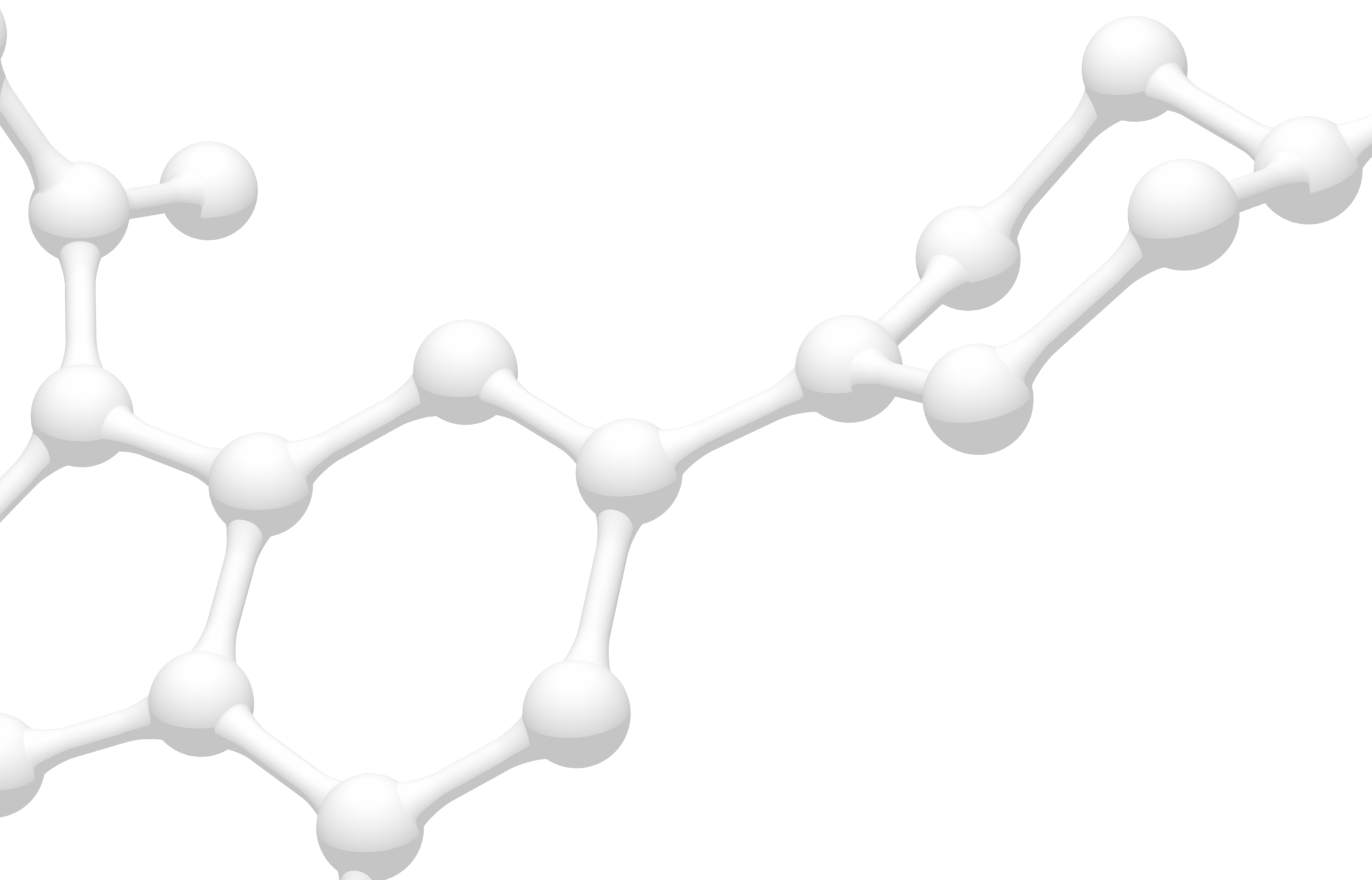
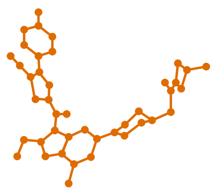
Financial statements

Consolidated interim financial statements for the first quarter 2018



GLPG1690 is fully proprietary to Galapagos and has been granted orphan status in Europe and the US.



Consolidated interim financial statements for the first three months of 2018

Consolidated statements of income and comprehensive income

(unaudited)

Consolidated income statement

	Three months ended 31 March	
(thousands of €, except share and per share data)	**2018**	2017
Revenues	37,907	33,992
Other income	6,931	5,871
Total revenues and other income	**44,838**	**39,863**
Research and development expenditure	(69,765)	(44,930)
General and administrative expenses	(6,697)	(5,603)
Sales and marketing expenses	(413)	(556)
Total operating expenses	**(76,875)**	**(51,088)**
Operating loss	**(32,036)**	**(11,225)**
Financial income	1,610	894
Financial expenses	(6,794)	(3,274)
Loss before tax	**(37,221)**	**(13,605)**
Income taxes	(62)	–
Net loss	**(37,283)**	**(13,605)**
Net loss attributable to:		
Owners of the parent	(37,283)	(13,605)
Basic and diluted loss per share	**(0.73)**	**(0.29)**
Weighted average number of shares – Basic and diluted (in thousands of shares)	50,973	46,256

Consolidated statements of comprehensive income

	Three months ended 31 March	
(thousands of €)	2018	2017
Net loss	**(37,283)**	**(13,605)**
Items that may be reclassified subsequently to profit or loss:		
Fair value adjustment of available-for-sale financial assets		(8)
Translation differences, arisen from translating foreign activities	(3)	39
Other comprehensive income, net of income tax	**(3)**	**31**
Total comprehensive income attributable to:		
Owners of the parent	(37,286)	(13,574)

Consolidated statements of financial position

(unaudited)

(thousands of €)	31 March 2018	31 December 2017
Assets		
Intangible assets	2,555	2,495
Property, plant and equipment	16,971	16,692
Deferred tax assets	1,979	1,978
Non-current R&D incentives receivables	69,285	64,001
Non-current restricted cash	1,158	1,158
Other non-current assets	2,182	2,303
Non-currents assets	**94,129**	**88,627**
Inventories	293	279
Trade and other receivables	8,501	27,966
Current R&D incentives receivables	11,585	11,782
Cash and cash equivalents	1,108,186	1,151,211
Other current assets	7,171	6,409
Current assets	**1,135,735**	**1,197,647**
Total assets	**1,229,864**	**1,286,274**
Equity and liabilities		
Share capital	235,027	233,414
Share premium account	995,336	993,025
Other reserves	(641)	(1,260)
Translation differences	(1,757)	(1,754)
Accumulated losses	(328,620)	(211,441)
Total equity	**899,345**	**1,011,983**
Pension liabilities	3,660	3,582
Provisions	65	65
Other non-current liabilities	677	1,597
Non-current deferred income	102,486	97,348
Non-current liabilities	**106,888**	**102,592**

(thousands of €)	31 March 2018	31 December 2017
Finance lease liabilities	–	9
Trade and other payables	55,657	47,122
Current tax payable	862	865
Accrued charges	943	1,159
Current deferred income	166,168	122,544
Current liabilities	**223,631**	**171,699**
Total liabilities	**330,519**	**274,291**
Total equity and liabilities	**1,229,864**	**1,286,274**

Consolidated cash flow statements

(unaudited)

(thousands of €)	2018	2017
Cash and cash equivalents at beginning of year	**1,151,211**	**973,241**
Net loss	(37,283)	(13,605)
Adjustments for:		
Tax expense	62	–
Net financial expense	5,184	2,380
Depreciation of property, plant and equipment	914	870
Amortization of intangible fixed assets	283	180
Net realized gain / loss (–) on foreign exchange transactions	63	(338)
Share-based compensation	3,943	3,023
Increase in pension liabilities	78	72
	(26,755)	**(7,418)**
Increase in inventories	(14)	(24)
Decrease / Increase (–) in receivables	12,928	(11,586)
Increase in payables	7,568	11,092
Decrease in deferred income	(34,458)	(15,259)
Cash used in operations	**(40,732)**	**(23,196)**
Interest paid	(500)	(16)
Interest received	1,428	370
Net cash flows used in operating activities	**(39,804)**	**(22,843)**
Purchase of property, plant and equipment	(1,192)	(916)
Purchase of and expenditure in intangible fixed assets	(340)	(120)
Proceeds from disposal of property, plant and equipment	1	1
Decrease in restricted cash	–	6,531
Net cash flows generated / used (–) in investing activities	**(1,531)**	**5,497**

(thousands of €)	2018	2017
Repayment of obligations under finance leases and other debts	(19)	(14)
Proceeds from capital and share premium increases from exercise of warrants	3,924	–
Net cash flows generated /used (–) in financing activities	**3,905**	(14)
Effect of exchange rate differences on cash and cash equivalents	**(5,595)**	(2,496)
Decrease in cash and cash equivalents	**(43,025)**	(19,856)
Cash and cash equivalents at end of the period	**1,108,186**	953,385

Consolidated statements of changes in equity

(unaudited)

(thousands of €)	Share capital	Share premium account	Translation differences	Other reserves	Accumul. losses	Total
On 1 January 2017	**223,928**	**649,135**	**(1,090)**	**(1,000)**	**(112,272)**	**758,701**
Net loss					(13,605)	(13,605)
Other comprehensive income			39	(8)		31
Total comprehensive income			**39**	**(8)**	**(13,605)**	**(13,574)**
Share-based compensation					3,023	3,023
On 31 March 2017	**223,928**	**649,135**	**(1,051)**	**(1,008)**	**(122,854)**	**748,150**
On 31 December 2017	**233,414**	**993,025**	**(1,754)**	**(1,260)**	**(211,441)**	**1,011,983**
Change in accounting policy (modified retrospective application IFRS 15)					(83,220)	(83,220)
Change in accounting policy (modified retrospective application IFRS 9)				619	(619)	–
Restated total equity at 1 January 2018	**233,414**	**993,025**	**(1,754)**	**(641)**	**(295,280)**	**928,764**
Net loss					(37,283)	(37,283)
Other comprehensive income			(3)	–		(3)
Total comprehensive income			**(3)**	**–**	**(37,283)**	**(37,286)**
Share-based compensation					3,943	3,943
Exercise of warrants	1,613	2,311				3,924
On 31 March 2018	**235,027**	**995,336**	**(1,757)**	**(641)**	**(328,620)**	**899,345**

Notes to the unaudited consolidated interim financial statements for the first three months of 2018

Basis of preparation

These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The condensed interim financial statements do not contain all information required for an annual report and should therefore be read in conjunction with Galapagos' annual report 2017.

The condensed interim financial statements were subject to a limited review by the statutory auditor, but have not been audited.

Details of the unaudited interim results

Revenues and other income

Revenues

The following table summarizes our revenues for the three months ended 31 March 2018 and 2017.

	Three months ended 31 March	
(thousands of €)	**2018**	2017
Recognition of non-refundable upfront payments and license fees	25,824	15,225
Milestone payments	8,809	16,564
Reimbursement income	192	104
Other revenues	3,081	2,099
Total revenues	**37,907**	**33,992**

Revenues (€37.9 million vs €34.0 million for the same period last year) were higher due to an increase in the recognition of the upfront payment from Gilead related to the filgotinib program, which is recognized in function of the costs incurred for this program, but also due to the adoption of IFRS 15 – Revenue from contract with customers, on 1 January 2018, resulting in the recognition for the first quarter of 2018 of €10.4 million of deferred revenues related to previously recognized upfront and milestones under the former applicable standards of IAS 18.

The following table summarizes the recognition of the upfront, license fees and milestones payments received for the three months ended 31 March 2018 and 2017.

Agreement	Consideration received	Consideration received	Collaboration start date	IAS 18 Outstanding balance in deferred income as at 31 December 2017	Deferred income reclassified from equity following adoption of IFRS 15	IFRS 15 Outstanding balance in deferred income as at 1 January 2018	IFRS 15 Revenue recognized, three months ended 31 March 2018	IAS 18 Revenue recognized, three months ended 31 March 2018	IAS 18 Revenue recognized, three months ended 31 March 2017	IFRS 15 Outstanding balance in deferred income as at 31 March 2018
	(thousands of $)	(thousands of €)		(thousands of €)						
Gilead collaboration agreement for filgotinib – Upfront payment	300,000	275,558	January 2016	187,449		187,449	20,914	20,914	13,337	166,535
Gilead collaboration agreement for filgotinib – Sub-scription agreement[(1)]	N.A.	39,003	January 2016	26,532		26,532	2,960	2,960	1,888	23,572
Servier collaboration agreement for osteo-arthritis – License fee	N.A.	6,000	June 2010	5,362	(5,362)	–		383		–
AbbVie collaboration agreement for CF – Upfront payments	45,000	34,001	September 2013		14,872	14,872	1,950			12,922
Total upfront and license fees:				**219,343**	**9,510**	**228,853**	**25,824**	**24,257**	**15,225**	**203,028**
Gilead collaboration agreement for filgotinib – Milestone payments	70,000	64,435	January 2016		43,832	43,832	4,891			38,941
AbbVie collaboration agreement for CF – Milestone payments	77,500	68,310	September 2013		29,878	29,878	3,918		16,564	25,960
Total milestones:				**–**	**73,710**	**73,710**	**8,809**	**–**	**16,564**	**64,901**
Total:				**219,343**	**83,220**	**302,563**	**34,633**	**24,257**	**31,789**	**267,929**

(1) deferred income of €39 million booked upon signing of the share subscription agreement with Gilead as required under IAS 39 Financial instruments: recognition and measurement

The first adoption of IFRS 15 Revenue from contracts with customers negatively impacted the accumulated losses and increased the amount of deferred income (contract liabilities) with an amount of €83.2 million, as shown in the table above (column "Deferred income reclassified from equity following adoption of IFRS 15"). We elected the modified retrospective method for the transition which foresees that prior period figures remain as reported under the previous standard and the cumulative effect of applying IFRS 15 is recognized as an adjustment to the opening balance of equity as at the date of initial application (beginning of the year 2018).

The revenues recognized for the three months ended 31 March 2018 are presented in the table above under IFRS 15 standard as well as under IAS 18 standard, with a comparison to last year's period under IAS 18 standard.

We applied the five step model detailed in the IFRS 15 standard to determine when, how and at what amount revenue is to be recognized depending on whether certain criteria are met. The significant judgements made in applying this standard are detailed below:

The substance of our current arrangements is that Galapagos is licensing its IP to collaborative partner entities and conducts research and development ("R&D") activities. Such activities result in a service that is the output of Galapagos' ordinary activities. We generate revenue through a number of these arrangements which include license fees, milestone payments, reimbursement income and future sales based milestones and sales based royalties. We assessed that the revenues from our current material licensing and collaboration agreements are in the scope of IFRS 15.

Collaboration with Gilead

We concluded as follows:

- We assessed that there is one single performance obligation under the new standards of 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 of our agreement is currently composed of a fixed part, being an upfront license fee and a variable part, being milestone payments and cost reimbursements for R&D activities delivered. Milestone payments are included in our revenues only when achieved. Sales based milestones and sales based royalties are a part of our arrangement but are not yet included in our revenues as our program is still in phase 3 of development.
- The transaction price has been allocated to the single performance obligation and revenues have been recognized over the estimated service period based on a pattern that reflects the transfer of the license and progress to complete satisfaction of the R&D activities. This is because we considered that there is a transformational relationship between the license and the R&D activities to be delivered.
- We have chosen an input model to measure the satisfaction of the single performance obligation that considers percentage of costs incurred for this program that are completed each period (% of completion method).
- Costs reimbursements received from Gilead are to be recognized in revenues when costs are incurred and agreed by the parties as we are acting as a principal in the scope of our stake of the R&D activities of our ongoing license and collaboration agreements.

As a result of this analysis, for the first three months of 2018, €28.8 million of deferred income related to the Gilead collaboration agreement were recognized in revenue under IFRS 15 in function of costs incurred, applying the percentage of completion method. This revenue recognition consisted of (i) €20.9 million related to the upfront license fee, (ii) €3.0 million related to the deferred income triggered by the accounting treatment of the share subscription agreement under IAS 39 Financial Instruments: recognition and measurement, and (iii) €4.9 million related to milestone payments received. The outstanding balance of deferred income from the Gilead collaboration agreement at the end of March 2018 amounted to €229.0 million of which €83.9 million reported as non-current deferred income.

As reflected in the table above, the impact of the IFRS 15 adoption on our revenues generated from our collaboration with Gilead was only related to the deferral of previously recognized milestones.

Collaboration with AbbVie

We concluded as follows:

- We assessed that there is one single performance obligation under the new standards of IFRS 15; the transfer of a license combined with performance of R&D activities. This is because we considered that the license is not capable of being distinct and is not distinct in the context of the contract.

- The transaction price of our agreement is currently composed of a fixed part, being an upfront license fee, and a variable part, being milestone payments and cost reimbursements for R&D activities delivered. Milestone payments are included in our revenues only when achieved. Sales based milestones and sales based royalties are a part of our arrangement but are not yet included in our revenues as our program is still in phase 1 & 2 of development.
- The transaction price has been allocated to the single performance obligation and revenues have been recognized over the estimated service period based on a pattern that reflects the transfer of the license and progress to complete satisfaction of the R&D activities. This is because we considered that there is a transformational relationship between the license and the R&D activities to be delivered.
- We have chosen an input model to measure the satisfaction of the single performance obligation that considers a percentage of costs incurred for this program that are completed each period (% of completion method).
- Costs reimbursements received from AbbVie could be recognized in revenues when costs are incurred and agreed by the parties as we are acting as a principal in the scope of our stake of the R&D activities of our ongoing license and collaboration agreements.

As a result of this analysis, for the first three months of 2018, €5.9 million of deferred income related to the AbbVie collaboration agreement were recognized in revenue under IFRS 15 in function of costs incurred, applying the percentage of completion method. This revenue recognition consisted of (i) €2.0 million related to the upfront license fee and (ii) €3.9 million related to milestone payments received in previous years. The outstanding balance of deferred income from the AbbVie collaboration agreement at the end of March 2018 amounted to €38.9 million of which €18.6 million reported as non-current deferred income.

As reflected in the table above, the impact of the IFRS 15 adoption on our revenues generated from our collaboration with AbbVie was related to the deferral of previously recognized upfront fee and milestones.

Finally, the deferred income balance on 31 December 2017 related to the license fee received from Servier in the scope of our license and collaboration agreement in the field of osteoarthritis (€5.4 million) was fully reclassified to equity as a consequence of the adoption of the new standard.

Other revenues

Other revenues mainly consisted in service revenues from our fee-for-service business for €3.0 million, as reported under the segment information disclosure below.

Other income

The following table summarizes our other income for the three months ended 31 March 2018 and 2017.

	Three months ended 31 March	
(thousands of €)	**2018**	2017
Grant income	549	293
Other income	6,382	5,578
Total other income	**6,931**	**5,871**

Other income increased (€6.9 million vs €5.9 million last year) in the first three months of 2018, mainly driven by higher income from R&D incentives.

Results

We realized a net loss of €37.3 million for the first three months of 2018, compared to a net loss of €13.6 million in the first three months of 2017.

We reported an operating loss amounting to €32.0 million for the first three months of 2018, compared to an operating loss of €11.2 million for the same period last year.

Our R&D expenses in the first three months of 2018 were €69.8 million, compared to €44.9 million in 2017. This planned increase was due mainly to an increase of €20.4 million in subcontracting costs primarily on our filgotinib and GLPG1690 programs. Furthermore, personnel costs increased, explained by a planned headcount increase.

Our G&A and S&M expenses were €7.1 million in the first quarter of 2018, compared to €6.2 million in the first quarter of 2017. This increase mainly resulted from higher personnel costs due to a planned headcount increase.

Net financial expenses in the first three months of 2018 amounted to €5.2 million compared to net financial expenses of €2.4 million in 2017, and were primarily attributable to €5.6 million of unrealized exchange loss on our cash position in U.S. dollars. We expect to use this cash held in U.S. dollars to settle our future payables in U.S. dollars, which will be primarily linked to our global collaboration with Gilead for the development of filgotinib.

Segment information

We have two reportable segments: R&D and our fee-for-service business Fidelta, located in Croatia.

	Segment information for the three months ended 31 March 2018			
(thousands of €)	R&D	Fee-for-services	Inter-segment elimination	Group
External revenue	34,888	3,019		37,907
Internal revenue		2,175	(2,175)	–
Other income	6,931	–		6,931
Revenues & other income	**41,819**	**5,194**	**(2,175)**	**44,838**
Segment result	**(29,424)**	**1,330**		**(28,093)**
Unallocated expenses(1)				(3,943)
Operating loss				**(32,036)**
Financial (expenses) / income(2)				(5,184)
Result before tax				**(37,221)**
Income taxes(2)				(62)
Net loss				**(37,283)**

(1) Unallocated expenses consist of expenses for warrant plans under IFRS 2 Share based payments.

(2) Financial results and taxes information are not being provided to management in our management reporting as segment results and therefore, their aggregate amount is disclosed at the level of the group in our segment reporting.

(thousands of €)	Segment information for the three months ended 31 March 2017 R&D	Fee-for-services	Inter-segment elimination	Group
External revenue	31,950	2,042		33,992
Internal revenue		1,005	(1,005)	–
Other income	5,859	12		5,871
Revenues & other income	**37,809**	**3,059**	**(1,005)**	**39,863**
Segment result	**(7,745)**	**(457)**		**(8,202)**
Unallocated expenses[1]				(3,023)
Operating loss				**(11,225)**
Financial (expenses) / income[2]				(2,380)
Result before tax				**(13,605)**
Income taxes[2]				–
Net loss				**(13,605)**

(1) Unallocated expenses consist of expenses for warrant plans under IFRS 2 Share based payments.
(2) Financial results and taxes information are not being provided to management in our management reporting as segment results and therefore, their aggregate amount is disclosed at the level of the group in our segment reporting.

The basis of accounting for any transactions between reportable segments is consistent with the valuation rules and with transactions with third parties.

Liquid assets position

Cash and cash equivalents totaled €1,108.2 million on 31 March 2018.

A net decrease of €43.0 million in cash and cash equivalents was recorded during the first three months of 2018, compared to a decrease of €19.9 million during the same period last year. Net cash flows used in operating activities amounted to €39.8 million in the first quarter 2018. Exercise of warrants in the first quarter of 2018 generated a financing cash inflow of €3.9 million. Furthermore €1.5 million was used in investing activities and €5.6 million unrealized negative exchange rate differences were reported on cash and cash equivalents.

Cash and cash equivalents amounted to €1,108.2 million at the end of March 2018 and comprised cash and cash at banks, short term bank deposits and money market funds that are readily convertible to cash and are subject to an insignificant risk of changes in value. Our cash management strategy may allow short term deposits with an original maturity exceeding three months while monitoring all liquidity aspects. Cash and cash equivalents comprised €662.4 million of term deposits with an original maturity longer than three months but which are available upon one month notice period. Cash at banks were mainly composed of savings accounts and current accounts. We maintain our bank deposits in highly rated financial institutions to reduce credit risk. Cash invested in highly liquid money market funds represented €149.6 million and aim at meeting short-term cash commitments, while reducing the counterparty risk of investment.

(thousands of €)	31 March 2018	31 December 2017
Cash at banks	296,226	288,052
Term deposits	662,355	713,446
Money market funds	149,602	149,711
Cash on hand	3	3
Total cash and cash equivalents	**1,108,186**	**1,151,211**

On 31 March 2018, our cash and cash equivalents included $247.4 million held in U.S. dollars which could generate foreign 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 expect to use this cash held in U.S. dollars to settle our future payables in U.S. dollars which will be primarily linked to our global collaboration with Gilead for the development of filgotinib.

Finally, our balance sheet held R&D incentives receivables from the French government (*Crédit d'Impôt Recherche*) amounting to €39.1 million as of 31 March 2018, to be received in four yearly tranches. Our balance sheet also held R&D incentives receivables from the Belgian Government amounting to €41.7 million as at 31 March 2018.

Capital increase

On 31 March 2018, Galapagos NV's share capital was represented by 51,234,962 shares. All shares were issued, fully paid up and of the same class. The below table summarizes our capital increases for the quarter ended 31 March 2018.

(thousands of €, except share data)	Number of shares	Share capital	Share premium	Share capital and share premium	Average exercise price warrants	Closing share price on date of capital increase
On 1 January 2018	50,936,778	233,414	993,025	1,226,439		
20 March 2018: exercise of warrants	298,184	1,613	2,311	3,924	13.16	83.72
On 31 March 2018	51,234,962	235,027	995,336	1,230,363		

Contingencies and commitments

Contractual obligations and commitments

We entered into lease agreements for office and laboratories which qualify as operating leases. We also have certain purchase commitments principally with CRO subcontractors and certain collaboration partners.

On 31 March 2018 we had outstanding obligations for future minimum rent payments and purchase commitments, which become due as follows:

(thousands of €)	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
Operating lease obligations	25,831	4,349	7,897	5,887	7,698
Purchase commitments	68,930	54,983	13,259	688	–
Total contractual obligations & commitments	**94,761**	**59,332**	**21,156**	**6,575**	**7,698**

On 31 December 2017, we had outstanding obligations for future minimum rent payments and purchase commitments, which become due as follows:

(thousands of €)	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
Operating lease obligations	26,346	4,150	7,820	6,010	8,366
Purchase commitments	65,246	53,010	11,233	1,002	–
Total contractual obligations & commitments	**91,592**	**57,160**	**19,053**	**7,012**	**8,366**

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 €111.6 million at 31 March 2018 (€129.0 million at 31 December 2017), for which we have direct purchase commitments of €6.4 million at 31 March 2018 (€10.1 million at 31 December 2017) reflected in the tables above.

Contingent liabilities and assets

We refer to our annual report 2017 for contingent liabilities and assets.

Significant accounting policies

There were no significant changes in accounting policies applied by us in these condensed consolidated interim financial statements compared to those used in the most recent annual financial statements of 2017, except for the adoption of new standards and interpretations described below.

- IFRS 15 Revenue from Contracts with Customers, and clarifications on this IFRS (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 9 Financial Instruments, and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018)

The nature and the effect of these changes were taken into consideration, and the above amendments affected the interim condensed consolidated financial statements as follows:

IFRS 15 Revenue from Contracts with Customers. As a consequence of the adoption of the new IFRS standard on 1 January 2018, our consolidated accumulated losses and deferred income were both increased for an amount of €83.2 million, reflecting the impact of the new standard on the revenue recognition of the considerations received related to our ongoing license and collaboration agreements. Differences in accounting treatment compared to the former standard were identified for (i) the milestones payments previously received in the scope of our license and collaboration agreement for filgotinib with Gilead, and (ii) the upfront and milestone payments received related to the license and collaboration agreement with AbbVie for cystic fibrosis, which were fully recognized in revenue in the previous years under the former applicable IFRS standard. Finally, the deferred income balance related to the license fee received from Servier in the scope of our license and collaboration agreement in the field of osteoarthritis was fully reclassified to equity as a consequence of the adoption of the new standard. We refer to the revenues disclosure for further detail.

IFRS 9 Financial Instruments. The only financial instrument held by the company subject to change in accounting treatment following the adoption of IFRS 9 – Financial Instruments, was the equity investments in a French biotech company classified as available-for-sale financial asset. At 31 December 2017, our balance sheet held shares of this company which were acquired in 2016. The closing price of the share on Euronext as at the end of the year 2017 led to cumulative fair value loss amounting to €0.6 million recognized in other comprehensive income following the accounting treatment applied under IAS 39. Following the adoption of the new IFRS standard on 1 January 2018, and considering that the financial asset should be classified and measured at fair value, with changes in fair value recognized in profit and loss, the cumulative fair value loss of €0.6 million previously recognized in other comprehensive income was reclassified to accumulated losses. Fair value loss amounting to €0.1 million was additionally recognized in profit and loss for the first three months of 2018.

Other new standards and interpretations applicable for the annual period beginning on 1 January 2018 did not have any impact on our consolidated financial statements.

We have not early adopted any other standard, interpretation, or amendment that has been issued but is not yet effective.

Seasonality

The impact of seasonality or cyclicality on our operations is not regarded as applicable to the unaudited interim condensed consolidated financial statements.

Events after the end of the reporting period

On 19 April 2018, the board of directors of Galapagos approved the "Warrant Plan 2018," a warrant plan intended mainly for certain (future) employees of the company and its subsidiaries, and also for directors and an independent consultant of the company, and the "Warrant Plan 2018 RMV," a warrant plan intended for certain employees of its French subsidiary, Galapagos SASU, within the framework of the authorized capital. Under these warrant plans, 1,585,000 warrants were created, subject to acceptances, and offered to the beneficiaries of the plans. The warrants have an exercise term of eight years as of the date of the offer and have an exercise price of €79.88 (the average closing price of the share on Euronext Amsterdam and Brussels during the thirty days preceding the date of the offer). The warrants are not transferable and can in principle not be exercised prior to 1 January 2022. Each warrant gives the right to subscribe to one new Galapagos share.

Approval of interim financial statements

The interim financial statements were approved by the board of directors on 23 April 2018.