plan may, if required by the circumstances, be amended by the Company. The Beneficiary shall be informed of such amendments and will be bound by them. The amendments may in no event affect the essential provisions of the Plan. The amendments may not harm the rights of the existing Subscription Right Holder under this Plan. In the event the rights of the existing Subscription Right Holder under this Plan would be harmed, the amendments may not be made without her agreement.

10 Dispute Resolution

All disputes relating to this Plan will be brought to the attention of the Supervisory Board, who may propose an amicable settlement for a dispute, as the case may be. If required the dispute will be submitted to Courts and Tribunals competent for the judicial area of Antwerp, department of Mechelen (Belgium) whereby all parties involved shall make election of domicile at the seat of the Company. This Plan is governed by Belgian law.

The Plan is not subject to the provisions of the U.S. Employee Retirement Income Security Act of 1974, as amended, and is not a qualified plan under Section 401(a) of the U.S. Internal Revenue Code.

11 Final Provisions

11.1 Additional Information

The Company will provide the Beneficiary at her request with a copy of the articles of association of the Company and any amendments thereto.

11.2 Taxes and Social Security Treatment

The Company or a Subsidiary shall be entitled, in accordance with the applicable law or customs, to apply a withholding on the cash salary or the compensation for the month in which the taxable moment occurs or on the cash salary or the compensation of any other following month, and/or the Beneficiary shall be obliged to pay to the Company or a Subsidiary (if so required by the Company or by a Subsidiary) the amount of any tax and/or social security contributions due or payable because of the fact of the grant, the acceptance, the fact that Subscription Rights become susceptible of being exercised or of the exercise of the Subscription Rights, or due or payable in respect of the delivery of the New Shares.

The Company or a Subsidiary shall be entitled, in accordance with the applicable law or customs, to prepare the required reports, necessary as a result of grant of the Subscription Rights, the fact that Subscription Rights become susceptible of being exercised, or the delivery of the Shares.

11.3 Costs

Stamp duties, stock exchange taxes and similar charges and taxes levied at the occasion of the exercise of the Subscription Rights and/or the delivery of the New Shares or existing Shares shall be borne by the Subscription Right Holder.

Costs relating to the issue of the Subscription Rights or to the issue of New Shares shall be borne by the Company.

No fees or commissions will be charged by the Company in connection with the issuance of New Shares. All funds received or held by the Company under this Plan may be combined with other corporate funds and may be used for any corporate purpose.

11.4 Relation to employment or management agreement

No person has a right to participate in this Plan and participation in this Plan does not give the Beneficiary a right to future grants of additional Subscription Rights. The grant of Subscription Rights under this Plan does not contain a promise of a continuous employment by the Company or its Subsidiaries.

Notwithstanding any provision of the Plan, the rights and obligations of any individual or entity as determined in the provisions of her employment agreement or management agreement concluded with the Company or a Subsidiary shall not be affected by her participation in the Plan or by any right that she may have to participate therein.

An individual to whom Subscription Rights are granted in accordance with the Plan shall not be entitled to any damages or compensation as a result of the cessation of her employment agreement or consultancy or management agreement with the Company or a Subsidiary, based on any reason whatsoever, to the extent that these rights would arise or might arise based on the cessation of the rights she might have or the claims she could make concerning the exercise of Subscription Rights pursuant to the Plan because of the cessation of such agreement or by reason of the loss or decrease in value of the rights or benefits.

11.5 Shareholders' Meetings

Subscription Right Holders have the right to participate in the Shareholders' Meetings of the Company, but without voting right and only with an advisory voice, subject to complying with the formalities set forth in the convocation for the Shareholders' Meeting.

11.6 Communication with Subscription Right Holders

By accepting Subscription Rights, the Subscription Right Holder agrees that documentation can be validly communicated by the Company by e-mail, including convocations for Shareholders' Meetings and documentation pertaining to the exercise of Subscription Rights.

11.7 Address Change

The Subscription Right Holder is obliged to keep the Company informed of changes to her address and changes to her e-mail address. Communications sent by the Company to the last known address or e-mail address of the Subscription Right Holder are validly made.

11.8 Reoffer or Resale of Shares Received under the Plan

The Beneficiary may sell the Shares subscribed for pursuant to the Exercise of Subscription Rights in any manner permitted under Belgian law and applicable U.S. securities law, so long as the conditions associated with the holding of privileged information have been met.

The "inside information" provisions of the applicable securities laws and the Company's insider trading policy impose further restrictions on resales by all individuals who know of material non-public information regarding the Company, whether or not the individual is a staff member or an officer of the Company or any of its Subsidiaries.

11.9 Liens

No one can place a lien on any Subscription Right granted to the Beneficiary under the Plan.

Annex A

Subscription Right Plan 2022 (B)

GALAPAGOS NV

General Rules

Table of Contents

1	Basis and Purpose	3
2	Definitions	3
3	Subscription Rights	4
3.1	General	4
3.2	Number per Beneficiary	5
3.3	Transfer restrictions	5
3.4	Exercise Price	5
3.5	Administration of the Subscription Right Plan	5
4	Beneficiaries of the Plan	5
5	Acceptance or Refusal of the Offer	6
6	Exercise and Payment Conditions	6
6.1	Exercise Term	6
6.2	Vesting of Subscription Rights	6
6.3	Exercise Period	6
6.4	Conditions of Exercise	7
6.5	Exercise of the Subscription Rights in accordance with the Belgian Code of Companies and Associations	7
6.6	Change in Control of the Company	7
7	Issuance of New Shares	7
8	Cessation of the Employment or Service Relationship	8
8.1	Cessation of the relationship before the date of the Deed of Issuance	8
8.2	Good Leaver Situation	8
8.3	Bad Leaver Situation	8
8.3.1	After the end of the third calendar year	8
8.3.2	Before the end of the third calendar year	9
8.4	Change of employment	9
8.5	Deviations	9
9	Amendments and Modifications	9
10	Dispute Resolution	9
11	Final Provisions	10
11.1	Additional Information	10
11.2	Taxes and Social Security Treatment	10
11.3	Costs	10
11.4	Relation to employment or management agreement	10
11.5	Shareholders' Meetings	10
11.6	Communication with Subscription Right Holders	11
11.7	Address Change	11
11.8	Reoffer or Resale of Shares Received under the Plan	11
11.9	Liens	11
11.10	U.S. Federal Tax Consequences for Participating in the Plan	11

1 Basis and Purpose

The Supervisory Board of Galapagos NV (hereinafter referred to as the "Company") has approved the present Subscription Right Plan 2022 (B) by notarial deed of 26 January 2022.

With the Plan set forth hereafter the Company wants to inform all Beneficiaries (see infra sub 2 ("Definitions: Beneficiary") and sub 4 ("Beneficiaries of the Plan")) of the conditions under which the Company is willing to offer Subscription Rights. The Company thus wants to acknowledge the efforts made by the Beneficiaries to help to develop the Company to a successful enterprise.

2 Definitions

In this Plan the words and terms mentioned hereunder have the meanings given below:

Bad Leaver Situation: the effective date on which one of the following situations occurs:

- (i) the termination at the request of the Beneficiary of his/her employment agreement or management agreement with the Company or a Subsidiary, irrespective of the fact that such termination is established in a document signed by both parties (it being understood that the termination at the request of the Beneficiary because such Beneficiary (or rather its Permanent Representative as the case may be) has reached the age at which the Subscription Right Holder can receive state pension entitlement shall not be considered a Bad Leaver Situation), or
- (ii) the termination by the relevant Company or Subsidiary of the employment agreement or management agreement of a Beneficiary based on any grounds for dismissal attributable to the Beneficiary, and/or any breach by the Beneficiary or its Permanent Representative in the performance of the relevant agreement;

Beneficiary: the Employees and Managers of the Company and its Subsidiaries whose name is mentioned in Annex A to this Subscription Right Plan 2022 (B);

Company: the limited liability company Galapagos, having its registered office at Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium;

Control: the power, *de jure* or *de facto*, to have a decisive influence on the appointment of the majority of the directors or on the orientation of the management, as set forth in article 1:14 *et seq.* of the Belgian Code of Companies and Associations. The terms "to Control" and "Controlled by" shall be construed accordingly;

Deed of Issuance: the notarial deed enacting (i) the acceptance or refusal of the Subscription Rights and (ii) the unconditional issuance of the Subscription Rights;

Employee: each employee of the Company or a Subsidiary;

Exercise Period: a period of two weeks within the Exercise Term, to be determined by the Supervisory Board, during which Subscription Rights can be Exercised;

Exercise Price: the pre-determined price at which a New Share can be acquired when Exercising a Subscription Right, during one of the Exercise Periods within the Exercise Term;

Exercise Term: the term during which the Subscription Right Holder can Exercise his/her Subscription Rights to acquire Shares of the Company, taking into account the specific Exercise Periods and the specific exercise conditions as set forth in chapter 6 of this Plan;

Exercise: to make use of the right attached to the Subscription Rights that were acquired by accepting the Offer, to acquire New Shares at the Exercise Price;

Good Leaver Situation: the effective date of the cessation, in other circumstances than those listed in the definition of Bad Leaver Situation, of the employment agreement or management agreement of the relevant Beneficiary with either the Company or a Subsidiary (including the relevant employing entity)

ceasing to be a Subsidiary of the Company), with the exception of a cessation accompanied by a simultaneous (other) employment or appointment of the relevant Beneficiary or its Permanent Representative (or a company Controlled by the Subscription Right Holder) as a Manager, Employee or director of the Company or a Subsidiary. For clarity, the termination at the request of the Beneficiary of his/her employment agreement or management agreement because such Beneficiary or its Permanent Representative has reached the age at which the Beneficiary or its Permanent Representative can receive state pension entitlement shall be considered a Good Leaver Situation;

Grant: the moment on which the Beneficiary accepts the Subscription Rights offered. For the purposes of this Plan (including for Belgian fiscal reasons), the Grant shall be deemed to take place on the sixtieth day following the date of the Offer if the Offer is accepted within sixty days after the date of the Offer;

Manager: a natural person who or management company that provides services to the Company or a Subsidiary on a contractual basis, other than pursuant to an employment agreement (irrespective of whether the contract was entered into directly with the relevant natural person or with a legal entity who has entrusted the performance of the services to such natural person);

New Shares: the Shares to be issued pursuant to the Exercise of the Subscription Rights under this Plan;

Notice of Acceptance: the form that the Beneficiary receives at the moment of the Offer and that the Beneficiary needs to return, duly executed, to the Company for the acceptance of the Offer;

Offer: the written and dated notification to the Beneficiaries of the Plan as to the opportunity for them to acquire Subscription Rights in accordance with the provisions of this Plan;

Personal Representative(s): the heir(s) of a Subscription Right Holder upon the latter's decease;

Permanent Representative: the permanent representative entrusted to perform the services of the management agreement in the name and on behalf of the Manager in accordance with such management agreement as defined in article 2:55 of the Belgian Code of Companies and Associations.

Plan: the present Subscription Right Plan 2022 (B) approved by the Supervisory Board, as amended from time to time by the Supervisory Board in accordance with the provisions of this Plan;

Shares: the shares of the Company;

Subscription Right: the right to subscribe, within the framework of this Plan, to one New Share within the Exercise Term and the Exercise Period and at the Exercise Price;

Subscription Right Agreement: the agreement that may be entered into between the Beneficiary and the Company;

Subscription Right Holder: each Beneficiary who has accepted the Offer or the Permanent Representative to whom the Subscription Rights have been transferred in accordance with article 3.3 of the Plan and who owns one or more Subscription Rights in accordance with this Plan;

Subsidiary: a company under the Control of the Company, as further set forth in article 1:15 of the Belgian Code of Companies and Associations;

Supervisory Board: the supervisory board of the Company (or, as the case may be, any other competent corporate body of the Company).

Words and terms denoting the plural shall include the singular and vice versa.

3 Subscription Rights

3.1 General

The number of Subscription Rights issued in the framework of this Plan is maximum 1,000,000. These Subscription Rights will be designated as "Subscription Right Plan 2022 (B)". The detail of the number of Subscription Rights per Beneficiary, offered under this Plan, is set forth in Annex A to this Plan.

The Subscription Rights are granted by the Company to the Beneficiaries for free.

Each Subscription Right entitles the Beneficiary to subscribe to one New Share in accordance with the terms and conditions of the Plan.

Offers under this Plan do not need to be the same for every Beneficiary.

3.2 Number per Beneficiary

The number of Subscription Rights to be offered to the Beneficiaries is determined by the Supervisory Board and this number is set forth in Annex A.

3.3 Transfer restrictions

The Subscription Rights received are registered in the name of the Beneficiary and may only be transferred *inter vivos* once granted to a Beneficiary to its Permanent Representative. Such transfer must occur and be notified in writing to the Company immediately following acceptance of the Subscription Rights. Following notification of the transfer as set forth in the previous sentence, the transferred Subscription Rights will be registered in the name of the Permanent Representative.

The Subscription Rights cannot be encumbered by any pledge or in any other manner.

Subscription Rights that, in contravention with the foregoing, are transferred to other natural persons or legal entities encumbered shall automatically become null and void.

3.4 Exercise Price

The Exercise Price per Subscription Right will be determined by or on behalf of the Supervisory Board at the time of the Offer.

As the Shares of the Company are listed or traded on a regulated market at the date of the Offer, the Exercise Price will at least be equal to (a) the closing price of the Share of the Company on Euronext Amsterdam and Brussels on the last trading day preceding the date of the Offer, or (b) the average of the closing price of the Share of the Company on Euronext Amsterdam and Brussels during the last thirty (30) days preceding the date of the Offer.

Upon Exercise and subsequent capital increase, the Exercise Price must be booked as capital for an amount equal to the accounting par value of the Shares at the moment of the establishment of the capital increase resulting from the Exercise. The part of the Exercise Price that exceeds the accounting par value must be booked as an issuance premium.

In deviation of article 7:71 of the Belgian Code of Companies and Associations and without prejudice to the exceptions provided by law, the Company, represented by the Supervisory Board, expressly reserves the right to take any possible decisions and to carry out any possible transactions which may have an impact on its capital, on the distribution of the profit or on the liquidation surpluses or that may otherwise affect the rights of the Subscription Right Holders, even in the event that these decisions might cause a reduction of the benefits offered to the Subscription Right Holders, unless the only purpose of these decisions and transactions would be such reduction of benefits.

Should the rights of the Subscription Right Holder be affected by such a decision or transaction, the Subscription Right Holder shall not be entitled to a modification of the Exercise Price, a modification of the exercise conditions or any other form of (financial or other) compensation. The Company, represented by the Supervisory Board, may, in its sole discretion, make modifications to (i) the number of Shares that

relates to one Subscription Right and/or (ii) the Exercise Price. As soon as reasonably practicable, the Supervisory Board shall give notice in writing of such modification to the relevant Subscription Right Holder.

In case of a merger, demerger or stock-split of the Company, the rights of the outstanding Subscription Rights and/or the Exercise Price of the Subscription Rights shall be adjusted in accordance with the conversion ratio applicable at the occasion of the merger, demerger or the stock-split to the other shareholders.

3.5 Administration of the Subscription Right Plan

The Company is responsible for the management and the administration of the Plan and ensures that all questions of Beneficiaries or Subscription Right Holders are answered accurately and rapidly.

4 Beneficiaries of the Plan

Beneficiaries are the individuals or legal entities as indicated in section 2 ("Definitions - Beneficiary").

The Subscription Rights under this Plan are reserved for and granted to Employees and Managers who are all members of the personnel as defined in article 1:27 of the Belgian Code of Companies and Associations.

5 Acceptance or Refusal of the Offer

The Beneficiaries have the possibility to accept the individual Offer in whole, in part or not at all. Each Beneficiary shall receive a Notice of Acceptance form wherein the Beneficiary mentions his/her decision regarding the Offer: (full or partial) Acceptance or Refusal. Acceptance of the Offer has to be formally established by ticking the relevant paragraph in the Notice of Acceptance.

The Notice of Acceptance needs to be returned prior to the ultimate date of response as set forth in the Notice of Acceptance, duly completed and signed, to the address mentioned in the Notice of Acceptance. Such ultimate date of response cannot be later than 105 calendar days after the date of the Offer.

In case the Beneficiary has not accepted the Offer in writing prior to the date mentioned in the Notice of Acceptance, he shall be deemed to have refused the Offer.

For the purposes of this Plan (including for Belgian fiscal reasons), the Subscription Rights shall be deemed to be granted on the sixtieth day following the date of the Offer if the Offer is accepted within sixty days after the date of the Offer.

The Subscription Rights are registered in the name of the Beneficiary, or in case of transfer of the Subscription Rights in accordance with Article 3.3, the Permanent Representative. In case of acceptance, the Beneficiary or Permanent Representative (as the case may be) will be recorded as a Subscription Right Holder in the register of subscription right holders of the Company. This register is kept at the registered office of the Company, mentioning the identity of the Subscription Right Holders and previous subscription right holders and the number of Subscription Rights held by them. The Subscription Right Holder will receive a confirmation of the number of Subscription Rights he has accepted.

The Nomination and Remuneration Committee may decide to replace or complete the Notice of Acceptance by or with a written Subscription Right Agreement to be signed by the Subscription Right Holder and the Company and which shall contain the conditions determined by the Nomination and Remuneration Committee, in accordance with this Plan.

The Beneficiary who has accepted the Offer will receive the Subscription Rights as soon as these have been issued by the Deed of Issuance.

6 Exercise and Payment Conditions

6.1 Exercise Term

The Exercise Term is eight (8) years, starting from the date of the Offer.

6.2 Vesting of Subscription Rights

Except to the extent expressly stated otherwise in this Plan, any addendum to this Plan or decided otherwise by the Supervisory Board in accordance with section 8.5, all granted Subscription Rights will fully vest on the first day of the fourth calendar year following the calendar year in which the Grant was made.

6.3 Exercise Period

Subscription Rights may not be exercised until the end of the third calendar year following the calendar year in which the Grant was made.

As of the commencement of the fourth calendar year following the calendar year in which the Grant was made, all vested Subscription Rights may be exercised, during an Exercise Period.

The Supervisory Board will establish at least one Exercise Period of two weeks per semester. It is the responsibility of the Subscription Right Holder to timely seek information from the Company relating to the establishment of Exercise Periods.

The Supervisory Board may decide, in accordance with the applicable rules relating to abuse of inside information, to establish closed periods during which the Subscription Rights cannot be exercised.

6.4 Conditions of Exercise

Individual Subscription Rights can only be exercised as a whole.

In order to exercise a Subscription Right, the Subscription Right Holder needs to submit an appropriate declaration to that effect (the exercise form) to the Supervisory Board or to an authorized person designated by the Supervisory Board, and to pay the Exercise Price into a bank account designated by the Company and opened in the name of the Company.

On the exercise form, the Subscription Right Holder needs to mention the number of Subscription Rights he desires to exercise.

In case the bank account is not or not sufficiently credited prior to the end of the Exercise Period, the Subscription Rights will be deemed not to be exercised. The Company will inform the Subscription Right Holder thereof and will reimburse the amount that was deposited too late or was insufficient as soon as possible within the limits set by law. The Subscription Rights will consequently not be lost and remain exercisable at a later stage insofar as the Exercise Term has not expired.

6.5 Exercise of the Subscription Rights in accordance with the Belgian Code of Companies and Associations

In case a Subscription Right, that is not exercisable or cannot be exercised in accordance with the issuance conditions (as specified in the Plan), becomes prematurely exercisable pursuant to article 7:71 of the Belgian Code of Companies and Associations and is thus also prematurely exercised pursuant to article 7:71 of the Belgian Code of Companies and Associations, the New Shares that the Subscription Right Holders receives as a result of such Exercise will not be transferable, except with the explicit prior consent of the Supervisory Board, until such time as the Subscription Right would have become exercisable in accordance with the Plan.

6.6 Change in Control of the Company

Notwithstanding anything to the contrary in this Plan, in the event of a change in Control of the Company, all Subscription Rights that are still outstanding under this Plan at such time shall, in principle, immediately vest (to the extent they had not all vested yet) and become immediately exercisable during an Exercise

Period determined by the Supervisory Board, provided, however, that in compliance with applicable (tax) laws the Supervisory Board is authorized to establish certain conditions for such vesting and/or exercising that will be applicable to some or all of the Subscription Right Holders involved, and provided further that, in the event a public takeover bid is made on the securities of the Company, the Subscription Rights shall immediately become fully vested and exercisable as from the date of the announcement of such public takeover bid by the FSMA. In such case, the Supervisory Board shall establish an Exercise Period as soon as practicable following the announcement of such public takeover bid.

Furthermore, the transfer restrictions set forth in section 3.3 are not applicable to transfers of Subscription Rights pursuant to a public takeover bid or a public squeeze-out bid on the securities in the Company.

7 Issuance of New Shares

The Company shall only be obliged to issue New Shares pursuant to the Exercise of Subscription Rights if all exercise conditions set forth in chapter 6 have been complied with.

As soon as these exercise conditions are complied with, the New Shares will be issued, taking into account the time needed to fulfill the required administrative formalities. The Supervisory Board shall to this effect timely, at a date to be determined by the Supervisory Board and at least once per semester, have the capital increase established by notary deed.

New Shares participate in the profit of the financial year of the Company that started on the first of January of the year in which the relevant New Shares have been issued.

In view of a rapid delivery of the Shares resulting from the exercise of Subscription Rights, the Company may propose to the Subscription Right Holders who have complied with the exercise conditions to receive existing Shares awaiting the issuance of New Shares by notary deed. In such case the Subscription Right Holders will receive an advance of existing Shares subject to the condition that they sign an authorization by which the New Shares will, upon issuance, immediately and directly be delivered to the Company or to any other party who advanced them the existing Shares.

The Supervisory Board has granted power of attorney to any two (2) members of the Supervisory Board acting jointly, as well as to each member of the management board individually, with possibility of sub-delegation and the power of subrogation, to take care of the establishment by notary deed of the acceptance of the Subscription Rights offered, the exercise of the Subscription Rights, the issuance of the corresponding number of New Shares, the payment of the exercise price in cash, the corresponding realization of the capital increase, the allocation to the unavailable account "issuance premiums" of the difference between the subscription price for the Shares and the accounting par value, to bring the Articles of Association in accordance with the new situation of the registered capital, to sign and deliver the relevant Euroclear and bank documentation, and to sign and deliver all necessary documents in connection with the delivery of the Shares (acquired as a result of the exercise of the Subscription Rights) to the Beneficiaries.

The Company will take the necessary actions to have the New Shares listed for trading on a regulated market as soon as they have been issued.

8 Cessation of the Employment or Service Relationship

8.1 Cessation of the relationship before the date of the Deed of Issuance

If a Beneficiary is not a member of the personnel (within the meaning of article 1:27 of the Belgian Code of Companies and Associations) of the Company or any of its Subsidiaries on the date of the Deed of Issuance, the Beneficiary shall be deemed to have refused the Offer and the Subscription Rights offered to such Beneficiary shall not be issued.

8.2 Good Leaver Situation

If a Good Leaver Situation arises with respect to a Beneficiary, the Subscription Rights of the Subscription Right Holder shall continue to vest as set forth in Section 6.2 (if unvested) and, if and when vested, the Exercise Term of the non-exercised Subscription Rights shall remain unchanged and the Subscription Right Holder will have the time to exercise his/her non-exercised Subscription Rights during each Exercise Period within the Exercise Term.

If the Good Leaver Situation is caused by the decease of the Permanent Representative of the relevant Subscription Right Holder, all Subscription Rights held by such Subscription Right Holder shall pass to his/her Personal Representative(s) and, upon vesting of the Subscription Rights, the Personal Representative(s) will be able to exercise the non-exercised Subscription Rights during each Exercise Period within the Exercise Term.

8.3 Bad Leaver Situation

8.3.1 After the end of the third calendar year

In case a Bad Leaver Situation occurs after the end of the third calendar year following the calendar year in which the Grant was made, the relevant Subscription Right Holder will have time to exercise, during an Exercise Period, his/her non-exercised Subscription Rights until six months after the date of the Bad Leaver Situation. All his/her remaining non-exercised Subscription Rights shall become null and void upon the expiry of such six-month period.

8.3.2 Before the end of the third calendar year

In case the Bad Leaver Situation occurs before the end of the third calendar year following the calendar year in which the Grant was made, all granted Subscription Rights that have not vested yet shall automatically become null and void.

8.4 Change of employment

8.4.1 In case of a cessation of the employment agreement or management agreement for any reason whatsoever, in whatever form and by whomever initiates it of the relevant Beneficiary accompanied by a simultaneous (other) employment or appointment of the relevant Beneficiary, in case at hand represented by its Permanent Representative as a an Employee, Manager or director of the Company or a Subsidiary, the Subscription Rights of the relevant Subscription Right Holder shall continue to vest as set forth in Section 6.2 (if unvested) and, if and when vested, the Exercise Term of the non-exercised Subscription Rights shall remain unchanged and the Subscription Right Holder will have the time to exercise his/her non-exercised Subscription Rights during each Exercise Period within the Exercise Term.

8.4.2 If, however, at any time following such change as described in section 8.4.1, a Bad Leaver Situation occurs with respect to such Subscription Right Holder, then the rules set forth in section 8.3 shall apply.

8.5 Deviations

The Supervisory Board may at its discretion decide to deviate at any time from the provisions set forth in this chapter 8.

9 Amendments and Modifications

The Supervisory Board is authorized to take appropriate measures to safeguard the interests of the Subscription Right Holders in case:

- a change in the Control of the Company occurs;
- a change in the applicable laws or regulations occurs; or
- a serious and exceptional circumstance jeopardizing the rights of the Beneficiaries occurs.

In addition, the Supervisory Board may amend the provisions of this Plan to the benefit of the Subscription Right Holders, to the extent that the contemplated amendments comply with all applicable laws.

This Plan may, if required by the circumstances, be amended by the Company. The Subscription Rights Holder shall be informed of such amendments and will be bound by them. The amendments may in no event affect the essential provisions of the Plan. The amendments may not harm the rights of the existing Subscription Right Holders under this Plan. In the event the rights of the existing Subscription Right Holders under this Plan would be harmed, the amendments may not be made without their agreement.

10 Dispute Resolution

All disputes relating to this Plan will be brought to the attention of the Supervisory Board, who may propose an amicable settlement for a dispute, as the case may be. If required the dispute will be submitted to the exclusive jurisdiction of the Courts and Tribunals competent for the judicial area of Antwerp, department of Mechelen (Belgium) whereby all parties involved shall make election of domicile at the seat of the Company. This Plan is governed by Belgian law.

The Plan is not subject to the provisions of the U.S. Employee Retirement Income Security Act of 1974, as amended, and is not a qualified plan under Section 401(a) of the U.S. Internal Revenue Code.

11 Final Provisions

11.1 Additional Information

The Company will provide the Beneficiary at his/her request with a copy of the articles of association of the Company and any amendments thereto.

11.2 Taxes and Social Security Treatment

The Company or a Subsidiary shall be entitled, in accordance with the applicable law or customs, to apply a withholding on the cash salary or the compensation for the month in which the taxable moment occurs or on the cash salary or the compensation of any other following month, and/or the Beneficiary shall be obliged to pay to the Company or a Subsidiary (if so required by the Company or by a Subsidiary) the amount of any tax and/or social security contributions due or payable because of the fact of the grant, the acceptance, the fact that Subscription Rights become susceptible of being exercised or of the exercise of the Subscription Rights, or due or payable in respect of the delivery of the New Shares.

The Company or a Subsidiary shall be entitled, in accordance with the applicable law or customs, to prepare the required reports, necessary as a result of grant of the Subscription Rights, the fact that Subscription Rights become susceptible of being exercised, or the delivery of the Shares.

11.3 Costs

Stamp duties, stock exchange taxes and similar charges and taxes levied at the occasion of the exercise of the Subscription Rights and/or the delivery of the New Shares or existing Shares shall be borne by the Subscription Right Holder.

Costs relating to the issue of the Subscription Rights or to the issue of New Shares shall be borne by the Company.

No fees or commissions will be charged by the Company in connection with the issuance of New Shares. All funds received or held by the Company under this Plan may be combined with other corporate funds and may be used for any corporate purpose.

11.4 Relation to employment or management agreement

No person has a right to participate in this Plan and participation in this Plan does not give the Beneficiaries a right to future grants of additional Subscription Rights. The grant of Subscription Rights under this Plan does not contain a promise of a continuous employment by the Company or its Subsidiaries.

Notwithstanding any provision of the Plan, the rights and obligations of any individual or entity as determined in the provisions of his/her director's mandate, employment agreement or management agreement concluded with the Company or a Subsidiary shall not be affected by his/her participation in the Plan or by any right that he/she may have to participate therein.

An individual or entity to whom Subscription Rights are granted in accordance with the Plan shall not be entitled to any damages or compensation as a result of the cessation of his/her mandate, employment agreement or consultancy or management agreement with the Company or a Subsidiary, based on any reason whatsoever, to the extent that these rights would arise or might arise based on the cessation of the rights he/she might have or the claims he/she could make concerning the exercise of Subscription Rights pursuant to the Plan because of the cessation of such agreement or by reason of the loss or decrease in value of the rights or benefits.

11.5 Shareholders' Meetings

Subscription Right Holders have the right to participate in the Shareholders' Meetings of the Company, but without voting right and only with an advisory voice, subject to complying with the formalities set forth in the convocation for the Shareholders' Meeting.

11.6 Communication with Subscription Right Holders

By accepting Subscription Rights, the Subscription Right Holder agrees that documentation can be validly communicated by the Company by e-mail, including convocations for Shareholders' Meetings and documentation pertaining to the exercise of Subscription Rights.

11.7 Address Change

Subscription Right Holders are obliged to keep the Company informed of changes to their address and changes to their e-mail address. Communications sent by the Company to the last known address or e-mail address of the Subscription Right Holder are validly made.

11.8 Reoffer or Resale of Shares Received under the Plan

The Subscription Right Holder may sell the Shares subscribed for pursuant to the Exercise of Subscription Rights in any manner permitted under Belgian law and applicable U.S. securities law, so long as the conditions associated with the holding of privileged information have been met.

The "inside information" provisions of the applicable securities laws and the Company's insider trading policy impose further restrictions on resales by all individuals who know of material non-public information regarding the Company, whether or not the individual is a staff member, an officer or a director of the Company or any of its Subsidiaries.

11.9 Liens

No one can place a lien on any Subscription Right granted to the Beneficiaries under the Plan.

11.10 U.S. Federal Tax Consequences for Participating in the Plan

The following discussion summarizes the current principal U.S. federal income tax consequences of certain transactions under the Plan if the Beneficiary is subject to U.S. taxes . It does not describe all U.S. federal tax consequences under the Plan, nor does it describe state or local tax consequences that may vary from jurisdiction to jurisdiction. The Beneficiary is advised to consult with a competent tax advisor for additional information about the Beneficiary's particular circumstances.

The Beneficiary will not have taxable income in the U.S. when the Beneficiary is granted a Subscription Right. When the Beneficiary Exercises a Subscription Right, the Beneficiary will have taxable ordinary income in the U.S. equal to the excess of the fair market value of the Shares received on the Exercise date over the price the Beneficiary paid for the Subscription Right. The Beneficiary's tax basis for the Shares that the Beneficiary acquires when the Beneficiary Exercises a Subscription Right will be increased by the amount of such taxable income. The Company will be entitled to a federal income tax deduction

in an amount equal to the ordinary income that the Beneficiary recognizes. When the Beneficiary sells the Shares that the Beneficiary acquired by Exercising Subscription Rights, the Beneficiary will realize long-term or short-term capital gain or loss, depending upon the Beneficiary's holding period for such Shares.

If the Beneficiary surrenders Shares in payment of the Exercise Price of a Subscription Right, the Beneficiary will not recognize gain or loss on the Beneficiary's surrender of such Shares. However, the Beneficiary will recognize ordinary income on the Exercise of the Subscription Rights as described above. The number of Shares the Beneficiary receives in such an exchange that is equal to the number of Shares the Beneficiary surrendered will have the same tax basis and capital gains holding period as the Shares surrendered. The balance of the Shares received will have a tax basis equal to the fair market value of the Shares on the date of Exercise, and the capital gains holding period for those Shares will begin on the date of Exercise.

If the Beneficiary chooses to Exercise his/her Subscription Right by means of a cashless exercise facility, the Beneficiary will receive cash in an amount equal the difference between the net proceeds of the sale of the underlying Share of the Exercised Subscription Right and the Exercise Price of the Exercised Subscription Right. This same amount will be taxable at ordinary income rates in the U.S.



Galapagos

Restricted Stock Units/Long-Term Incentive Plan 2022 – Participants' Guide

This multi-year Plan is intended to provide certain members of the executive committee and certain employees of Galapagos the opportunity to receive Restricted Stock Units as a long-term incentive. Its purpose is to retain and encourage Participants to contribute to the performance of Galapagos and its Affiliates by aligning their financial interests with those of the shareholders.

1 Definitions

When used in this document, the following terms shall have the meaning ascribed to them as indicated below, unless expressly indicated otherwise:

Acceptance Form	the form, which may be electronic, in which the Participant confirms, among other things, receipt of the Offer from Galapagos and the Restricted Stock Units;
Acceptance Period	the period during which a Participant must return the completed Acceptance Form to Galapagos, as indicated in the Offer Notification;
Affiliate	any affiliated company (" <i>société liée</i> " / " <i>verbonden vennootschap</i> ") as defined under Article 11 of the Belgian Companies Code and 1:20 of the Code of Companies and Associations (as may be amended from time to time) and any other entity in which Galapagos has a direct or indirect interest and which is designated by the Board as being an Affiliate for purposes of this Plan;
Board	the board of directors of Galapagos;
Code of Dealing	the code of dealing of Galapagos, as amended from time to time;
Data Controller	Galapagos;
Data Processor	any third party designated by the Data Controller to process Personal Data on behalf of the Data Controller in accordance with <u>Schedule 1</u> for the implementation, administration and management of the Plan and the Share register and RSU register in electronic form;
Galapagos	Galapagos NV/SA with its registered office at Generaal De Wittelaan L11, Bus A3 2800 Mechelen, Belgium;

GDPR	Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);
Offer	the offer of Restricted Stock Units by Galapagos to the Participant as set out in the Offer Notification;
Offer Date	has the meaning given to it in the Offer Notification;
Offer Notification	the notification, either sent via email or made available through the Online Tool, whereby Galapagos communicates the details of the Offer;
Online Tool	a secured website allowing the Participants to have online access to all information relating to their RSUs;
Participant	a member of the executive committee of Galapagos or an employee, in each case as designated by Galapagos, who received an Offer Notification, or any Successor to whom Restricted Stock Units have been transferred in accordance with these terms and conditions;
Personal Data	each item of information relating to an identified or identifiable Participant defined as personal data pursuant to the GDPR;
Plan	this Restricted Stock Units/Long-Term Incentive Plan 2022;
RSU or Restricted Stock Unit	the right to receive from Galapagos one existing and/or new Share per RSU and/or a payment in cash per RSU, in accordance with these terms and conditions;
Share	an existing or newly issued ordinary share of Galapagos;
Successor	the successor of a Participant as determined under the applicable law of succession and/or the persons designated by a Participant, in accordance with the applicable law of succession, to inherit the rights of the Participant under the Plan after the death of the Participant;
Vesting	a Participant becoming unconditionally entitled to receive one Galapagos Share per Restricted Stock Unit or an equivalent amount in cash, subject to the terms and conditions of this Plan;
Vesting Date	has the meaning given to it in the Offer Notification, it being understood that Vesting Date shall be construed to mean the plural where necessary.

2 Acceptance of the Restricted Stock Units

The Plan forms part of an agreement between the Participant and Galapagos. By accepting the Offer, Participants unconditionally agree to be bound by the contents of this document, the Offer Notification and the Acceptance Form.

A Participant is free to accept or refuse the Offer. The Participant can only accept all the Restricted Stock Units offered in the Offer Notification. Partial acceptance of these terms and conditions shall be deemed to constitute a refusal of the Offer as a whole.

The mode of acceptance of the Offer is set out in the Offer Notification, including the deadline for accepting the Offer. Failure to comply with the mode of acceptance of the Offer shall be deemed to constitute a refusal of the Offer as a whole.

The Restricted Stock Units are offered for no consideration.

3 Nature and characteristics of the Restricted Stock Units

3.1 No shareholder rights

Restricted Stock Units do not confer any shareholder rights. For example, they do not confer any voting or dividend rights or the right to attend shareholders' meetings.

3.2 Transferability

Except for transfers as a result of death (see Clause 7.2), Restricted Stock Units may not be transferred to any third party.

If the Participant is a legal person and if such Participant is going to cease to exist (for example in the event of a dissolution), Galapagos and such Participant will agree in due time on how to deal with such situation.

Restricted Stock Units shall not be encumbered with any security, pledge or other right.

4 Vesting of the Restricted Stock Units

The Restricted Stock Units will vest on the Vesting Date specified in the Offer Notification, subject to the service rules of Clause 7.

If a Participant takes a sabbatical leave of a period exceeding six months, the relevant Vesting Date shall be deferred with a period of one year.

In the event of Vesting and subject to these terms and conditions, Galapagos will, at its own discretion:

- (i) deliver one Share per Restricted Stock Unit held by the Participant, as soon as reasonably practicable following the Vesting Date; or
- (ii) make a payment in cash to the Participant of an amount equivalent to the volume weighted average price of the Share on Euronext Brussels over the 30-calendar day period preceding the Vesting Date multiplied by the number of Restricted Stock Units, as soon as reasonably practicable following the Vesting Date.

The terms of such delivery and/or payment will be determined by Galapagos in advance of the Vesting Date and will be communicated in due time to each Participant, who will be required to comply with such terms.

5 Nature and characteristics of the underlying Shares

5.1 General

If Galapagos elects to deliver Shares upon Vesting of the Restricted Stock Units, these Shares shall be, at the discretion of Galapagos:

- (i) existing ordinary Shares of Galapagos; or

- (ii) new Shares to be issued in consideration for the payment by each Participant of a subscription price of 0.01 euro per Share.

Galapagos will, at its discretion, deliver Shares in dematerialised (electronic or book-entry) form or in registered form.

The increase in Galapagos' share capital, if any, corresponding to the issue of new Shares in the framework of the Plan will be recorded by notarial deed. The Participants shall be required to comply with the necessary formalities applicable to the capital increase. These will be communicated in due time in advance of the Vesting.

5.2 Dividends

The Shares delivered upon vesting of the Restricted Stock Units give the right to the dividends paid on such Shares decided by Galapagos after the Vesting Date.

5.3 Transferability

Unless agreed otherwise between the Participant and Galapagos, the Shares delivered upon vesting of the Restricted Stock Units are not subject to any transfer restrictions under the rules of the Plan.

Participants may be offered the choice to conclude a lock-up agreement with Galapagos for a two-year period starting on the Vesting Date, in respect of all or part of the Shares, as this may enable a more beneficial tax and/or social security treatment in some countries. That choice will need to be made before the Vesting Date. Galapagos will contact the Participants in due time before that date to provide them with the necessary information and prepare the lock-up agreement, if the Participants choose to conclude it .

6 Expenses and taxes

- 6.1 All costs related to the attribution of the Restricted Stock Units and the delivery of the underlying Shares will be borne by Galapagos.

- 6.2 However, Participants will be solely responsible for any taxes (including but not limited to income taxes, capital gains taxes, stock exchange taxes and taxes on securities accounts) and personal social security charges due in connection with (i) the Offer and Vesting of the Restricted Stock Units and (ii) the delivery and ownership of the underlying Shares, in accordance with applicable tax and social security laws.

The Participants shall also pay a subscription price of 0.01 euro per Share if Galapagos elects to deliver new Shares, in accordance with Clause 5.1.

- 6.3 Galapagos may either (i) require that the Participants pay, or (ii) withhold from any payment or delivery of Shares at any time any income or social security taxes that are required to be withheld under any applicable law, rule or regulation.

7 Situation upon termination of mandate

7.1 End of employment contract or mandate as self-employed

If a Participant is dismissed, resigns, retires or if his/her employment or management agreement with Galapagos comes to an end and/or is not renewed, all Restricted Stock Units held by the Participant on the date of his/her dismissal, resignation, retirement or the end of employment or management agreement and that have not yet vested will automatically become null and void.

Shares already held by a Participant, as a result of the Vesting of Restricted Stock Units before the date of his/her dismissal, resignation, retirement or the end of employment or management agreement, will not be affected.

7.2 Death or permanent disability

In the event of permanent disability or death, all Restricted Stock Units shall vest in full on the next Vesting Date (or on such earlier date as determined by Galapagos) and the underlying Shares shall be transferred to the Participant, or his/her Successor in the event of death.

The notion of "permanent disability" is to be defined by reference to the law governing the employment relationship and the applicable social security regime, or alternatively, by the pension rules in the relevant jurisdiction or, if applicable, management contract of the Participant.

In the event of a Participant's death, any Successor acquiring the Restricted Stock Units shall inform Galapagos of the Participant's death as soon as possible.

8 Amendment to the capital structure and anti-dilution measures

8.1 Corporate changes

Galapagos expressly reserves the right to proceed with corporate changes that have an impact on its capital, such as capital increases, including by incorporation of reserves in the capital, capital decreases, issuance of convertible bonds, subscription rights or options, stock splits or reverse stock splits, combinations or reclassifications of the Shares, mergers and (partial) demergers, as well as the right to amend the clauses in the articles of association governing the allocation of profits or liquidation *boni*.

In the event that any such corporate change would have a materially unfavourable impact on the Restricted Stock Units, Galapagos may decide in its sole discretion to adjust the Plan for the purpose of safeguarding the interests of the holders of Restricted Stock Units, subject to any required action by the Shareholders' Meeting of Galapagos. The terms of such adjustment will be communicated to the Participants in due time.

8.2 Public takeover bid – Change of control

In any of the following events:

- (i) the FSMA publishes a notice stating that a public takeover bid has been launched on Galapagos, as referred to under Article 7 of the Belgian Royal Decree of 27 April 2007 on public takeover bids (or any succeeding provision);
- (ii) the FSMA publishes a notice stating that a squeeze-out has been launched on Galapagos, as referred to under Article 7 of the Belgian Royal Decree of 27 April 2007 on squeeze-outs (or any succeeding provision); or
- (iii) the control or the absence of control exercised over Galapagos changes (the notion of control being defined by Articles 1:14 to 1:18 of the Belgian Code of Companies and Associations (or any succeeding provisions)),

Galapagos may decide in its sole discretion to adjust the Plan for the purpose of safeguarding the interests of the holders of Restricted Stock Units, subject to any required action by the shareholders' meeting of Galapagos. Such adjustment may, without limitation and at the discretion of Galapagos, consist in the cancellation of the Restricted Stock Units and the payment of their fair market value to the Participants or in the accelerated Vesting of the Restricted Stock Units.

9 Insider dealing rules

The Participants shall comply at all times with the Code of Dealing, as well as applicable laws prohibiting insider dealing.

10 Electronic register, electronic evidence and electronic delivery

10.1 Electronic Share register and register of Restricted Stock Units

The Restricted Stock Units and Shares resulting from the vesting of such Restricted Stock Units will be recorded in a register, which may be in electronic form and the maintenance of which may be delegated by Galapagos to a third party.

10.2 Electronic evidence

Electronic approvals, instructions, orders, statements and communications between a Participant, Galapagos, Galapagos affiliates and any third party to which powers have been sub-delegated by Galapagos for the administration of the Plan will have the same legal status as written approvals, instructions, orders, statements and communications. The written recording or the written reproduction of electronic approvals, instructions, orders, statements and communications received by Galapagos, Galapagos affiliates and any third party to which powers have been sub-delegated by Galapagos for the administration of the Plan, will constitute conclusive evidence between the Participant, Galapagos, Galapagos affiliates and any third party to which powers have been sub-delegated by Galapagos for the administration of the Plan, unless evidence to the contrary is provided by the Participant.

10.3 Electronic delivery

All subsequent information relating to the Restricted Stock Units will be communicated by electronic means, including e-mails to the Participants and postings on Galapagos' website or intranet. Such information may include, amongst others, financial information concerning Galapagos. In order to access such information, Participants will be required to access Galapagos e-mail system, website and/or intranet, unless otherwise specified by Galapagos. By returning the Acceptance Form, Participants are deemed to acknowledge that they have such access to the e-mail system of Galapagos, as well as to Galapagos' website and intranet and ordinarily use them in the ordinary course of their mandate. Participants may obtain paper copies of any such information by submitting a request to receive paper copies to incentives@glpg.com.

11 Modification of the Plan

Galapagos may unilaterally modify at any time the practical and/or accessory modalities of the Plan. It may also unilaterally modify the Plan when such modifications are required to comply with any change in legislation.

12 Nature of the Plan

Notwithstanding any provisions to the contrary included in the terms and conditions, the Offer Notification, the Acceptance Form or any other document relating to the Plan:

- (i) the Offer of Restricted Stock Units and/or the subsequent delivery of Shares to the Participant in the framework of the Plan is unrelated to his/her pension rights or pension claims, if any, unless specifically provided otherwise in applicable legislation or the terms and conditions of the applicable pension plan;
- (ii) the Plan, the terms and conditions, the Offer Notification, the Acceptance Form or any other document relating to the Plan do not confer upon the Participant any right to continued employment or other contractual relationship for any period of specific duration or interfere with or otherwise restrict in any way the rights of Galapagos or its Affiliates to terminate the Participant's employment or other contractual relationship according to the applicable regulations in respect of termination thereof;

- (iii) the Offer of Restricted Stock Units cannot be considered as a right acquired for the future; and
- (iv) any rights and entitlements pursuant to this Plan are granted on a discretionary basis. Repeated grants do not entitle any Participant to any future grant. Grants remain in the complete discretion of Galapagos. In particular, Galapagos reserves the right to determine the scope of beneficiaries and the conditions of the Plan in relation to any further grant.

13 Privacy and processing of Personal Data

See Schedule 1.

14 Confidentiality

The existence, subject matter and terms of the Plan (or any agreement entered into pursuant to the Plan) are confidential and the Participants are prohibited from disclosing all or any part of the Plan, or its existence, at any time, unless the disclosure is required by law or by any court of competent jurisdiction.

15 Severability

If any provision in this document is held to be illegal, invalid or unenforceable, in whole or in part, under any applicable law, that provision will be deemed not to form part of this document, and the legality, validity or enforceability of the remainder of this document will not be affected.

16 US Restrictions

The RSUs and the Shares delivered upon Vesting (if any) have not been and will not be registered under the U.S. Securities Act of 1933 (as amended, the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Furthermore, the Shares delivered upon Vesting (if any) are deemed to be restricted securities in accordance with Rule 144 under the Securities Act. As such, the Shares may not be resold on a U.S. market or exchange (including Nasdaq) for a period of six months after Vesting.

17 Applicable law - Jurisdiction

The Restricted Stock Units and these terms and conditions are governed by Belgian law.

Any dispute arising out of or in connection with the Plan, including the Restricted Stock Units, the Offer Notification, the Acceptance Form and the present terms and conditions will be settled by the courts set out in the Offer Notification.

Schedule 1 – Privacy and processing of Personal Data

To enable the proper set-up and management of the Plan and the RSU register, Personal Data about each Participant will need to be collected and used. This Schedule sets out the obligations of Galapagos and the rights of Participants regarding any such collection and use, and provides the legally required information in this respect.

1 Identity of the person responsible for your Personal Data

Galapagos NV is the so-called "Data Controller", which is responsible for the collection and processing of Personal Data as is necessary for the setting-up and management of the Plan and the RSU register of Galapagos in electronic form, including for reporting purposes.

2 Why and how Personal Data is collected and used

The Personal Data will either be collected via e-mail, the Online Tool or Galapagos' HR IS system. It will be used exclusively for the purposes of the administration of the Plan and the maintenance of the RSU register of Galapagos in electronic form.

The Personal Data collected in the context of the Plan and the RSU Register will be stored for a period as long as necessary under applicable law, i.e. a period of at least ten years and as long as required pursuant to financial audit requirements.

The Data Controller and any Data Processor will collect and process the Participants' Personal Data in accordance with the GDPR and this Schedule.

3 Nature of the Personal Data

The following Personal Data relating to the Participants will be collected and used:

- (i) their contact details (e.g. names*, private/professional* (e-mail) addresses/phone numbers);
- (ii) electronic identification data;
- (iii) personal characteristics (i.e. date of birth*);
- (iv) financial data (e.g. details regarding bank account); and
- (v) details of all information relating to Restricted Stock Units awarded, cancelled, vested, unvested or outstanding.

4 Other persons having access to the Personal Data and purpose thereof

The Data Controller can transfer the Personal Data to the following categories of recipients:

- (i) the provider of the Online Tool;
- (ii) payroll operators;
- (iii) regulatory authorities for the purposes of complying with legal obligations in connection with the Plan; and
- (iv) any member of the Galapagos group for the administration and management of the Plan.

Such recipients may be located in jurisdictions outside the European Economic Area ("EEA") that may not provide an adequate level of personal data protection. The Data Controller relies upon an adequacy

decision and/or standard contractual clauses with the relevant data importer to transfer the data to such jurisdictions.

5 Legal basis allowing Galapagos to collect and use Personal Data

The processing of Personal Data of the Participants by the Data Controller in the context of this Plan is necessary for the performance of the contractual arrangements between the Participants and the Data Controller referred to in the introduction of this Plan (i.e. providing certain members of the executive committee and certain employees of Galapagos the opportunity to receive Restricted Stock Units as an incentive). Failure by the Participant to provide the necessary and accurate Personal Data will result in the impossibility for Galapagos to perform part of its contractual arrangements towards the Participants.

The Data Controller can also process Personal Data of the Participants to comply with its legal obligations towards the regulatory authorities.

6 Rights of the Participants

The Participant can exercise his/her right to request access to and rectification or, in certain circumstances, erasure of his/her Personal Data or restriction of processing concerning the Participant or to object to processing as well as the right to data portability by sending a written request to dpo@glpg.com.

If Participants are not satisfied with how Galapagos processes their Personal Data, they may contact Galapagos through dpo@glpg.com. They also have the right to make a complaint to the Belgian Data Protection Authority.



Galapagos

Restricted Stock Units/Retention Plan 2022 – Participants' Guide

This multi-year Plan is intended to provide certain members of the executive committee and certain employees of Galapagos the opportunity to receive Restricted Stock Units as a long-term incentive. Its purpose is to retain and encourage Participants to contribute to the performance of Galapagos and its Affiliates by aligning their financial interests with those of the shareholders.

1 Definitions

When used in this document, the following terms shall have the meaning ascribed to them as indicated below, unless expressly indicated otherwise:

Acceptance Form	the form, which may be electronic, in which the Participant confirms, among other things, receipt of the Offer from Galapagos and the Restricted Stock Units;
Acceptance Period	the period during which a Participant must return the completed Acceptance Form to Galapagos, as indicated in the Offer Notification;
Affiliate	any affiliated company (" <i>société liée</i> " / " <i>verbonden vennootschap</i> ") as defined under Article 11 of the Belgian Companies Code and 1:20 of the Code of Companies and Associations (as may be amended from time to time) and any other entity in which Galapagos has a direct or indirect interest and which is designated by the Board as being an Affiliate for purposes of this Plan;
Board	the board of directors of Galapagos;
Code of Dealing	the code of dealing of Galapagos, as amended from time to time;
Data Controller	Galapagos;
Data Processor	any third party designated by the Data Controller to process Personal Data on behalf of the Data Controller in accordance with <u>Schedule 1</u> for the implementation, administration and management of the Plan and the Share register and RSU register in electronic form;
Galapagos	Galapagos NV/SA with its registered office at Generaal De Wittelaan L11, Bus A3 2800 Mechelen, Belgium;

GDPR	Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);
Offer	the offer of Restricted Stock Units by Galapagos to the Participant as set out in the Offer Notification;
Offer Date	has the meaning given to it in the Offer Notification;
Offer Notification	the notification, either sent via email or made available through the Online Tool, whereby Galapagos communicates the details of the Offer;
Online Tool	a secured website allowing the Participants to have online access to all information relating to their RSUs;
Participant	a member of the executive committee of Galapagos, an employee or any other legal or natural persons providing management services, in each case as designated by Galapagos, who received an Offer Notification, or any Successor to whom Restricted Stock Units have been transferred in accordance with these terms and conditions;
Permanent Representative	the permanent representative entrusted to perform the services of the management agreement in the name and on behalf of the Participant in accordance with such management agreement as defined in Article 2:55 of the Belgian Code of Companies and Associations;
Personal Data	each item of information relating to an identified or identifiable Participant defined as personal data pursuant to the GDPR;
Plan	this Restricted Stock Units/Retention Plan 2022;
RSU or Restricted Stock Unit	the right to receive from Galapagos one existing and/or new Share per RSU and/or a payment in cash per RSU, in accordance with these terms and conditions;
Share	an existing or newly issued ordinary share of Galapagos;
Successor	the successor of a Participant as determined under the applicable law of succession and/or the persons designated by a Participant, in accordance with the applicable law of succession, to inherit the rights of the Participant under the Plan after the death of the Participant;
Vesting	a Participant becoming unconditionally entitled to receive one Galapagos Share per Restricted Stock Unit or an equivalent amount in cash, subject to the terms and conditions of this Plan;
Vesting Date	has the meaning given to it in the Offer Notification, it being understood that Vesting Date shall be construed to mean the plural where necessary.

2 Acceptance of the Restricted Stock Units

The Plan forms part of an agreement between the Participant and Galapagos. By accepting the Offer, Participants unconditionally agree to be bound by the contents of this document, the Offer Notification and the Acceptance Form.

A Participant is free to accept or refuse the Offer. The Participant can only accept all the Restricted Stock Units offered in the Offer Notification. Partial acceptance of these terms and conditions shall be deemed to constitute a refusal of the Offer as a whole.

The mode of acceptance of the Offer is set out in the Offer Notification, including the deadline for accepting the Offer. Failure to comply with the mode of acceptance of the Offer shall be deemed to constitute a refusal of the Offer as a whole.

The Restricted Stock Units are offered for no consideration.

3 Nature and characteristics of the Restricted Stock Units

3.1 No shareholder rights

Restricted Stock Units do not confer any shareholder rights. For example, they do not confer any voting or dividend rights or the right to attend shareholders' meetings.

3.2 Transferability

Restricted Stock Units may not be transferred to any third party, except for:

- (i) transfers by a Participant which is a legal person to its Permanent Representative. Such transfer must be notified in writing to Galapagos as soon as possible after the transfer. For the avoidance of doubt, the Permanent Representative shall then be subject to the same rights and obligations under this Plan as any other Participant;
- (ii) transfers as a result of death (see Clause 7.2).

If the Participant is a legal person and if such Participant is going to cease to exist (for example in the event of a dissolution), Galapagos and such Participant will agree in due time on how to deal with such situation.

Restricted Stock Units shall not be encumbered with any security, pledge or other right.

4 Vesting of the Restricted Stock Units

The Restricted Stock Units will vest on the Vesting Date specified in the Offer Notification, subject to the service rules of Clause 7.

If a Participant takes a sabbatical leave of a period exceeding six months, the relevant Vesting Date shall be deferred with a period of one year.

In the event of Vesting and subject to these terms and conditions, Galapagos will, at its own discretion:

- (i) deliver one Share per Restricted Stock Unit held by the Participant, as soon as reasonably practicable following the Vesting Date; or
- (ii) make a payment in cash to the Participant of an amount equivalent to the volume weighted average price of the Share on Euronext Brussels over the 30-calendar day period preceding the Vesting Date multiplied by the number of Restricted Stock Units, as soon as reasonably practicable following the Vesting Date.

The terms of such delivery and/or payment will be determined by Galapagos in advance of the Vesting Date and will be communicated in due time to each Participant, who will be required to comply with such terms.

5 Nature and characteristics of the underlying Shares

5.1 General

If Galapagos elects to deliver Shares upon Vesting of the Restricted Stock Units, these Shares shall be, at the discretion of Galapagos:

- (i) existing ordinary Shares of Galapagos; or
- (ii) new Shares to be issued in consideration for the payment by each Participant of a subscription price of 0.01 euro per Share.

Galapagos will, at its discretion, deliver Shares in dematerialised (electronic or book-entry) form or in registered form.

The increase in Galapagos' share capital, if any, corresponding to the issue of new Shares in the framework of the Plan will be recorded by notarial deed. The Participants shall be required to comply with the necessary formalities applicable to the capital increase. These will be communicated in due time in advance of the Vesting.

5.2 Dividends

The Shares delivered upon vesting of the Restricted Stock Units give the right to the dividends paid on such Shares decided by Galapagos after the Vesting Date.

5.3 Transferability

Unless agreed otherwise between the Participant and Galapagos, the Shares delivered upon vesting of the Restricted Stock Units are not subject to any transfer restrictions under the rules of the Plan.

Participants may be offered the choice to conclude a lock-up agreement with Galapagos for a two-year period starting on the Vesting Date, in respect of all or part of the Shares, as this may enable a more beneficial tax and/or social security treatment in some countries. That choice will need to be made before the Vesting Date. Galapagos will contact the Participants in due time before that date to provide them with the necessary information and prepare the lock-up agreement, if the Participants choose to conclude it .

6 Expenses and taxes

6.1 All costs related to the attribution of the Restricted Stock Units and the delivery of the underlying Shares will be borne by Galapagos.

6.2 However, Participants will be solely responsible for any taxes (including but not limited to income taxes, capital gains taxes, stock exchange taxes and taxes on securities accounts) and personal social security charges due in connection with (i) the Offer and Vesting of the Restricted Stock Units and (ii) the delivery and ownership of the underlying Shares, in accordance with applicable tax and social security laws.

The Participants shall also pay a subscription price of 0.01 euro per Share if Galapagos elects to deliver new Shares, in accordance with Clause 5.1.

6.3 Galapagos may either (i) require that the Participants pay, or (ii) withhold from any payment or delivery of Shares at any time any income or social security taxes that are required to be withheld under any applicable law, rule or regulation.

7 Situation upon termination of mandate

7.1 End of employment contract or mandate as self-employed

If a Participant is dismissed, resigns, retires or if his/her employment or management agreement with Galapagos comes to an end and/or is not renewed, all Restricted Stock Units held by the Participant on the date of his/her dismissal, resignation, retirement or the end of employment or management agreement and that have not yet vested will automatically become null and void.

Shares already held by a Participant, as a result of the Vesting of Restricted Stock Units before the date of his/her dismissal, resignation, retirement or the end of employment or management agreement, will not be affected.

7.2 Death or permanent disability

In the event of permanent disability or death, all Restricted Stock Units shall vest in full on the next Vesting Date (or on such earlier date as determined by Galapagos) and the underlying Shares shall be transferred to the Participant, or his/her Successor in the event of death.

The notion of "permanent disability" is to be defined by reference to the law governing the employment relationship and the applicable social security regime, or alternatively, by the pension rules in the relevant jurisdiction or, if applicable, management contract of the Participant.

In the event of a Participant's death, any Successor acquiring the Restricted Stock Units shall inform Galapagos of the Participant's death as soon as possible.

8 Amendment to the capital structure and anti-dilution measures

8.1 Corporate changes

Galapagos expressly reserves the right to proceed with corporate changes that have an impact on its capital, such as capital increases, including by incorporation of reserves in the capital, capital decreases, issuance of convertible bonds, subscription rights or options, stock splits or reverse stock splits, combinations or reclassifications of the Shares, mergers and (partial) demergers, as well as the right to amend the clauses in the articles of association governing the allocation of profits or liquidation *boni*.

In the event that any such corporate change would have a materially unfavourable impact on the Restricted Stock Units, Galapagos may decide in its sole discretion to adjust the Plan for the purpose of safeguarding the interests of the holders of Restricted Stock Units, subject to any required action by the shareholders' meeting of Galapagos. The terms of such adjustment will be communicated to the Participants in due time.

8.2 Public takeover bid – Change of control

In any of the following events:

- (i) the FSMA publishes a notice stating that a public takeover bid has been launched on Galapagos, as referred to under Article 7 of the Belgian Royal Decree of 27 April 2007 on public takeover bids (or any succeeding provision);
- (ii) the FSMA publishes a notice stating that a squeeze-out has been launched on Galapagos, as referred to under Article 7 of the Belgian Royal Decree of 27 April 2007 on squeeze-outs (or any succeeding provision); or
- (iii) the control or the absence of control exercised over Galapagos changes (the notion of control being defined by Articles 1:14 to 1:18 of the Belgian Code of Companies and Associations (or any succeeding provisions)),

Galapagos may decide in its sole discretion to adjust the Plan for the purpose of safeguarding the interests of the holders of Restricted Stock Units, subject to any required action by the shareholders' meeting of Galapagos. Such adjustment may, without limitation and at the discretion of Galapagos, consist in the cancellation of the Restricted Stock Units and the payment of their fair market value to the Participants or in the accelerated Vesting of the Restricted Stock Units.

9 Insider dealing rules

The Participants shall comply at all times with the Code of Dealing, as well as applicable laws prohibiting insider dealing.

10 Electronic register, electronic evidence and electronic delivery

10.1 Electronic Share register and register of Restricted Stock Units

The Restricted Stock Units and Shares resulting from the vesting of such Restricted Stock Units will be recorded in a register, which may be in electronic form and the maintenance of which may be delegated by Galapagos to a third party.

10.2 Electronic evidence

Electronic approvals, instructions, orders, statements and communications between a Participant, Galapagos, Galapagos affiliates and any third party to which powers have been sub-delegated by Galapagos for the administration of the Plan will have the same legal status as written approvals, instructions, orders, statements and communications. The written recording or the written reproduction of electronic approvals, instructions, orders, statements and communications received by Galapagos, Galapagos affiliates and any third party to which powers have been sub-delegated by Galapagos for the administration of the Plan, will constitute conclusive evidence between the Participant, Galapagos, Galapagos affiliates and any third party to which powers have been sub-delegated by Galapagos for the administration of the Plan, unless evidence to the contrary is provided by the Participant.

10.3 Electronic delivery

All subsequent information relating to the Restricted Stock Units will be communicated by electronic means, including e-mails to the Participants and postings on Galapagos' website or intranet. Such information may include, amongst others, financial information concerning Galapagos. In order to access such information, Participants will be required to access Galapagos e-mail system, website and/or intranet, unless otherwise specified by Galapagos. By returning the Acceptance Form, Participants are deemed to acknowledge that they have such access to the e-mail system of Galapagos, as well as to Galapagos' website and intranet and ordinarily use them in the ordinary course of their mandate. Participants may obtain paper copies of any such information by submitting a request to receive paper copies to incentives@glpg.com.

11 Modification of the Plan

Galapagos may unilaterally modify at any time the practical and/or accessory modalities of the Plan. It may also unilaterally modify the Plan when such modifications are required to comply with any change in legislation.

12 Nature of the Plan

Notwithstanding any provisions to the contrary included in the terms and conditions, the Offer Notification, the Acceptance Form or any other document relating to the Plan:

- (i) the Offer of Restricted Stock Units and/or the subsequent delivery of Shares to the Participant in the framework of the Plan is unrelated to his/her pension rights or pension claims, if any,

unless specifically provided otherwise in applicable legislation or the terms and conditions of the applicable pension plan;

- (ii) the Plan, the terms and conditions, the Offer Notification, the Acceptance Form or any other document relating to the Plan do not confer upon the Participant any right to continued employment or other contractual relationship for any period of specific duration or interfere with or otherwise restrict in any way the rights of Galapagos or its Affiliates to terminate the Participant's employment or other contractual relationship according to the applicable regulations in respect of termination thereof;
- (iii) the Offer of Restricted Stock Units cannot be considered as a right acquired for the future; and
- (iv) any rights and entitlements pursuant to this Plan are granted on a discretionary basis. Repeated grants do not entitle any Participant to any future grant. Grants remain in the complete discretion of Galapagos. In particular, Galapagos reserves the right to determine the scope of beneficiaries and the conditions of the Plan in relation to any further grant.

13 Privacy and processing of Personal Data

See [Schedule 1](#).

14 Confidentiality

The existence, subject matter and terms of the Plan (or any agreement entered into pursuant to the Plan) are confidential and the Participants are prohibited from disclosing all or any part of the Plan, or its existence, at any time, unless the disclosure is required by law or by any court of competent jurisdiction.

15 Severability

If any provision in this document is held to be illegal, invalid or unenforceable, in whole or in part, under any applicable law, that provision will be deemed not to form part of this document, and the legality, validity or enforceability of the remainder of this document will not be affected.

16 US Restrictions

The RSUs and the Shares delivered upon Vesting (if any) have not been and will not be registered under the U.S. Securities Act of 1933 (as amended, the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Furthermore, the Shares delivered upon Vesting (if any) are deemed to be restricted securities in accordance with Rule 144 under the Securities Act. As such, the Shares may not be resold on a U.S. market or exchange (including Nasdaq) for a period of six months after Vesting.

17 Applicable law - Jurisdiction

The Restricted Stock Units and these terms and conditions are governed by Belgian law.

Any dispute arising out of or in connection with the Plan, including the Restricted Stock Units, the Offer Notification, the Acceptance Form and the present terms and conditions will be settled by the courts set out in the Offer Notification.

Schedule 1 – Privacy and processing of Personal Data

To enable the proper set-up and management of the Plan and the RSU register, Personal Data about each Participant will need to be collected and used. This Schedule sets out the obligations of Galapagos and the rights of Participants regarding any such collection and use, and provides the legally required information in this respect.

1 Identity of the person responsible for your Personal Data

Galapagos NV is the so-called "Data Controller", which is responsible for the collection and processing of Personal Data as is necessary for the setting-up and management of the Plan and the RSU register of Galapagos in electronic form, including for reporting purposes.

2 Why and how Personal Data is collected and used

The Personal Data will either be collected via email, the Online Tool or Galapagos' HR IS system. It will be used exclusively for the purposes of the administration of the Plan and the maintenance of the RSU register of Galapagos in electronic form.

The Personal Data collected in the context of the Plan and the RSU Register will be stored for a period as long as necessary under applicable law, i.e. a period of at least ten years and as long as required pursuant to financial audit requirements.

The Data Controller and any Data Processor will collect and process the Participants', and to the extent applicable, their Permanent Representatives' Personal Data in accordance with the GDPR and this Schedule.

3 Nature of the Personal Data

The following Personal Data relating to the Participants will be collected and used:

- (i) their contact details (e.g. names*, private/professional* (e-mail) addresses/phone numbers);
- (ii) electronic identification data;
- (iii) personal characteristics (i.e. date of birth*);
- (iv) financial data (e.g. details regarding bank account); and
- (v) details of all information relating to Restricted Stock Units awarded, cancelled, vested, unvested or outstanding.

4 Other persons having access to the Personal Data and purpose thereof

The Data Controller can transfer the Personal Data to the following categories of recipients:

- (i) the provider of the Online Tool;
- (ii) payroll operators;
- (iii) regulatory authorities for the purposes of complying with legal obligations in connection with the Plan; and
- (iv) any member of the Galapagos group for the administration and management of the Plan.

Such recipients may be located in jurisdictions outside the European Economic Area ("EEA") that may not provide an adequate level of personal data protection. The Data Controller relies upon an adequacy

decision and/or standard contractual clauses with the relevant data importer to transfer the data to such jurisdictions.

5 Legal basis allowing Galapagos to collect and use Personal Data

The processing of Personal Data of the Participants by the Data Controller in the context of this Plan is necessary for the performance of the contractual arrangements between the Participants and the Data Controller referred to in the introduction of this Plan (i.e. providing certain members of the executive committee and certain employees of Galapagos the opportunity to receive Restricted Stock Units as an incentive). Failure by the Participant to provide the necessary and accurate Personal Data will result in the impossibility for Galapagos to perform part of its contractual arrangements towards the Participants.

The Data Controller can also process Personal Data of the Participants and to the extent applicable, their Permanent Representatives to comply with its legal obligations towards the regulatory authorities.

6 Rights of the Participants

The Participant can exercise his/her right to request access to and rectification or, in certain circumstances, erasure of his/her Personal Data or restriction of processing concerning the Participant or to object to processing as well as the right to data portability by sending a written request to dpo@glpg.com.

If Participants are not satisfied with how Galapagos processes their Personal Data, they may contact Galapagos through dpo@glpg.com. They also have the right to make a complaint to the Belgian Data Protection Authority.



Galapagos

Restricted Stock Units GSI Replacement Plan 2022 – Participants' Guide

This Plan is intended to compensate employees who transferred from Gilead Sciences, Inc ("GSI") to Galapagos (in the framework of Project Butterfly) for the long-term incentive plans within Gilead under which unvested RSU awards lapse upon transfer out of the Gilead group. These employees now have the opportunity to receive a one-time Restricted Stock Units grant from Galapagos.

1 Definitions

When used in this document, the following terms shall have the meaning ascribed to them as indicated below, unless expressly indicated otherwise:

Acceptance Form	the form, which may be electronic, in which the Participant confirms, among other things, receipt of the Offer from Galapagos and the Restricted Stock Units;
Acceptance Period	the period during which a Participant must return the completed Acceptance Form to Galapagos, as indicated in the Offer Notification;
Affiliate	any affiliated company (" <i>société liée</i> " / " <i>verbonden vennootschap</i> ") as defined under Article 11 of the Belgian Companies Code and 1:20 of the Code of Companies and Associations (as may be amended from time to time) and any other entity in which Galapagos has a direct or indirect interest and which is designated by the Board as being an Affiliate for purposes of this Plan;
Board	the board of directors of Galapagos;
Code of Dealing	the code of dealing of Galapagos, as amended from time to time;
Data Controller	Galapagos;
Data Processor	any third party designated by the Data Controller to process Personal Data on behalf of the Data Controller in accordance with <u>Schedule 1</u> for the implementation, administration and management of the Plan and the Share register and RSU register in electronic form;
Galapagos	Galapagos NV/SA with its registered office at Generaal De Wittelaan L11, Bus A3 2800 Mechelen, Belgium;

GDPR	Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);
Offer	the offer of Restricted Stock Units by Galapagos to the Participant as set out in the Offer Notification;
Offer Date	has the meaning given to it in the Offer Notification;
Offer Notification	the notification, either sent via email or made available through the Online Tool, whereby Galapagos communicates the details of the Offer;
Online Tool	a secured website allowing the Participants to have online access to all information relating to their RSUs;
Participant	a member of the executive committee of Galapagos or an employee, in each case as designated by Galapagos, who received an Offer Notification, or any Successor to whom Restricted Stock Units have been transferred in accordance with these terms and conditions;
Personal Data	each item of information relating to an identified or identifiable Participant defined as personal data pursuant to the GDPR;
Plan	this Restricted Stock Units GSI Replacement Plan 2022;
RSU or Restricted Stock Unit	the right to receive from Galapagos one existing and/or new Share per RSU and/or a payment in cash per RSU, in accordance with these terms and conditions;
Share	an existing or newly issued ordinary share of Galapagos;
Successor	the successor of a Participant as determined under the applicable law of succession and/or the persons designated by a Participant, in accordance with the applicable law of succession, to inherit the rights of the Participant under the Plan after the death of the Participant;
Vesting	a Participant becoming unconditionally entitled to receive one Galapagos Share per Restricted Stock Unit or an equivalent amount in cash, subject to the terms and conditions of this Plan;
Vesting Date	has the meaning given to it in the Offer Notification, it being understood that Vesting Date shall be construed to mean the plural where necessary.

2 Acceptance of the Restricted Stock Units

The Plan forms part of an agreement between the Participant and Galapagos. By accepting the Offer, Participants unconditionally agree to be bound by the contents of this document, the Offer Notification and the Acceptance Form.

A Participant is free to accept or refuse the Offer. The Participant can only accept all the Restricted Stock Units offered in the Offer Notification. Partial acceptance of these terms and conditions shall be deemed to constitute a refusal of the Offer as a whole.

The mode of acceptance of the Offer is set out in the Offer Notification, including the deadline for accepting the Offer. Failure to comply with the mode of acceptance of the Offer shall be deemed to constitute a refusal of the Offer as a whole.

The Restricted Stock Units are offered for no consideration.

3 Nature and characteristics of the Restricted Stock Units

3.1 No shareholder rights

Restricted Stock Units do not confer any shareholder rights. For example, they do not confer any voting or dividend rights or the right to attend shareholders' meetings.

3.2 Transferability

Except for transfers as a result of death (see Clause 7.2), Restricted Stock Units may not be transferred to any third party.

If the Participant is a legal person and if such Participant is going to cease to exist (for example in the event of a dissolution), Galapagos and such Participant will agree in due time on how to deal with such situation.

Restricted Stock Units shall not be encumbered with any security, pledge or other right.

4 Vesting of the Restricted Stock Units

The Restricted Stock Units will vest on the Vesting Date specified in the Offer Notification, subject to the service rules of Clause 7.

If a Participant takes a sabbatical leave of a period exceeding six months, the relevant Vesting Date shall be deferred with a period of one year.

In the event of Vesting and subject to these terms and conditions, Galapagos will, at its own discretion:

- (i) deliver one Share per Restricted Stock Unit held by the Participant, as soon as reasonably practicable following the Vesting Date; or
- (ii) make a payment in cash to the Participant of an amount equivalent to the volume weighted average price of the Share on Euronext Brussels over the 30-calendar day period preceding the Vesting Date multiplied by the number of Restricted Stock Units, as soon as reasonably practicable following the Vesting Date.

The terms of such delivery and/or payment will be determined by Galapagos in advance of the Vesting Date and will be communicated in due time to each Participant, who will be required to comply with such terms.

5 Nature and characteristics of the underlying Shares

5.1 General

If Galapagos elects to deliver Shares upon Vesting of the Restricted Stock Units, these Shares shall be, at the discretion of Galapagos:

- (i) existing ordinary Shares of Galapagos; or

- (ii) new Shares to be issued in consideration for the payment by each Participant of a subscription price of 0.01 euro per Share.

Galapagos will, at its discretion, deliver Shares in dematerialised (electronic or book-entry) form or in registered form.

The increase in Galapagos' share capital, if any, corresponding to the issue of new Shares in the framework of the Plan will be recorded by notarial deed. The Participants shall be required to comply with the necessary formalities applicable to the capital increase. These will be communicated in due time in advance of the Vesting.

5.2 Dividends

The Shares delivered upon vesting of the Restricted Stock Units give the right to the dividends paid on such Shares decided by Galapagos after the Vesting Date.

5.3 Transferability

Unless agreed otherwise between the Participant and Galapagos, the Shares delivered upon vesting of the Restricted Stock Units are not subject to any transfer restrictions under the rules of the Plan.

Participants may be offered the choice to conclude a lock-up agreement with Galapagos for a two-year period starting on the Vesting Date, in respect of all or part of the Shares, as this may enable a more beneficial tax and/or social security treatment in some countries. That choice will need to be made before the Vesting Date. Galapagos will contact the Participants in due time before that date to provide them with the necessary information and prepare the lock-up agreement, if the Participants choose to conclude it .

6 Expenses and taxes

- 6.1 All costs related to the attribution of the Restricted Stock Units and the delivery of the underlying Shares will be borne by Galapagos.

- 6.2 However, Participants will be solely responsible for any taxes (including but not limited to income taxes, capital gains taxes, stock exchange taxes and taxes on securities accounts) and personal social security charges due in connection with (i) the Offer and Vesting of the Restricted Stock Units and (ii) the delivery and ownership of the underlying Shares, in accordance with applicable tax and social security laws.

The Participants shall also pay a subscription price of 0.01 euro per Share if Galapagos elects to deliver new Shares, in accordance with Clause 5.1.

- 6.3 Galapagos may either (i) require that the Participants pay, or (ii) withhold from any payment or delivery of Shares at any time any income or social security taxes that are required to be withheld under any applicable law, rule or regulation.

7 Situation upon termination of mandate

7.1 End of employment contract or mandate as self-employed

If a Participant is dismissed, resigns, retires or if his/her employment or management agreement with Galapagos comes to an end and/or is not renewed, all Restricted Stock Units held by the Participant on the date of his/her dismissal, resignation, retirement or the end of employment or management agreement and that have not yet vested will automatically become null and void.

Shares already held by a Participant, as a result of the Vesting of Restricted Stock Units before the date of his/her dismissal, resignation, retirement or the end of employment or management agreement, will not be affected.

7.2 Death or permanent disability

In the event of permanent disability or death, all Restricted Stock Units shall vest in full on the next Vesting Date (or on such earlier date as determined by Galapagos) and the underlying Shares shall be transferred to the Participant, or his/her Successor in the event of death.

The notion of "permanent disability" is to be defined by reference to the law governing the employment relationship and the applicable social security regime, or alternatively, by the pension rules in the relevant jurisdiction or, if applicable, management contract of the Participant.

In the event of a Participant's death, any Successor acquiring the Restricted Stock Units shall inform Galapagos of the Participant's death as soon as possible.

8 Amendment to the capital structure and anti-dilution measures

8.1 Corporate changes

Galapagos expressly reserves the right to proceed with corporate changes that have an impact on its capital, such as capital increases, including by incorporation of reserves in the capital, capital decreases, issuance of convertible bonds, subscription rights or options, stock splits or reverse stock splits, combinations or reclassifications of the Shares, mergers and (partial) demergers, as well as the right to amend the clauses in the articles of association governing the allocation of profits or liquidation *boni*.

In the event that any such corporate change would have a materially unfavourable impact on the Restricted Stock Units, Galapagos may decide in its sole discretion to adjust the Plan for the purpose of safeguarding the interests of the holders of Restricted Stock Units, subject to any required action by the Shareholders' Meeting of Galapagos. The terms of such adjustment will be communicated to the Participants in due time.

8.2 Public takeover bid – Change of control

In any of the following events:

- (i) the FSMA publishes a notice stating that a public takeover bid has been launched on Galapagos, as referred to under Article 7 of the Belgian Royal Decree of 27 April 2007 on public takeover bids (or any succeeding provision);
- (ii) the FSMA publishes a notice stating that a squeeze-out has been launched on Galapagos, as referred to under Article 7 of the Belgian Royal Decree of 27 April 2007 on squeeze-outs (or any succeeding provision); or
- (iii) the control or the absence of control exercised over Galapagos changes (the notion of control being defined by Articles 1:14 to 1:18 of the Belgian Code of Companies and Associations (or any succeeding provisions)),

Galapagos may decide in its sole discretion to adjust the Plan for the purpose of safeguarding the interests of the holders of Restricted Stock Units, subject to any required action by the shareholders' meeting of Galapagos. Such adjustment may, without limitation and at the discretion of Galapagos, consist in the cancellation of the Restricted Stock Units and the payment of their fair market value to the Participants or in the accelerated Vesting of the Restricted Stock Units.

9 Insider dealing rules

The Participants shall comply at all times with the Code of Dealing, as well as applicable laws prohibiting insider dealing.

10 Electronic register, electronic evidence and electronic delivery

10.1 Electronic Share register and register of Restricted Stock Units

The Restricted Stock Units and Shares resulting from the vesting of such Restricted Stock Units will be recorded in a register, which may be in electronic form and the maintenance of which may be delegated by Galapagos to a third party.

10.2 Electronic evidence

Electronic approvals, instructions, orders, statements and communications between a Participant, Galapagos, Galapagos affiliates and any third party to which powers have been sub-delegated by Galapagos for the administration of the Plan will have the same legal status as written approvals, instructions, orders, statements and communications. The written recording or the written reproduction of electronic approvals, instructions, orders, statements and communications received by Galapagos, Galapagos affiliates and any third party to which powers have been sub-delegated by Galapagos for the administration of the Plan, will constitute conclusive evidence between the Participant, Galapagos, Galapagos affiliates and any third party to which powers have been sub-delegated by Galapagos for the administration of the Plan, unless evidence to the contrary is provided by the Participant.

10.3 Electronic delivery

All subsequent information relating to the Restricted Stock Units will be communicated by electronic means, including e-mails to the Participants and postings on Galapagos' website or intranet. Such information may include, amongst others, financial information concerning Galapagos. In order to access such information, Participants will be required to access Galapagos e-mail system, website and/or intranet, unless otherwise specified by Galapagos. By returning the Acceptance Form, Participants are deemed to acknowledge that they have such access to the e-mail system of Galapagos, as well as to Galapagos' website and intranet and ordinarily use them in the ordinary course of their mandate. Participants may obtain paper copies of any such information by submitting a request to receive paper copies to incentives@glpg.com.

11 Modification of the Plan

Galapagos may unilaterally modify at any time the practical and/or accessory modalities of the Plan. It may also unilaterally modify the Plan when such modifications are required to comply with any change in legislation.

12 Nature of the Plan

Notwithstanding any provisions to the contrary included in the terms and conditions, the Offer Notification, the Acceptance Form or any other document relating to the Plan:

- (i) the Offer of Restricted Stock Units and/or the subsequent delivery of Shares to the Participant in the framework of the Plan is unrelated to his/her pension rights or pension claims, if any, unless specifically provided otherwise in applicable legislation or the terms and conditions of the applicable pension plan;
- (ii) the Plan, the terms and conditions, the Offer Notification, the Acceptance Form or any other document relating to the Plan do not confer upon the Participant any right to continued employment or other contractual relationship for any period of specific duration or interfere with or otherwise restrict in any way the rights of Galapagos or its Affiliates to terminate the Participant's employment or other contractual relationship according to the applicable regulations in respect of termination thereof;

- (iii) the Offer of Restricted Stock Units cannot be considered as a right acquired for the future; and
- (iv) any rights and entitlements pursuant to this Plan are granted on a discretionary basis. Repeated grants do not entitle any Participant to any future grant. Grants remain in the complete discretion of Galapagos. In particular, Galapagos reserves the right to determine the scope of beneficiaries and the conditions of the Plan in relation to any further grant.

13 Privacy and processing of Personal Data

See Schedule 1.

14 Confidentiality

The existence, subject matter and terms of the Plan (or any agreement entered into pursuant to the Plan) are confidential and the Participants are prohibited from disclosing all or any part of the Plan, or its existence, at any time, unless the disclosure is required by law or by any court of competent jurisdiction.

15 Severability

If any provision in this document is held to be illegal, invalid or unenforceable, in whole or in part, under any applicable law, that provision will be deemed not to form part of this document, and the legality, validity or enforceability of the remainder of this document will not be affected.

16 US Restrictions

The RSUs and the Shares delivered upon Vesting (if any) have not been and will not be registered under the U.S. Securities Act of 1933 (as amended, the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Furthermore, the Shares delivered upon Vesting (if any) are deemed to be restricted securities in accordance with Rule 144 under the Securities Act. As such, the Shares may not be resold on a U.S. market or exchange (including Nasdaq) for a period of six months after Vesting.

17 Applicable law - Jurisdiction

The Restricted Stock Units and these terms and conditions are governed by Belgian law.

Any dispute arising out of or in connection with the Plan, including the Restricted Stock Units, the Offer Notification, the Acceptance Form and the present terms and conditions will be settled by the courts set out in the Offer Notification.

Schedule 1 – Privacy and processing of Personal Data

To enable the proper set-up and management of the Plan and the RSU register, Personal Data about each Participant will need to be collected and used. This Schedule sets out the obligations of Galapagos and the rights of Participants regarding any such collection and use, and provides the legally required information in this respect.

1 Identity of the person responsible for your Personal Data

Galapagos NV is the so-called "Data Controller", which is responsible for the collection and processing of Personal Data as is necessary for the setting-up and management of the Plan and the RSU register of Galapagos in electronic form, including for reporting purposes.

2 Why and how Personal Data is collected and used

The Personal Data will either be collected via e-mail, the Online Tool or Galapagos' HR IS system. It will be used exclusively for the purposes of the administration of the Plan and the maintenance of the RSU register of Galapagos in electronic form.

The Personal Data collected in the context of the Plan and the RSU Register will be stored for a period as long as necessary under applicable law, i.e. a period of at least ten years and as long as required pursuant to financial audit requirements.

The Data Controller and any Data Processor will collect and process the Participants' Personal Data in accordance with the GDPR and this Schedule.

3 Nature of the Personal Data

The following Personal Data relating to the Participants will be collected and used:

- (i) their contact details (e.g. names*, private/professional* (e-mail) addresses/phone numbers);
- (ii) electronic identification data;
- (iii) personal characteristics (i.e. date of birth*);
- (iv) financial data (e.g. details regarding bank account); and
- (v) details of all information relating to Restricted Stock Units awarded, cancelled, vested, unvested or outstanding.

4 Other persons having access to the Personal Data and purpose thereof

The Data Controller can transfer the Personal Data to the following categories of recipients:

- (i) the provider of the Online Tool;
- (ii) payroll operators;
- (iii) regulatory authorities for the purposes of complying with legal obligations in connection with the Plan; and
- (iv) any member of the Galapagos group for the administration and management of the Plan.

Such recipients may be located in jurisdictions outside the European Economic Area ("EEA") that may not provide an adequate level of personal data protection. The Data Controller relies upon an adequacy

decision and/or standard contractual clauses with the relevant data importer to transfer the data to such jurisdictions.

5 Legal basis allowing Galapagos to collect and use Personal Data

The processing of Personal Data of the Participants by the Data Controller in the context of this Plan is necessary for the performance of the contractual arrangements between the Participants and the Data Controller referred to in the introduction of this Plan (i.e. providing certain members of the executive committee and certain employees of Galapagos the opportunity to receive Restricted Stock Units as an incentive). Failure by the Participant to provide the necessary and accurate Personal Data will result in the impossibility for Galapagos to perform part of its contractual arrangements towards the Participants.

The Data Controller can also process Personal Data of the Participants to comply with its legal obligations towards the regulatory authorities.

6 Rights of the Participants

The Participant can exercise his/her right to request access to and rectification or, in certain circumstances, erasure of his/her Personal Data or restriction of processing concerning the Participant or to object to processing as well as the right to data portability by sending a written request to dpo@glpg.com.

If Participants are not satisfied with how Galapagos processes their Personal Data, they may contact Galapagos through dpo@glpg.com. They also have the right to make a complaint to the Belgian Data Protection Authority.

**ADDENDUM 23
TO THE LEASE AGREEMENT
dated 06/30/1999 and 02/21/2001 AND ADDENDA**

Termination of lease 20/F + lease of additional spaces 20/T + extension of term of all leased spaces

BETWEEN

Intervest Offices & Warehouses NV, public regulated real estate company under Belgian law, with registered office located in 2600 Berchem, Uitbreidingstraat 66, with company number 0458.623.918 (Register of Legal Entities Antwerp, Antwerp Department), duly represented in this matter by two members of the executive committee, being Joël Gorsele, CIO, and member of the executive committee and Kevin De Greef, SGC, and member of the executive committee.

Hereinafter referred to as the “**Lessor**”,

AND

Galapagos NV, with registered office in 2800 Mechelen, Generaal de Wittelaan L11 A3, registered in the Register of Legal Entities (RPR Antwerp, Mechelen department) under number 0466.460.429, duly represented in this matter by special attorney-in-fact Bart Filius.

Hereinafter referred to as the “**Lessee**”,

The Lessor and the Lessee will hereinafter jointly also be referred to as “**Parties**”, or each separately as “**Party**”.

Will first be outlined as follows:

- A. By private lease of 06/30/1999, followed by the notarial lease of 02/21/2021 (hereinafter referred to as the “**Base Lease Agreement**”), and Addenda 1 and 2, the Lessee took a lease from the then owner, Innotech NV in Mechelen, for 1,542 m² office space, plus 40 parking spaces, located in the Intercity Business Park in Mechelen-Noord, Generaal de Wittelaan L11 A3, lot 1, on the first floor, for a fixed term of 15 years, starting on 06/01/2000, ending on 05/31/2015.
 - B. Innotech NV merged with Perifund CVA on 06/29/2001, at which time the name was also changed to Intervest Offices NV.
 - C. By Agreement “Addendum 3” of 02/13/2004, the Lessee additionally leased 322 m² of office space in the same building plus 7 parking spaces, commencing on 12/01/2003, to end on 05/31/2015.
 - D. By Addendum 4 of 08/01/2005, the Lessor temporarily made available to the Lessee ± 20 m² of floor space located in a larger warehouse on Generaal De Wittelaan 9 in Mechelen.
 - E. By Addendum 5 of 03/23/2006, the provision under Addendum 4 was prematurely terminated and the Lessee additionally leased a warehouse of ± 100 m² in the same building on Generaal De Wittelaan L11 A3 in Mechelen, commencing on 03/01/2006, to end on 05/31/2015.
 - F. By Addendum 6 of 02/06/2007, the Lessee additionally leased warehouse space of ± 213 m² in the same building, commencing on 02/01/2007, to end on 05/31/2015.
 - G. By Addendum 7 of 01/31/2008, the Lessee additionally leased office space and sanitary facilities of ± 513 m², reception space of ± 116 m² and storage space of ± 27 m² in the same building, along with 24 parking spaces, commencing on 01/01/2008, to end on 05/31/2015.
 - H. By Addendum 8 of 07/14/2009, the Lessee additionally leased office space with a private kitchen of ± 716 m² in the
-

same building, commencing on 07/01/2009, to end on 05/31/2015.

- I. By Addendum 9 of 09/30/2011, the aforementioned Lease Agreements of 06/30/99 and 02/21/2001 and all the Addenda were extended by 9 years, starting from 06/01/2015 to 05/31/2024, with an additional 458 m² of office space leased on the ground floor, and the premature termination of the lease for 716 m² of office space plus kitchen.
- J. By Addendum 10 of 09/30/2011, the Lessee leased the following additional spaces in the adjacent building located in Mechelen, Generaal De Wittelaan 21: 753 m² lab space on the 2nd floor, plus ± 83 m² of the common entrance and corridors on the ground floor, plus 2 technical storage rooms of ± 60 m², and +/- 760 m² lab space on the 1st floor, and 10 parking spaces.
- K. By Addendum 11 of 05/15/2012, the lease of 30 m² storage space was terminated.
- L. By Addendum 12 of 08/08/2013, the Lessee additionally leased in the building located in Mechelen, Generaal De Wittelaan 11A: 398 m² office space, 156 m² storage space and 20 outdoor parking spaces, with effect from 09/01/2013.
- M. By Addendum 13 of 04/28/2016, the Lessee additionally leased in the building located in Mechelen, Schaliënhoeverdreef 20T: 866 m² office space on the 10th floor, and 433 m² on the 9th floor, as well as 30 indoor and 10 outdoor parking spaces, with effect from 06/01/2016.
- N. By Addendum 14 of 12/12/2016, the Lessee additionally leased the following in the building located in Mechelen, Schaliënhoeverdreef 20T: 433 m² on the 9th floor, as well as 16 indoor and 5 outdoor parking spaces, with effect from 01/01/2017.
- O. By Addendum 15 of 07/03/2017, the Lessee additionally leased the following in the building located in Mechelen, Schaliënhoeverdreef 20T: 866 m² on the 8th floor, as well as 30 indoor and 10 outdoor parking spaces with phased entrance as of 07/01/2017.
- P. By Addendum 16 of 06/06/2018, the Lessee additionally leased the following in the building located in Mechelen, Schaliënhoeverdreef 20T: 866 m² on the 7th floor, as well as 12 indoor parking spaces, with effect from 07/01/2018.
- Q. By Addendum 17 of 06/20/2018 the Lessee has additionally leased the following:
- a. a. in the building located in Mechelen, Schaliënhoeverdreef 20T: 866 m² offices (GLA) on the 6th floor consisting of a first part of approximately 433 m² on the east side of the building and a second part of approximately 433 m² on the west side of the building.
 - b. in the building Intercity Business Park lot 1, located at 2800 Mechelen, Generaal de Wittelaan 11A: 845 m² offices (GLA) on the 1st floor; 21 outside parking spaces nos. 416-426 and nos. 448-457.
- Furthermore, the Parties agreed in Addendum 17 to bring the end date of the leased property in the building located in Mechelen, Schaliënhoeverdreef 20T forward to 12/31/2021 and to abolish the termination option for these leased properties by 05/31/2020, as well as the related penalty clauses.
- R. By Addendum 18 of 06/01/2019 the Lessee has additionally leased the following:
- a. at the office site "Intercity Business Park" located at Generaal De Wittelaan 11A in 2800 Mechelen, unit 1/L on the first floor; 23 outdoor parking spaces
 - b. in the building Mechelen Campus Toren, located at Schaliënhoeverdreef 20T in 2800 Mechelen, 10 underground and 30 above-ground parking spaces.
- S. By Addendum 19 of 10/17/2019, the Lessee has additionally leased the following:
- a. in the building located in Mechelen, Schaliënhoeverdreef 20F: 609 m² office space GLA, being unit 0/A on the ground floor, 640 m² office space GLA, being unit 1/A on the first floor, 640 m² office space GLA, being unit 2/A on the second floor, 3 indoor parking spaces with nos. 506, 507 and 508 and 16 outdoor parking spaces with nos. 372 through 376 + 794 through 802 + 806 + 807.

- b. in the building located in Mechelen, Schaliënhoeverdreef 20F: 9 indoor parking spaces with nos. 348 through 350 + 354 + 355 + 361 + 362 + 365 + 366 and 9 outdoor parking spaces with nos. 345 through 353.
 - c. in the building located in Mechelen, Schaliënhoeverdreef 20D: 9 indoor parking spaces with nos. 246 through 249 + 299 through 303.
- T. By Addendum 20 of 12/18/2019, Parties agree to exchange the outdoor parking spaces with nos. 806 and 807 (Building F) for the outdoor parking spaces with nos. 354 and 355 (Building E)
- U. By Addendum 21 of 03/09/2020, Parties agree to temporarily lease 83 extra parking spaces at the Intercity Business Park.
- V. By addendum 22 of July 28, 2020, the Lessee additionally leased in the building located in Mechelen, Schaliënhoeverdreef 20F: 640 m² office space GLA, being unit 3/A on the third floor, and 9 indoor parking spaces with nos. 406 through 413 and 9 outdoor parking spaces nos. 806, 807, 365 through 371.
- W. On June 30, 2021, the Lessee terminated the Base Lease Agreement as of December 31, 2021 regarding the following leased spaces at the office site Mechelen Campus located at Schaliënhoeverdreef 20T in 2800 Mechelen:
- a. 866 m² gross leasable area (“GLA”) office space, Unit “9/A” on the ninth floor;
 - b. 866 m² gross leasable area (“GLA”) office space, Unit “10A” on the tenth floor;
 - c. 46 indoor parking spaces and 15 outdoor parking spaces.
- X. On November 30, 2021, the Lessee requested by email to reduce the Base Lease Agreement with the following leased spaces per January 1, 2021:
- a. 51 outdoor parking spaces in Intercity Business Park.
- Y. By means of this Addendum to the Base Lease Agreement (hereinafter referred to as “**Addendum n° 23**”) Parties agree to make a number of amendments to the Base Lease Agreement, and this to the terms and conditions as included in this Addendum n° 23.

IT IS NOW EXPRESSLY AGREED AS FOLLOWS:

Article 1: Restriction of the Scope of this Addendum n° 23

This Addendum n° 23 is an addendum to the Base Lease Agreement as amended by all previous addenda. The provisions of the Base Lease Agreement (as amended by all previous addenda) from which this Addendum n° 23 does not explicitly deviate remain fully applicable.

The defined terms and definitions of the Base Lease Agreement used in the present Addendum n° 23 shall therefore have the same meaning as in the Base Lease Agreement, unless this Addendum n° 23 expressly provides otherwise.

Article 2 - Revocation of Notice of Termination June 30, 2021

The Lessee waives its cancellation dated June 30, 2021 to prematurely terminate the Base Lease Agreement as of December 31, 2021 with regard to the following spaces:

at the office site Mechelen Campus, located at Schaliënhoeverdreef 20T in 2800 Mechelen:

- a. 866 m² gross leasable area (“GLA”) office space, Unit “9” on the ninth floor (incl. share in common areas);
- b. 866 m² gross leasable area (“GLA”) office space, Unit “10” on the tenth floor (incl. share in common areas);
- c. 46 indoor parking spaces and 15 outdoor parking spaces;

The office space mentioned in this article 2 is hereinafter referred to as the **:Leased Property 20T/9+10**”

Article 3 – The Leased Property

3.1 The Leased Property 20F

Parties agree that with effect from 09/30/2022 the following spaces are no longer part of the leased spaces, as determined in Article 1 of the Base Lease Agreement (as amended by Addenda 1 through 22):

- The entire leased office space located at 2800 Mechelen, Schaliënhoevedreef 20F, more specifically concerns:
 - 609m² gross leasable area (“GLA”) office space, Unit “0/A” on the ground floor;
 - 640 m² gross leasable area (“GLA”) office space, Unit “1/A” on the first floor;
 - 640 m² gross leasable area (“GLA”) office space, Unit “2/A” on the second floor;
 - 640 m² gross leasable area (“GLA”) office space, Unit “3/A” on the third floor.

Parties agree that at the end of the lease, the Leased Property 20F will be returned to the Lessor in the condition in which it is in, and the Lessor will not charge any costs for any modifications, repairs or changes as determined in the Base Lease Agreement.

3.2 The Leased Property 20T/13

Parties agree to expand the leased spaces under Article 1 of the Base Lease Agreement with effect from 07/01/2022 with:

- At the office site Mechelen Campus, located at Schaliënhoevedreef 20F in 2800 Mechelen:
 - 878 m² gross leasable area (“GLA”) office space, Unit “13/A” on the third floor, incl. a share in common areas, as indicated on the plan in Annex 1

3.3 51 Parking Spaces Intercity Business Park

Parties agree that with effect from 04/30/2022 (24h) the following 51 outdoor parking spaces are no longer part of the leased spaces, as determined in Article 1 of the Base Lease Agreement (as amended by Addenda 1 through 22):

- 51 outdoor parking spaces as stated in Addendum 21 and as indicated on the plan in Annex 2;

Article 4 – Duration

Parties agree that the Base Lease Agreement regarding all leased spaces (with the exception of Leased Property 20F) will be extended until December 31, 2025 and this without modification of the lease conditions unless stated under this Addendum 23. The Base Lease Agreement will therefore automatically terminate on December 31, 2025, without the Lessee being required to give notice.

Parties agree that the Lessee has the option to terminate the Base Lease Agreement prematurely and this from January 1, 2025, with a notice period of six months, as a result of which the earliest possible end date would be June 30, 2025.

The continued use of the leased spaces after the expiry of the contractual period described above shall under no circumstances be regarded as a sign of acceptance of tacit renewal on the part of the Lessor.

Article 5 – Rent

The additional annual rent for the “Leased Property 20T/9+10” and the “Leased Property 20T/13” is fixed at:

- 1) €125/m²/year for the offices (both private and common areas)

Either €326,2501/year or €81,562.50/quarter.

This rent, together with the rent payable under the Base Lease Agreement (as amended by Addendum 1 to 22), will be paid on a quarterly basis.

The rent for the “Leased Property 20T/9+10” and the “Leased Property 20T/13” is due from July 1, 2022.

For the sake of completeness, Parties report that the modalities of the lease of the parking spaces mentioned in Article 2 of this Addendum n°23 remain the same.

Article 6 – Indexation of the Rent

The annual indexation of the rent, mentioned in Article 5 of this Addendum 23 and linked to the 2013 health index, will take place on July 1st of each year (and for the first time on July 1, 2023), based on the 2022 health index.

Article 7 - Fees

The commission of the annual charges for the “Leased Property 20T/9+10” and the “Leased Property 20T/13” is, effective from 01/07/2022, is fixed at €30/m²/year.

Article 8 - Condition of the Leased Property 20T/13 at the time of transfer

Unless otherwise agreed, the Leased Property 20T/13 will be left in shell condition by the current tenant, which condition is accepted by the Lessee, who declares to have viewed the Leased Property 20T/13 and examined it in all their details.

Parties agree that in the presence of both Parties a detailed and contradictory location description of the Leased Property 20T/13, as a result of which the Parties will be definitively bound, will be drawn up no later than on the Commencement Date of this Lease Agreement. If the Lessee pursuant to Article 9.C. of this Addendum no. 23 is granted access to the Leased Property 20T/13 earlier, the effective location description will be prepared no later than on the day on which the Lessee receives access to the Leased Property 20T/13.

This incoming location description will be prepared by J+T Collin Landmeterskantoor and will be added to this Addendum 23 later as an annex. The expert’s fee will be borne by both Parties.

Article 9 - Incentives

9.A. Rent-free Period Leased Property 20T/9+10

Exceptionally, the Lessor grants a rent-free period for the Leased Property 20T/9+10 of six months, being from January 1, 2022 through June 30, 2022.

The rent-free period granted by the Lessor to the Lessee, as referred to in this article, only relates to the rent. All taxes, costs, charges, etc. will of course remain owed by the Lessee during the aforementioned rent-free period.

9.A. Rent-free Period Leased Property 20/F

Exceptionally, the Lessor grants a rent-free period for the Leased Property 20F of three months, being from April 1, 2022 through June 30, 2022.

The rent-free period granted by the Lessor to the Lessee, as referred to in this article, only relates to the rent. All taxes, costs, charges, etc. will of course remain owed by the Lessee during the aforementioned rent-free period.

The Lessor gives the Lessee the opportunity to leave the Leased Property 20/F and to relocate between July 1, 2022 and September 30, 2022, without additional payment of rent for this period. The Lessee will immediately inform the Lessor when it has fully left the Leased Property 20/F. The taxes, costs, charges, etc. will obviously remain owed by the Lessee during the aforementioned rent-free period up until the date on which the Lessee has fully left the Leased Property 20/F.

9.C. Early Access Leased Property 20T/13

Exceptionally, the Lessee has the right to enter the Leased Property 20T/13 prematurely from April 18, 2022, provided that the current Lessee has returned the Leased Property 20T/13 to the Lessor in a timely manner, in order to give the Lessee the opportunity to perform furnishing work on the Leased Property 20T/13 before the start of the lease agreement.

9.D. Rent Discount

Under exceptional title, the Lessor grants a total rent discount of €300,000 for the furnishing costs of the Leased Property 20/T9+10 and the Leased Property 20T/13.

This discount will be spread evenly over the period between July 1, 2022 and June 30, 2025 and will be settled proportionally with the quarterly rent invoices.

9.E. Early Termination

In the event that (part of) the Base Lease Agreement would be terminated prematurely before the end of the minimum duration (being before June 30, 2025), via e.g. in liquidation at the request of the Lessee, or would be terminated in court at the expense of the Lessee, all benefits, as determined in Article 9.A. 9.B. and 9.D., will be reimbursed by the Lessee to the Lessor, no later than within one month after the early cancellation or termination.

Article 10 – Bank Guarantee

The Lessee shall, within one month after the signing of this Addendum 23, increase the amount of the existing bank guarantee to an amount of €1 036 763,84,04, being 6 months of rent.

Article 11 – Registration

The Lessor will have this Addendum registered, for which the registration fees are at the Lessee's expense.

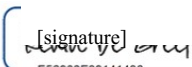
The registration duties amount to 0.20% and are calculated on the combined amount of the lease price and the joint charges for the entire duration of this Agreement. For tax purposes, these joint charges will be imposed based on this Addendum and are estimated at 10% of the additional lease. For the calculation of the additional rent owed pursuant to this Addendum no. 23 in comparison with the Base Lease Agreement as amended by all previous addenda, Parties assume pro fisco the following amounts:

object	period	Annualized amount
Leased Property 20/T9+10	01/01/2022-12/31/2025	€216,500.00, whereby the rent-free period pursuant to Article 9.A must still be settled.
Leased Property 20T/13	07/01/2023-12/31/2025	€109,750
Leased Property 20/F	01/01/2022-09/30/2022	€331.476,47, whereby the rent-free period pursuant to Artikel 9.B must still be settled.
Part of leased spaces under Base Lease Agreement as amended by all previous addenda	01/01/2022-12/31/2025	€725,978.36
Part of leased spaces under Base Lease Agreement as amended by all previous addenda	06/01/2021-12/31/2025	€951,524.96

Drawn up in Antwerp, on May 5, 2022 in three copies, whereby each of the Parties acknowledges having received its copy and whereby one copy is submitted the registration.

INTERVEST OFFICES & WAREHOUSES NV

The Lessor


 E56999E39141436...

Kevin De Greef
 SGC


 CEAD1440377845A

Joël Gorsele
 CIO

GALAPAGOS NV

The Lessee

The Lessor


 6FEB6552D536460...

Bart Filius
 Special Attorney-in-Fact

Annexes:

- 1) Office plan of the Leased Property 20T/13 on the third floor
- 2) Plan regarding parking spaces that are returned;

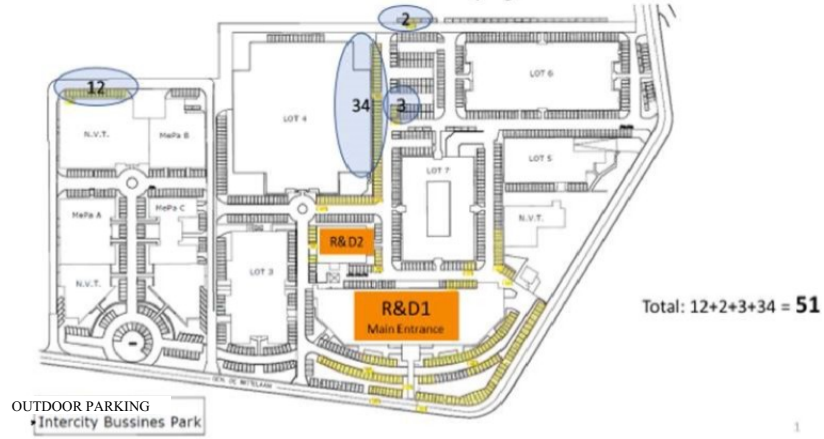
[illegible] dreef 20T

13



R&D: Parking places

Yellow coloured locations are dedicated to Galapagos.



**ADDENDUM 24
TO THE LEASE AGREEMENT
dated 06/30/1999 and 02/21/2001 AND ADDENDA**

BETWEEN

Intervest Offices & Warehouses NV, public regulated real estate company under Belgian law, with registered office located in 2600 Berchem, Uitbreidingstraat 66, with company number 0458.623.918 (Register of Legal Entities Antwerp, Antwerp Department), duly represented in this matter by two members of the executive committee, being Joël Gorsele, CIO, and member of the executive committee and Kevin De Greef, SGC, and member of the executive committee.

Hereinafter referred to as the “**Lessor**”,

AND

Galapagos NV, with registered office in 2800 Mechelen, Generaal de Wittelaan L11 A3, registered in the Register of Legal Entities (RPR Antwerp, Mechelen department) under number 0466.460.429, duly represented in this matter by Jan van der Schueen, special attorney-in-fact.

Hereinafter referred to as the “**Lessee**”,

The Lessor and the Lessee will hereinafter jointly also be referred to as “**Parties**”, or each separately as “**Party**”.

Will first be outlined as follows:

- A. By private lease of 06/30/1999, followed by the notarial lease of 02/21/2021 (hereinafter referred to as the “**Base Lease Agreement**”), and Addenda 1 and 2, the Lessee took a lease from the then owner, Innotech NV in Mechelen, for 1,542 m² office space, plus 40 parking spaces, located in the Intercity Business Park in Mechelen-Noord, Generaal de Wittelaan L11 A3, lot 1, on the first floor, for a fixed term of 15 years, starting on 06/01/2000, ending on 05/31/2015.
 - B. Innotech NV merged with Perifund CVA on 06/29/2001, at which time the name was also changed to Intervest Offices NV.
 - C. By Agreement “Addendum 3” of 02/13/2004, the Lessee additionally leased 322 m² of office space in the same building plus 7 parking spaces, commencing on 12/01/2003, to end on 05/31/2015.
 - D. By Addendum 4 of 08/01/2005, the Lessor temporarily made available to the Lessee ± 20 m² of floor space located in a larger warehouse on Generaal De Wittelaan 9 in Mechelen.
 - E. By Addendum 5 of 03/23/2006, the provision under Addendum 4 was prematurely terminated and the Lessee additionally leased a warehouse of ± 100 m² in the same building on Generaal De Wittelaan L11 A3 in Mechelen, commencing on 03/01/2006, to end on 05/31/2015.
 - F. By Addendum 6 of 02/06/2007, the Lessee additionally leased warehouse space of ± 213 m² in the same building, commencing on 02/01/2007, to end on 05/31/2015.
 - G. By Addendum 7 of 01/31/2008, the Lessee additionally leased office space and sanitary facilities of ± 513 m², reception space of ± 116 m² and storage space of ± 27 m² in the same building, along with 24 parking spaces, commencing on 01/01/2008, to end on 05/31/2015.
 - H. By Addendum 8 of 07/14/2009, the Lessee additionally leased office space with a private kitchen of ± 716 m² in the same building, commencing on 07/01/2009, to end on 05/31/2015.
-

- I. By Addendum 9 of 09/30/2011, the aforementioned Lease Agreements of 06/30/99 and 02/21/2001 and all the Addenda were extended by 9 years, starting from 06/01/2015 to 05/31/2024, with an additional 458 m² of office space leased on the ground floor, and the premature termination of the lease for 716 m² of office space plus kitchen.
- J. By Addendum 10 of 09/30/2011, the Lessee leased the following additional spaces in the adjacent building located in Mechelen, Generaal De Wittelaan 21: 753 m² lab space on the 2nd floor, plus ± 83 m² of the common entrance and corridors on the ground floor, plus 2 technical storage rooms of ± 60 m², and +/- 760 m² lab space on the 1st floor, and 10 parking spaces.
- K. By Addendum 11 of 05/15/2012, the lease of 30 m² storage space was terminated.
- L. By Addendum 12 of 08/08/2013, the Lessee additionally leased in the building located in Mechelen, Generaal De Wittelaan 11A: 398 m² office space, 156 m² storage space and 20 outdoor parking spaces, with effect from 09/01/2013.
- M. By Addendum 13 of 04/28/2016, the Lessee additionally leased in the building located in Mechelen, Schaliënhoeverdreef 20T: 866 m² office space on the 10th floor, and 433 m² on the 9th floor, as well as 30 indoor and 10 outdoor parking spaces, with effect from 06/01/2016.
- N. By Addendum 14 of 12/12/2016, the Lessee additionally leased the following in the building located in Mechelen, Schaliënhoeverdreef 20T: 433 m² on the 9th floor, as well as 16 indoor and 5 outdoor parking spaces, with effect from 01/01/2017.
- O. By Addendum 15 of 07/03/2017, the Lessee additionally leased the following in the building located in Mechelen, Schaliënhoeverdreef 20T: 866 m² on the 8th floor, as well as 30 indoor and 10 outdoor parking spaces with phased entrance as of 07/01/2017.
- P. By Addendum 16 of 06/06/2018, the Lessee additionally leased the following in the building located in Mechelen, Schaliënhoeverdreef 20T: 866 m² on the 7th floor, as well as 12 indoor parking spaces, with effect from 07/01/2018.
- Q. By Addendum 17 of 06/20/2018 the Lessee has additionally leased the following:
- a. a. in the building located in Mechelen, Schaliënhoeverdreef 20T: 866 m² offices (GLA) on the 6th floor consisting of a first part of approximately 433 m² on the east side of the building and a second part of approximately 433 m² on the west side of the building.
 - b. in the building Intercity Business Park lot 1, located at 2800 Mechelen, Generaal de Wittelaan 11A: 845 m² offices (GLA) on the 1st floor; 21 outside parking spaces nos. 416-426 and nos. 448-457.
- Furthermore, the Parties agreed in Addendum 17 to bring the end date of the leased property in the building located in Mechelen, Schaliënhoeverdreef 20T forward to 12/31/2021 and to abolish the termination option for these leased properties by 05/31/2020, as well as the related penalty clauses.
- R. By Addendum 18 of 06/01/2019 the Lessee has additionally leased the following:
- a. at the office site "Intercity Business Park" located at Generaal De Wittelaan 11A in 2800 Mechelen, unit 1/L on the first floor; 23 outdoor parking spaces
 - b. in the building Mechelen Campus Toren, located at Schaliënhoeverdreef 20T in 2800 Mechelen, 10 underground and 30 above-ground parking spaces.
- S. By Addendum 19 of 10/17/2019, the Lessee has additionally leased the following:
- a. in the building located in Mechelen, Schaliënhoeverdreef 20F: 609 m² office space GLA, being unit 0/A on the ground floor, 640 m² office space GLA, being unit 1/A on the first floor, 640 m² office space GLA, being unit 2/A on the second floor, 3 indoor parking spaces with nos. 506, 507 and 508 and 16 outdoor parking spaces with nos. 372 through 376 + 794 through 802 + 806 + 807.
 - b. in the building located in Mechelen, Schaliënhoeverdreef 20E: 9 indoor parking spaces with nos. 348 through 350 + 354 + 355 + 361 + 362 + 365 + 366 and 9 outdoor parking spaces with nos. 345 through 353.
 - c. in the building located in Mechelen, Schaliënhoeverdreef 20D: 9 indoor parking spaces with nos. 246 through 249 + 299 through 303.

signature] [signature] [signature]

- T. By Addendum 20 of 12/18/2019, Parties agree to exchange the outdoor parking spaces with nos. 806 and 807 (Building F) for the outdoor parking spaces with nos. 354 and 355 (Building E)
- U. By Addendum 21 of 03/09/2020, Parties agree to temporarily lease 83 extra parking spaces at the Intercity Business Park.
- V. By addendum 22 of July 28, 2020, the Lessee additionally leased in the building located in Mechelen, Schaliënhoedreef 20F: 640 m² office space GLA, being unit 3/A on the third floor, and 9 indoor parking spaces with nos. 406 through 413 and 9 outdoor parking spaces nos. 806, 807, 365 through 371.
- W. On June 30, 2021, the Lessee terminated the Base Lease Agreement as of December 31, 2021 regarding the following leased spaces at the office site Mechelen Campus located at Schaliënhoedreef 20T in 2800 Mechelen:
- a. 866 m² gross leasable area ("GLA") office space, Unit "9/A" on the ninth floor;
 - b. 866 m² gross leasable area ("GLA") office space, Unit "10A" on the tenth floor;
 - c. 46 indoor parking spaces and 15 outdoor parking spaces.
- X. On November 30, 2021, the Lessee requested by email to reduce the Base Lease Agreement with the following leased spaces per January 1, 2021:
- a. 51 outdoor parking spaces in Intercity Business Park.
- Y. By Addendum 23 of May 5, 2022, Parties agree that the Base Lease Agreement regarding all leased spaces (with the exception of Leased Property 20F) will be extended until December 31, 2025 and this without modification of the lease conditions unless stated under the Addendum 23.
- Z. By means of this addendum to the Base Lease Agreement (hereinafter referred to as "**Addendum no. 24**"), Parties agree to add a warehouse to the Base Lease Agreement and to stop the lease of certain parking spaces, and this to the conditions and provisions as included in the current Addendum no. 24 and which is a written representation of what the Parties verbally agreed in April 2022.

IT IS NOW EXPRESSLY AGREED AS FOLLOWS:

Article 1: Restriction of the Scope of this Addendum n° 24

This Addendum n° 24 is an addendum to the Base Lease Agreement as amended by all previous addenda. The provisions of the Base Lease Agreement (as amended by all previous addenda) from which this Addendum n° 24 does not explicitly deviate remain fully applicable.

The defined terms and definitions of the Base Lease Agreement used in the present Addendum n° 24 shall therefore have the same meaning as in the Base Lease Agreement, unless this Addendum n° 24 expressly provides otherwise.

Article 2: The Leased Property

Parties agree that with effect from 04/01/2022 the leased spaces (as determined in Article 1 of the Base Lease Agreement (as amended by Addenda 1 through 23)), are expanded with:

- the warehouse with 399m² leasable surface area (GLA), in Building 11A - 0/L2 located at Intercity Business Park, Generaal de Wittelaan 11A, 2800 Mechelen;

as outlined in green in *Annex 1*

(hereinafter "**Building 11A - 0/L2**")

In deviation of the email of April 13, 2022 whereby the Lessee has terminated 60 parking spaces, Parties agree that with effect from 07/13/2022 the following 50 parking spaces are no longer part of the leased spaces, as determined in Article 1 of the Base Lease Agreement (as amended by Addenda 1 through 23):

signature] [signature] [signature]
✓ ✓ ✓

- 21 indoor parking spaces as mentioned in Addendum 19 with nos. 506 through 508, 348 through 350, 354 + 355 + 361 + 362 + 365 + 366, 246 through 249, 299 through 303;
- 25 outdoor parking spaces as mentioned in Addendum 19 with nos. 372 through 376, 794 through 802, 806 + 807, 345 through 353;
- 4 outdoor parking spaces as mentioned in Addendum 18 with nos. 086 through 089.

As indicated in Annex 2

In addition, Parties agree that from June 27, 2022, the following 10 parking spaces will no longer be part of the leased spaces, as determined in Article 1 of the Base Lease Agreement (as amended by Addenda 1 through 23):

- 10 outdoor parking spaces as mentioned in Addendum 13 with numbers 604 through 613

As indicated in Annex 2

Within 2 months after signing this Addendum 24, the Lessor will draw up a credit note for the return of the rents of the parking spaces that were paid by the Lessee while those parking spaces were no longer part of the leased spaces.

Article 3 Duration

Parties agree that the provisions of the Base Lease Agreement (as amended by Addenda 1 through 23) apply for the duration (and the lease period therefore runs until December 31, 2025).

Article 4: Rent for Building 11A - 0/L2

The annual rent for Building 11A - 0/L2 is set at EUR 45/m²/year (both private and common parts), either EUR 17,955.00/year or EUR 4,488.75/quarter.

This additional rent, together with the rent payable under the Base Lease Agreement (as amended by Addendum 1 to 23), will be paid on a quarterly basis.

The rent for Building 11A - 0/L2 is due from April 1, 2022.

Article 5: Indexation of the Rent for Building 11A - 0/L2

The annual indexation of the rent for Building 11A - 0/L2 is linked to the 2013 health index and will take place on April 1st of each year (and for the first time on April 1, 2023), based on the 2022 health index.

Article 6: Expenses Building 11A - 0/L2

The commission of the annual charges for Building 11A - 0/L2 is fixed at EUR 22m²/year.

Article 7: Rent-free Period 10 Outdoor Parking Spaces

Lessor grants a rent-free period from July 13, 2022 through August 31, 2022, for the following 10 parking spaces:

- 10 outdoor parking spaces 90, 91, 91A, 91B, 91C, 92, 93, 94, 95, 96.

Within 2 months after signing this Addendum 24, the Lessor will draw up a credit note for the return of the rents of the parking spaces that were paid by the Lessee while they were the object of the rent-free period.

signature] [signature] [signature]

Article 8: Bank Guarantee

The Lessee shall, within one month after the signing of this Addendum n° 23, increase the amount of the existing bank guarantee to an amount of **€1,026,290.11**, being 6 months of rent.

Article 9: Registration

The Lessor will have this Addendum registered, for which the registration fees are at the Lessee's expense.

The registration duties amount to 0.20% and are calculated on the combined amount of the lease price and the joint charges for the entire duration of this Agreement. For tax purposes, these joint charges will be imposed based on this Addendum and are estimated at 10% of the additional lease.

Drawn up in Antwerp, on October 28, 2022 and signed via DocuSign, whereby both Parties acknowledge having received its copy and whereby one copy is submitted for the registration.

INTERVEST OFFICES & WAREHOUSES NV

The Lessor

[signature]
Kevin De Greef
E56903E39141436...

Kevin De Greef
SGC

[signature]
Joël Gorsele
CEAD1440377845A...

Joël Gorsele
CIO

GALAPAGOS NV

The Lessee

[signature]
Jan Van Der Schueren
939B19E95D7D40B...

Jan Van Der Schueren
Special attorney-in-fact

[signature] [signature] [signature] _____

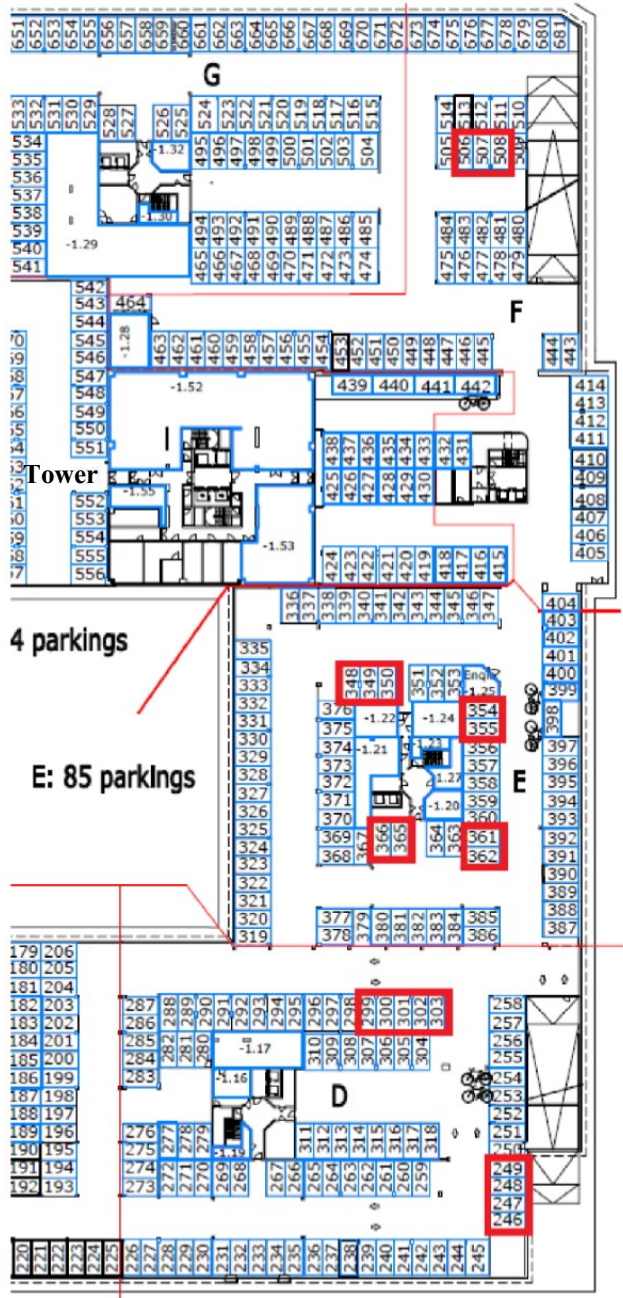
Annex 1: Building Overview 11A - 0/L2



signature [signature] [signature]
✓ ✓ ✓

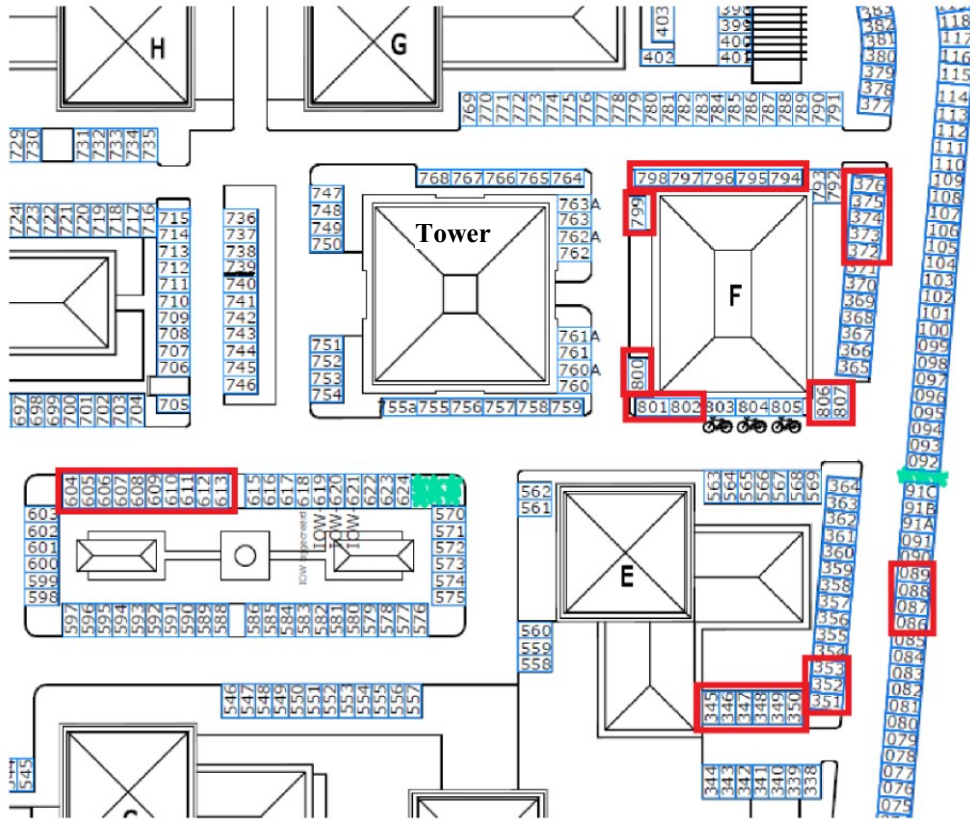
Annex 2

Indoor parking spaces that are no longer part of leased spaces:



signature] [signature] [signature]

Outdoor parking spaces that are no longer part of leased spaces:



signature] [signature] [signature]

Subsidiaries of Galapagos NV

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation or Organization</u>
Galapagos B.V.	The Netherlands
Galapagos Biotech Ltd.	United Kingdom
Galapagos SASU	France
Galapagos, Inc.	United States
Xenometrix, Inc.	United States
Galapagos GmbH	Switzerland
Galapagos Real Estate Belgium BV	Belgium
Galapagos Biopharma Belgium BV	Belgium
Galapagos Real Estate Netherlands B.V.	Netherlands
Galapagos Biopharma Netherlands B.V.	Netherlands
Galapagos Biopharma Spain S.L.U.	Spain
Galapagos Biopharma Italy S.r.l.	Italy
Galapagos Biopharma Germany GmbH	Germany
Galapagos Biopharma Sweden AB	Sweden
Galapagos Biopharma Finland Oy	Finland
Galapagos Biopharma Norway AS	Norway
Galapagos Biopharma Denmark ApS	Denmark
Galapagos Biopharma Austria GmbH	Austria
Galapagos Biopharma Ireland Ltd.	Ireland
CellPoint B.V.	The Netherlands
AboutBio, Inc.	United States

**Certification by the Principal Executive Officer pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a)
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Stoffels IMC BV, permanently represented by Dr. Paul Stoffels, certify that:

1. I have reviewed this annual report on Form 20-F of Galapagos NV;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 23, 2023

/s/ Stoffels IMC BV, permanently represented by Dr. Paul Stoffels

Name: Stoffels IMC BV, permanently represented by Dr. Paul Stoffels

Title: Chief Executive Officer

(Principal Executive Officer)

**Certification by the Principal Financial Officer pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a)
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Bart Filius, certify that:

1. I have reviewed this annual report on Form 20-F of Galapagos NV;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 23, 2023

/s/ Bart Filius

Name: Bart Filius

Title: President, Chief Financial Officer & Chief Operating Officer
(Principal Financial Officer)

**Certification by the Principal Executive Officer pursuant to
18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report of Galapagos NV (the "Company") on Form 20-F for the fiscal year ended December 31, 2022 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Stoffels IMC BV, permanently represented by Dr. Paul Stoffels, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 23, 2023

/s/ Stoffels IMC BV, permanently represented by Dr. Paul Stoffels

Name: Stoffels IMC BV, permanently represented by Dr. Paul Stoffels

Title: Chief Executive Officer

(Principal Executive Officer)

**Certification by the Principal Financial Officer pursuant to
18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report of Galapagos NV (the "Company") on Form 20-F for the fiscal year ended December 31, 2022 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Bart Filius, President - Chief Financial Officer & Chief Operating Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 23, 2023

/s/ Bart Filius

Name: Bart Filius

President, Chief Financial Officer & Chief Operating

Title: Officer

(Principal Financial Officer)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference into the Company's Registration Statement on Form S-8 Nos. 333-268756, 333-260500, 333-249416, 333-231765, 333-225263, 333-218160, 333-215783, 333-211834, 333-208697, 333-204567 of our reports dated March 23, 2023, relating to the financial statements of Galapagos NV and the effectiveness of Galapagos NV's internal control over financial reporting appearing in this Annual Report on Form 20-F for the year ended December 31, 2022.

Zaventem, Belgium, March 23, 2023

/s/ Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises BV/SRL
Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
