GALAPAGOS

Limited Liability Company
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Response to written questions

On 24 April 2020, Galapagos received written questions from the Vereniging van Effectenbezitters referring to the general meetings of 28 April 2020. In accordance with the provisions of Royal Decree No. 4[1], Galapagos makes these questions and answers alike available on its website. In accordance with article 7:139 of the Code of Companies and Associations, Galapagos answers the questions relating to the items on the agenda and with due regard for the interests of the company.

Question 1

a) Together with our partner Gilead, we have temporarily paused recruitment for the filgotinib trials to protect the patients' safety. This includes the Phase 2 and Phase 3 trials of filgotinib for Crohn's disease (DIVERSITY), the Phase 3 trials for psoriatic arthritis (PENGUIN), the Phase 2 trial for uveitis, and the MANTA and MANTA-RAy trials. Therefore, the trials have not been discontinued, but the recruitment of new patients for these trials has been temporarily paused.

   As a sponsor of these trials, it is up to Gilead to decide when and how quickly recruitment for these trials can resume.

   We have also decided to temporarily pause the start of Phase 1 trials. In principle, these trials can be restarted quickly if the situation regarding COVID-19 allows it.

   What is important to emphasise is that the two most advanced fibrosis trials have not been paused: recruitment for the Phase 3 ISABELA program in IPF continues, although recruitment is not as easy due to COVID-19. We are still on track for the futility analysis in the first quarter of 2021. Recruitment for the Phase 2 PINTA trial in IPF is complete. For the latter, we expect results later this year.

   We are continuously monitoring the situation and always prioritise patient safety and needs. Our teams are continuously working with our CROs and research centres to determine the next steps.

b) As mentioned above, patient safety and needs are key. We are reviewing this on an ongoing basis, per trial, with the research centres and our CROs. Gilead will take the final decision on the filgotinib trials in consultation with Galapagos.

c) We proactively address, insofar as possible, any factors that could jeopardise the continuity of trials (e.g. by setting up virtual consultations). Regulatory bodies also understand the situation and allow for certain changes in the design of the trials. The continuity of the ongoing trials is currently intact.

Question 2

a) This cannot be ruled out, but at the moment, Gilead and we have not been informed of any potential delays in obtaining marketing authorisation in these territories.

[1] Royal Decree No. 4, containing various provisions on co-ownership and company and association law in the context of the fight against the COVID-19 pandemic, published in the *Belgian Official Gazette* on 9 April 2020.

b) We have announced that we expect about $200 million in milestone payments from Gilead for the potential approval of filgotinib in RA in the U.S., Europe, and Japan. Should approval(s) be delayed, the respective milestone payments are also expected later.

In addition, revenue from our own sales in the European countries where we are responsible for the commercialisation of filgotinib in RA will be delayed, as will royalties on Gilead's sales in the rest of the world.

The important thing is that we have a very strong cash position even without the expected milestone payments and filgotinib revenues.

c) The development of our commercial activities in the EU5 countries and the Benelux in preparation for the potential launch of filgotinib will continue as planned. All key positions have been recruited, and we are confident that we will be ready as soon as we can begin commercialisation.

d) We cannot comment on speculation about this matter.

Question 3

For the time being there is no impact on the general project time lines for either the supply chain or CMC (chemical-pharmaceutical development) as a result of COVID-19.

Question 4

a) This is correct.

b) As shown in note 7 on p. 157 of the Annual Report 2019, these costs are recorded annually; the research and development costs of the AtD program with MOR106 in 2019 amounted to €24,051 thousand.

c) In light of the collaboration agreement with Novartis, research and development costs of MOR106 in AtD are reimbursed by Novartis. Charging costs to Novartis is reported as revenue. As shown in note 6 on p. 151 of the Annual Report 2019, they amounted to €19,177 thousand in 2019. Taking into account the licence fee received from Novartis in 2018 (for an amount of €47.5 million), there was a cumulative positive balance of €10 million on the MOR106 program at the end of 2019.

Question 5

a) Galapagos assesses its protective measures several times a year, both internally and using external parties. The assessment takes place in accordance with generally recognised and validated procedures.

b) Our auditor answers this question as follows:

"As the Auditor of Galapagos NV, Deloitte Bedrijfsrevisoren CVBA has issued an unqualified opinion on the operational effectiveness of the internal audits as at 31 December 2019, based on the criteria defined by the 'Internal Control - Integrated Framework (2013)' issued by the 'Committee of Sponsoring Organisation of the Treadway Commission'.

Targeted audit activities, included in the unqualified opinion relating to the consolidated financial statements of Galapagos NV as at 31 December 2019, issued by Deloitte Bedrijfsrevisoren CVBA, are defined on the basis of:

(i) ISA 701 - 'Communicating Key Audit Matters in the Independent Auditor's Report', relating to those audit activities performed as part of our audit in accordance with 'International Standard of Auditing' standards

(ii) AS 3101 - 'The Auditor's Report on an Audit of Financial Statements When the auditor Expresses an Unqualified Opinion', relating to those audit activities performed within the framework of our audit in accordance with the standards of the 'Public Company Accounting Oversight Board (United States)'.

In the context of our unqualified opinion regarding the operational effectiveness of the internal audits and the consolidated financial statements of Galapagos NV, among other things specific IT activities were carried out with regard to IT security and user access. We involved our internal IT specialists in these activities."

Question 6

All publicly disclosed information regarding the collaboration with Ryvu can be found in the press release of 16 April 2020, which is available at www.glpg.com.

Question 7

a) The proposal to introduce a share-based compensation for non-executive directors is in line with provision 7.6 of the Belgian Corporate Governance Code 2020. Under this provision, part of the remuneration of directors must be paid in shares, which must be held until after the end of their mandate. The Belgian Corporate Governance Committee is of the opinion that this provision can help act in accordance with a long-term perspective. Since Galapagos cannot buy its own shares, the proposal provides for a cash fee, which must be used to acquire Galapagos shares.

b) The board of directors proposes that shareholders appoint the current members of the board as members of the supervisory board for the remaining term of their current mandate as director on the board of directors. This is with the exception of Mr. Onno van de Stolpe, who will not be a member of the supervisory board. He will remain a member of the management board and our CEO.

c) As explained on page 117 of the Annual Report 2019, the corporate development objective consisted of completing a business development transaction, organisational growth, and quality objectives. The commercial development objective related to the filgotinib commercialization plan. The corporate development objective was intended to grow the business and create value for all shareholders, and our commercial objective was intended to bring us closer to becoming a fully integrated biopharmaceutical company that can bring novel medicines to market (subject to regulatory approval).

d) As illustrated by the answer to the previous question, shareholder value is pursued in determining the objectives for variable remuneration.

Question 8

a) We apply a "natural hedge" and hold U.S. dollars to the extent that it offsets future expenditure in U.S. dollars.

b) The cash position gives us the opportunity to expand significantly, both through the influx of new staff and through acquisitions or licensing agreements.

Question 9

Our auditor answers this question as follows:

"As the Auditor of Galapagos NV, Deloitte Bedrijfsrevisoren CVBA and related parties must comply with strict independence rules, i.e.

- *independence rules and standards as issued by the Security & Exchange Commission and the International Federation of Accountants*
- *independence rules and standards as issued by the European Parliament and the Council*
- *independence rules and standards as included in Belgian law*

The non-audit-related activities, as included in the question, were assessed as services that do not impact the independence of the Independent Auditor.

Non-audit-related activities are assessed in advance by Galapagos NV and the Auditor in relation to the above-mentioned independence requirements by means of a pre-approval policy. This ensures that these activities do not conflict with the current regulatory framework, including with regard to the risk of self-monitoring."