The Galapagos group

An overview of Galapagos, its strategy and portfolio in Q1 2020

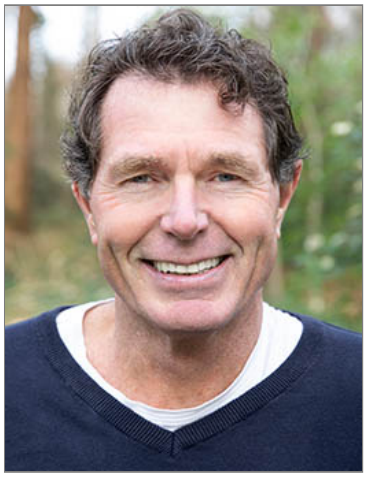
Letter from the management

Dear shareholders,

The first quarter of 2020 was marked by the global outbreak of COVID-19, and first and foremost, I hope that you and yours are staying safe and healthy as we continue to navigate this unprecedented crisis.

For us at Galapagos, the pandemic also brings unexpected challenges. We decided to postpone temporarily the start of early-stage clinical trials, and with our collaboration partner Gilead, we paused recruitment into the ongoing Phase 2 and 3 trials with filgotinib. We continuously monitor the situation, always putting patients' safety and needs front and center, and our teams work hand in hand with our CROs and clinical trial sites to define next steps.

Importantly, despite the challenging environment, we remain on track to report on a number of later stage clinical trials, and the remainder of the year promises to be particularly news flow rich.



The regulatory review process of our first product candidate, filgotinib in rheumatoid arthritis (RA), is progressing, and we still anticipate approval decisions in the U.S., Europe and Japan later this year.

Furthermore, in the first quarter, we made important progress in the build-out of our commercial organization. We are confident that we will hit the ground running upon potential approval of filgotinib in the EU5 and Benelux countries, hand in hand with our collaboration partner Gilead. We should be able to complete our transformation into a fully integrated biopharma company, bringing our first approved, novel mode of action product to patients later this year.

Moreover, we are on track to report the topline results from the SELECTION Phase 3 trial of filgotinib in ulcerative colitis (UC) in the second quarter. This is the first inflammatory bowel disease (IBD) Phase 3 data read-out for filgotinib. Pending positive results, we see an important potential role for filgotinib in this indication, given the high unmet need of patients suffering from UC.

Moving on to our other programs, we and collaboration partner Servier continue to advance the fully recruited ROCCELLA Phase 2b trial with our ADAMTS-5 inhibitor GLPG1972 in patients with knee osteoarthritis (OA). With current visibility in light of COVID-19, we still remain on track to report topline results for ROCCELLA in the second half of this year.

Our programs in fibrotic diseases are also making important progress. Patient recruitment continues in the global ISABELA Phase 3 program with ziritaxestat (GLPG1690) in idiopathic pulmonary fibrosis (IPF) that we conduct together with Gilead. While we see an impact on recruitment rates due to COVID-19, mitigations such as virtual visits and direct shipment of medication to patients keep the trial running relatively smoothly for the more than 1,000 patients randomized to date. We expect to report the outcome of the futility analysis for ISABELA in the first half of 2021.

Also for our NOVESA Phase 2a trial with ziritaxestat in systemic sclerosis (SSc), we remain on track to report topline results in the second half of this year, together with Gilead. We completed recruitment with GLPG1205 in the PINTA Phase 2 IPF trial in early 2020, and we expect to report topline results later this year.

With regard to Toledo, our novel mode of action program in inflammation, we completed Phase 1 studies in healthy volunteers with our Toledo drug candidates, GLPG3312 and GLPG3970. Given the superior profile of GLPG3970 observed in Phase 1, we decided to prioritize the further development of GLPG3970. We still anticipate the start of several proof-of-concept patient trials with GLPG3970 in the second half of the year, with topline results now expected in the first half of 2021.

In the labs, we continue to exploit our powerful target discovery engine to ensure long-term value creation, and to deliver on our ambition to maintain an active R&D portfolio in inflammation, fibrosis, and other severe diseases, including type 2 diabetes, hepatitis B and polycystic kidney disease.

From a financial perspective, we ended the first quarter of 2020 with a cash position of €5.7 billion which will allow us to grow our pipeline and attract new talent to support our ambitious growth plan. As a result of COVID-19, our cash burn guidance for FY2020 is expected to be in the range of €400 - €430 million, down versus the previously stated cash burn projection due to the pause in recruitment or postponed starts of some clinical trials.

Operational overview Q1 2020

In fibrosis

- Completed recruitment of the PINTA Phase 2 trial with GPR84 inhibitor GLPG1205 in IPF
- Obtained orphan drug designation for ziritaxestat (GLPG1690) in SSc from the FDA and the European Commission
- Expanded the Fibrocor R&D collaboration in fibrosis

Corporate & other

- Raised €5.4 million from warrant exercises

Recent events

- Announced a collaboration with Ryvu Therapeutics (WSE: RVU) focused on the discovery and development of novel small molecule drugs in inflammation, based on a novel drug target identified by Ryvu
- On 28 April 2020, Galapagos held its annual (ordinary) and extraordinary shareholders' meetings. Due to the COVID-19 pandemic, the meetings were held behind closed doors, with advance shareholders' participation only. All agenda items were approved, including the appointment of Dr. Elisabeth Svanberg as independent director, the remuneration policy and -report, the amendment of the company's object and the amendment of the articles of association in light of the new Belgian Code of Companies and Associations

Q1 2020 financial result

Revenues and other income

Our revenues and other income for the first three months of 2020 amounted to €106.9 million, compared to €40.9 million for the first three months of 2019. Revenues (€98.2 million for the first three months of 2020 compared to €33.0 million for the first three months of 2019) were higher due to the revenue recognition of the upfront payment received from Gilead in August 2019 related to (i) the exclusive access to our drug discovery platform during the collaboration period and exclusive option rights on our current and future clinical programs after Phase 2 outside Europe, and (ii) additional consideration received for the extended cost sharing for filgotinib.

Other income (€8.7 million vs €7.9 million for the same period last year) increased, mainly driven by higher incentives income from the government for our R&D activities.

Results

We realized a net loss of €50.6 million for the first three months of 2020, compared to a net loss of €48.7 million for the first three months of 2019.

We reported an operating loss amounting to €44.6 million for the first quarter of 2020, compared to an operating loss of €53.2 million for the first quarter of 2019.

Our R&D expenditure in the first three months of 2020 amounted to €116.8 million, compared to €83.2 million for the first quarter of 2019. This planned increase was mainly due to an increase of €19.4 million in subcontracting costs primarily related to our filgotinib program, our Toledo program and other clinical programs. Furthermore, personnel costs increased explained by a planned headcount increase following the growth of our R&D activities. This last factor, together with increased costs from the preparation of the commercial launch of filgotinib in Europe, contributed to the increase in our G&A and S&M expenses which were €34.7 million in the first three months of 2020, compared to €11.0 million in the first three months of 2019.

We reported a non-cash fair value loss from the re-measurement of initial warrant B issued to Gilead, amounting to €20.5 million, mainly due to the increased implied volatility of the Galapagos share price.

Net other financial income in the first three months of 2020 amounted to €14.8 million, compared to net other financial income of €4.7 million for the first three months of 2019, which was primarily attributable to €34.3 million of unrealized exchange gain on our cash position in U.S. dollars, partly compensated by a fair value loss on current financial investments of €14.5 million.

Cash and cash equivalents and current financial investments

Current financial investments and cash and cash equivalents totaled €5,722.4 million on 31 March 2020.

A net decrease of €58.4 million in cash and cash equivalents and current financial investments was recorded during the first three months of 2020, compared to a net decrease of €67.9 million during the first three months of 2019. This net decrease was composed of €83.4 million of operational cash burn[1], offset by (i) €5.4 million of cash proceeds from capital and share premium increase from exercise of warrants in the first three months of 2020, (ii) €19.6 million of unrealized positive exchange rate differences and fair value losses on current financial investments.

Finally, our balance sheet as at 31 March 2020 held a receivable from the French government (*Crédit d'Impôt Recherche*[2]) and a receivable from the Belgian Government for R&D incentives, for a total of €115.2 million.

Outlook 2020

The remainder of the year promises to be eventful for Galapagos.

We and our collaboration partner Gilead expect to report Phase 3 SELECTION trial data of filgotinib in ulcerative colitis in the second quarter. We also expect approval of our first product candidate, filgotinib, in RA in the U.S., Europe, and Japan in the second half of 2020. Gilead and we plan to start later in 2020 the Phase 3 program with filgotinib in ankylosing spondylitis – a potential additional indication for our growing filgotinib franchise.

Within our fibrosis portfolio, in the second half of the year, we anticipate reporting topline results from the PINTA Phase 2 trial with GLPG1205 in IPF and, together with collaboration partner Gilead, from the NOVESA Phase 2a trial with ziritaxestat in SSc. In the meantime, we continue recruitment in our landmark Phase 3 ISABELA program with ziritaxestat in IPF, together with Gilead, and we expect to report the outcome of the futility analysis in the first half of 2021.

[1] We refer to the note on the liquid assets position of our condensed consolidated interim financial statements for an explanation and reconciliation of this alternative performance measure.

[2] *Crédit d'Impôt Recherche* refers to an innovation incentive system underwritten by the French government.

Also in the second half of the year, we and Servier expect to report topline results from the ROCCELLA Phase 2b trial of GLPG1972 in knee osteoarthritis. Upon successful completion of this trial, Gilead has the option to license development and commercialization rights in the U.S. for GLPG1972.

We will continue to execute on our accelerated development plan for Toledo, our next generation inflammation program. Pending positive developments related to the COVID-19 pandemic, we expect to launch multiple proof-of-concept patient trials with GLPG3970 in the second half of the year, and we now expect to report topline data in the first half of 2021.

Due to the temporary pause in recruitment for a number of ongoing Phase 2 and 3 trials and delays in the start of a number of planned early-stage trials, our cash burn guidance has been revised down and is now expected to be in the range of €400 and €430 million compared to €420 and €450 million previously guided. The cash burn includes milestone income from Gilead for potential regulatory approvals of filgotinib in RA.

I would like to thank you all for your continued trust and support. We are in a strong position to navigate the sudden challenges caused by the COVID-19 pandemic, and we remain dedicated to breaking innovative ground to improve patients' lives. Please stay with us as we continue on this exciting innovation journey.

Onno van de Stolpe
CEO

COVID-19 impact

In light of the ongoing COVID-19 pandemic, we are committed to keeping our stakeholders informed as the situation evolves. We see the following impact at this point in time:

- *Staff*
  Galapagos has strong measures in place to help prevent spread of the virus and protect the health of our staff. We rolled out our global and site business continuity plans and took appropriate recommended precautions and restrictions, including suspending all travel. In practice, this means that our employees are working from home, with the exception of lab personnel and skeleton IT and facility team to ensure safety and operational continuity essential to keep research going. For those, we have stringent cleaning and sanitation protocols in place, and we strictly respect social distancing policies at all times, in order to minimize risk of exposure.

- *Clinical trials*
  We have a business continuity plan for our non-clinical and clinical trials, including a pandemic response plan. We have decided to pause the start of early stage trials temporarily. We continuously monitor the situation, always putting patients' safety and needs front and center, and our teams are working hand in hand with our CROs and clinical trial sites to define next steps. Our collaboration partner Gilead and we have temporarily paused enrollment into the filgotinib trials in order to help protect patient safety. This includes the Phase 2 and Phase 3 trials of filgotinib in Crohn's disease (DIVERSITY), the Phase 3 in psoriatic arthritis (PENGUIN), the Phase 2 trial in uveitis, and the MANTA and MANTA-RAy trials. We anticipate the Phase 3 program in ankylosing spondylitis will now start later this year.

- *Filgotinib filing process in RA*
  The FDA has confirmed priority review with a PDUFA goal date in the second half of this year. As with all applications, but particularly during these difficult circumstances, potential approval timings are subject to change. Gilead continues to work with the FDA and regulatory agencies in Europe and Japan as they review the application. Gilead also confirmed that all sites involved in the manufacturing of filgotinib are established sites that manufacture Gilead marketed products, are in good standing with the FDA, and are GMP certified.

- *Commercial organization*
  Build-up of our commercial operations in the EU5 countries and the Benelux to prepare for the potential launch of filgotinib continues as planned.

At a glance

Consolidated Key figures

(thousands of €, if not stated otherwise)	Three months ended 31 March 2020	Three months ended 31 March 2019	Year ended 31 December 2019
Income statement			
Revenues	98,173	33,047	844,985
Other income	8,743	7,872	50,905
R&D expenditure	(116,763)	(83,195)	(427,320)
S, G&A expenses	(34,738)	(10,966)	(98,278)
Operating expenses	(151,501)	(94,161)	(525,597)
Operating profit/loss (-)	(44,585)	(53,242)	370,292
Net financial results	(5,681)	4,655	(220,233)
Taxes	(336)	(68)	(214)
Net profit/loss (-)	(50,601)	(48,656)	149,845
Balance sheet			
Cash and cash equivalents	2,743,573	1,222,901	1,861,616
Current financial investments	2,978,805	-	3,919,216
R&D incentives receivables	115,240	87,674	115,356
Assets	5,992,406	1,400,200	6,068,609
Shareholders' equity	2,840,041	1,175,755	2,875,658
Deferred income	2,913,398	123,822	3,000,646
Other liabilities	238,968	100,624	192,305
Cash flow			
Operational cash burn (-)/operational cash flow(*)	(83,398)	(76,344)	3,162,804
Cash flow used (-)/generated in operating activities	(68,874)	(71,698)	3,208,617
Cash flow generated/used (-) in investing activities	929,640	(3,398)	(3,764,660)
Cash flow generated in financing activities	3,930	2,233	1,335,751
Increase/decrease (-) in cash and cash equivalents	864,695	(72,863)	779,708
Transfer to current financial investments	-	-	(198,922)
Effect of currency exchange rate fluctuation on cash and cash equivalents	17,261	4,968	(9,966)
Cash and cash equivalents at the end of the period	2,743,573	1,222,901	1,861,616
Current financial investments at the end of the period	2,978,805	-	3,919,216
Total current financial investments and cash and cash equivalents at the end of the period	5,722,378	1,222,901	5,780,832

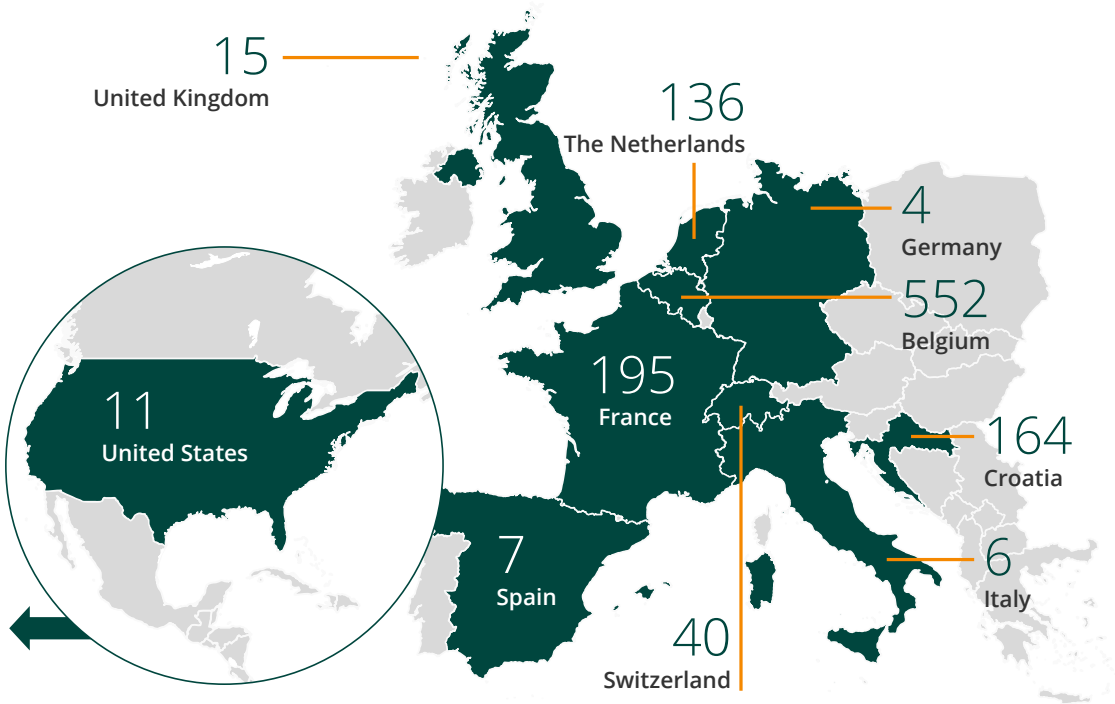
(*) We refer to the note on the liquid assets position of our condensed consolidated interim financial statements for an explanation and reconciliation of this alternative performance measure.

(thousands of €, if not stated otherwise)	Three months ended 31 March 2020	Three months ended 31 March 2019	Year ended 31 December 2019
Financial ratios			
Number of shares issued at the end of the period	64,819,022	54,614,791	64,666,802
Basic income/loss (-) per share (in €)	(0.78)	(0.89)	2.60
Diluted income/loss (-) per share (in €)	(0.78)	(0.89)	2.49
Share price at the end of the period (in €)	181.00	103.90	186.50
Total group employees at the end of the period (number)	1,130	779	1,003

(*) We refer to the note on the liquid assets position of our condensed consolidated interim financial statements for an explanation and reconciliation of this alternative performance measure.

Employees per site as of 31 March 2020

(total: 1,130 employees)



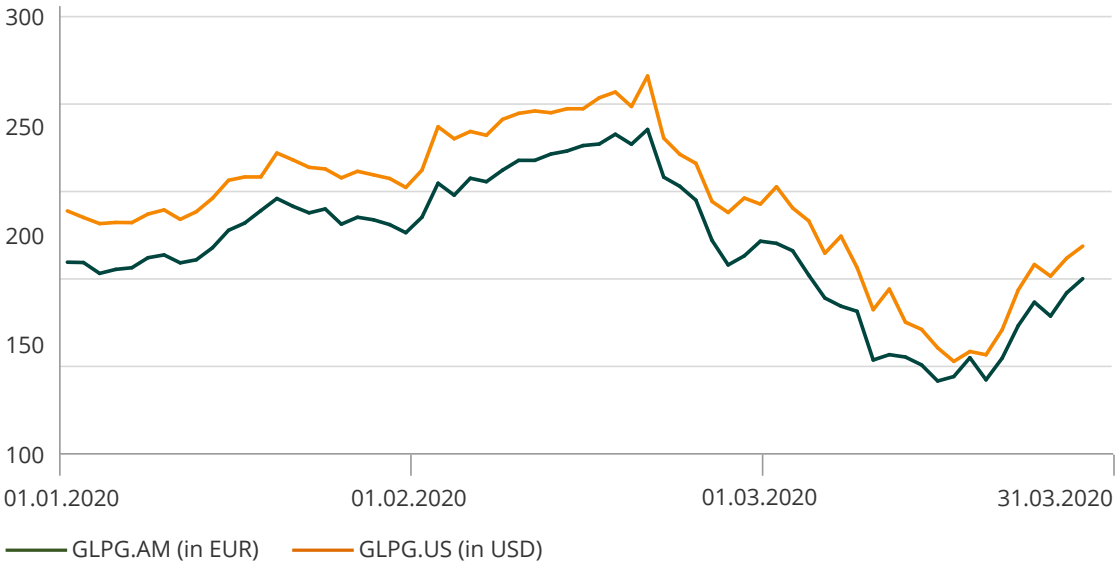
Risk factors

We refer to the description of risk factors in the 2019 annual report, pp. 60-69, as supplemented by the description of risk factors in our annual report on Form 20-F filed with the U.S. Securities and Exchange Commission, pp. 5-49. In summary, the principal risks and uncertainties faced by us relate to: product development, regulatory approval and commercialization; our financial position and need for additional capital; our reliance on third parties; our competitive position; our intellectual property; our organization, structure and operation; and market risks relating to our shares and ADSs.

We also refer to the description of the group's financial risk management given in the 2019 annual report, pp. 189-191, which remains valid.

The Galapagos share

Performance of the Galapagos share on Euronext and Nasdaq



Disclaimer and other information

Galapagos NV is a limited liability company organized under the laws of Belgium, having its registered office at Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium. Throughout this report, the term "Galapagos NV" refers solely to the non-consolidated Belgian company and references to "we," "our," "the group" or "Galapagos" include Galapagos NV together with its subsidiaries.

Filgotinib and all other drug candidates mentioned in this report are investigational; their efficacy and safety have not been fully evaluated by any regulatory authority.

This report is published in Dutch and in English. In case of inconsistency between the Dutch and the English versions, the Dutch version shall prevail. Galapagos is responsible for the translation and conformity between the Dutch and English version.

This report is available free of charge and upon request addressed to:

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Listings

Euronext Amsterdam and Brussels: GLPG
Nasdaq: GLPG

Forward-looking statements

This report contains forward-looking statements, all of which involve certain risks and uncertainties. These statements are often, but are not always, made through the use of words or phrases such as "believe," "anticipate," "expect," "intend," "plan," "seek," "estimate," "may," "will," "could," "stand to," "continue," as well as similar expressions. Forward-looking statements contained in this report include, but are not limited to, statements made in the "Letter from the management", the information provided in the section captioned "Outlook 2020", guidance from management regarding the expected operational use of cash during financial year 2020, statements regarding the amount and timing of potential future milestone, opt-in and/or royalty payments by Gilead, statements regarding the expected timing, design and readouts of ongoing and planned clinical trials (i) with filgotinib in ulcerative colitis, Crohn's disease, psoriatic arthritis, ankylosing spondylitis and other indications, (ii) with ziritaxestat (GLPG1690) and GLPG1205 in IPF and with ziritaxestat in SSc, (iii) with GLPG1972 in osteoarthritis, and (iv) with GLPG3312, GLPG3970, and GLPG4399 in inflammation, statements relating to interactions with regulatory authorities, the potential approval process for filgotinib and statements relating to the build-up of our commercial organization, the impact of COVID-19, and our strategy, business plans and focus. We caution the reader that forward-looking statements are not guarantees of future performance. Forward-

looking statements may involve known and unknown risks, uncertainties and other factors which might cause our actual results, financial condition and liquidity, performance or achievements, or the development of the industry in which we operate, to be materially different from any historic or future results, financial conditions, performance or achievements expressed or implied by such forward-looking statements. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with such forward-looking statements, they may not be predictive of results or developments in future periods. Among the factors that may result in differences are that our expectations regarding our 2020 revenues and financial results and our 2020 operating expenses may be incorrect (including because one or more of our assumptions underlying our revenue or expense expectations may not be realized), the inherent uncertainties associated with competitive developments, clinical trial and product development activities and regulatory approval requirements (including that data from our clinical research programs in rheumatoid arthritis, Crohn's disease, ulcerative colitis, psoriatic arthritis, ankylosing spondylitis, idiopathic pulmonary fibrosis, systemic sclerosis, osteoarthritis, and other inflammatory indications may not support registration or further development of our product candidates due to safety, efficacy, or other reasons), our reliance on collaborations with third parties (including our collaboration partner for filgotinib and ziritaxestat, Gilead, and our collaboration partner for GLPG1972, Servier), estimating the commercial potential of our product candidates and the uncertainties relating to the impact of the COVID-19 pandemic. A further list and description of these risks, uncertainties and other risks can be found in our Securities and Exchange Commission filing and reports, including in our most recent annual report on Form 20-F filed with the SEC and our subsequent filings and reports filed with the SEC. We also refer to the "Risk Factors" section of this report. Given these uncertainties, the reader is advised not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date of publication of this document. We expressly disclaim any obligation to update any such forward-looking statements in this document to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements, unless specifically required by law or regulation.