Financial statements

Unaudited condensed consolidated interim financial statements for the first nine months of 2021

Forward with confidence

Unaudited condensed consolidated interim financial statements for the first nine months of 2021

Consolidated statements of income and comprehensive income/loss (-)

Consolidated income statement

	Third quarter of		Nine months ended 30 September	
(thousands of €, except per share data)	**2021**	2020[(*)]	**2021**	2020[(*)]
Product net sales	5,691	-	6,147	-
Collaboration revenues	58,503	127,519	311,711	321,923
Total revenues	**64,194**	**127,519**	**317,858**	**321,923**
Cost of sales	(529)	-	(660)	-
Research and development expenditure	(109,196)	(129,298)	(378,022)	(392,199)
Sales and marketing expenses	(17,655)	(17,187)	(46,616)	(44,109)
General and administrative expenses	(27,793)	(26,529)	(104,651)	(88,303)
Other operating income	12,781	12,201	36,345	35,003
Operating loss	**(78,199)**	**(33,294)**	**(175,747)**	**(167,685)**
Fair value re-measurement of warrants	197	13,033	3,025	(8,085)
Other financial income	23,694	(295)	60,267	13,919
Other financial expenses	(10,148)	(61,950)	(29,633)	(89,190)
Loss before tax	**(64,456)**	**(82,505)**	**(142,088)**	**(251,040)**
Income taxes	(157)	(14)	316	(723)
Net loss from continuing operations	**(64,613)**	**(82,519)**	**(141,772)**	**(251,763)**
Net profit from discontinued operations, net of tax	**-**	**614**	**22,191**	**4,215**
Net loss	**(64,613)**	**(81,905)**	**(119,581)**	**(247,548)**
Net loss attributable to:				
Owners of the parent	(64,613)	(81,905)	(119,581)	(247,548)
Basic and diluted loss per share	**(0.99)**	**(1.25)**	**(1.83)**	**(3.81)**
Basic and diluted loss per share from continuing operations	**(0.99)**	**(1.26)**	**(2.16)**	**(3.87)**

[(*)] The comparatives of 30 September 2020 and the third quarter of 2020 have been restated to consider the impact of classifying the Fidelta business as discontinued operations in 2020.

The accompanying notes form an integral part of these condensed consolidated financial statements.

Consolidated statement of comprehensive income / loss (–)

(thousands of €)	Third quarter of 2021	Third quarter of 2020(*)	Nine months ended 30 September 2021	Nine months ended 30 September 2020(*)
Net loss	**(64,613)**	**(81,905)**	**(119,581)**	**(247,548)**
Items that may be reclassified subsequently to profit or loss:				
Translation differences, arisen from translating foreign activities	(32)	(688)	171	(350)
Realization of translation differences upon sale of foreign operations	-	(1,023)	731	(1,023)
Other comprehensive income/loss (-), net of income tax	**(32)**	**(1,711)**	**902**	**(1,373)**
Total comprehensive loss attributable to:				
Owners of the parent	**(64,645)**	**(83,616)**	**(118,679)**	**(248,920)**
Total comprehensive loss attributable to owners of the parent arises from:				
Continuing operations	(64,645)	(84,244)	(141,601)	(252,906)
Discontinued operations	-	628	22,922	3,985
Total comprehensive loss	**(64,645)**	**(83,616)**	**(118,679)**	**(248,920)**

(*) The comparatives of 30 September 2020 and the third quarter of 2020 have been restated to consider the impact of classifying the Fidelta business as discontinued operations in 2020.

The accompanying notes form an integral part of these condensed consolidated financial statements.

Consolidated statements of financial position

(thousands of €)	30 September 2021	31 December 2020
Assets		
Intangible assets	59,623	67,565
Property, plant and equipment	123,637	103,378
Deferred tax assets	4,471	4,475
Non-current trade receivables	-	50,000
Non-current R&D incentives receivables	123,804	111,624
Other non-current assets	4,455	11,343
Non-current assets	**315,990**	**348,384**
Trade and other receivables	101,335	148,418
Current R&D incentives receivables	25,467	24,104
Current financial investments	2,039,787	3,026,278
Cash and cash equivalents	2,834,378	2,135,187
Other current assets	15,029	11,953
Current assets from continuing operations	**5,015,997**	**5,345,941**
Assets classified as held for sale	**-**	**23,406**
Total current assets	**5,015,997**	**5,369,347**
Total assets	**5,331,987**	**5,717,731**
Equity and liabilities		
Share capital	291,953	291,312
Share premium account	2,729,935	2,727,840
Other reserves	(10,885)	(10,907)
Translation differences	(2,309)	(3,189)
Accumulated losses	(391,311)	(334,701)
Total equity	**2,617,383**	**2,670,355**
Retirement benefit liabilities	15,256	14,996
Non-current lease liabilities	19,128	23,035
Other non-current liabilities	6,453	8,096
Non-current deferred income	2,098,273	2,365,974
Non-current liabilities	**2,139,110**	**2,412,101**

(thousands of €)	30 September 2021	31 December 2020
Current lease liabilities	7,262	6,401
Trade and other liabilities	145,260	172,386
Current tax payable	454	1,248
Current financial instruments	139	3,164
Current deferred income	422,379	443,159
Current liabilities from continuing operations	**575,494**	**626,357**
Liabilities directly associated with assets classified as held for sale	-	8,917
Total current liabilities	**575,494**	**635,274**
Total liabilities	**2,714,604**	**3,047,375**
Total equity and liabilities	**5,331,987**	**5,717,731**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Consolidated cash flow statements

	Nine months ended 30 September	
(thousands of €)	2021	2020
Net loss of the period	**(119,581)**	**(247,548)**
Adjustment for non-cash transactions	59,050	159,802
Adjustment for items to disclose separately under operating cash flow	6,013	1,668
Adjustment for items to disclose under investing and financing cash flows	(28,845)	(2,551)
Change in working capital other than deferred income	46,642	(77,466)
Decrease in deferred income	(295,651)	(224,308)
Cash used in operations	**(332,372)**	**(390,401)**
Interest paid	(9,436)	(6,591)
Interest received	2,049	8,125
Corporate taxes paid	(297)	(1,302)
Net cash flows used in operating activities	**(340,056)**	**(390,169)**
Purchase of property, plant and equipment	(33,907)	(25,252)
Purchase of and expenditure in intangible fixed assets	(1,661)	(20,208)
Proceeds from disposal of property, plant and equipment	-	4
Purchase of current financial investments	(905,124)	(4,272,252)
Interest received related to current financial investments	10	3,483
Sale of current financial investments	1,901,132	4,942,000
Cash in from disposal of subsidiaries, net of cash disposed of	28,696	-
Acquisition of financial assets	-	(2,681)
Proceeds from sale of financial assets held at fair value through profit or loss	4,045	6,626
Net cash flows generated from investing activities	**993,191**	**631,720**
Payment of lease liabilities	(5,174)	(5,073)
Proceeds from capital and share premium increases from exercise of subscription rights	2,735	25,672
Net cash flows generated from/used in (-) financing activities	**(2,438)**	**20,599**
Increase in cash and cash equivalents	**650,697**	**262,149**

	Nine months ended 30 September	
(thousands of €)	2021	2020
Cash and cash equivalents at beginning of the period	**2,143,071**	**1,861,616**
Increase in cash and cash equivalents	650,697	262,149
Effect of exchange rate differences on cash and cash equivalents	40,610	(35,968)
Cash and cash equivalents at end of the period	**2,834,378**	**2,087,797**

The accompanying notes form an integral part of these condensed consolidated financial statements.

	30 September	
(thousands of €)	2021	2020
Current financial investments	2,039,787	3,220,805
Cash and cash equivalents	2,834,378	2,087,797
Current financial investments and cash and cash equivalents	**4,874,165**	**5,308,602**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Consolidated statements of changes in equity

(thousands of €)	Share capital	Share premium account	Translation differences	Other reserves	Accumul. losses	Total
On 1 January 2020	**287,282**	**2,703,583**	**(1,142)**	**(4,842)**	**(109,223)**	**2,875,658**
Net loss					(247,548)	(247,548)
Other comprehensive loss			(1,358)	(14)		(1,373)
Total comprehensive loss			**(1,358)**	**(14)**	**(247,548)**	**(248,921)**
Share-based compensation					59,673	59,673
Exercise of subscription rights	3,647	22,026				25,672
On 30 September 2020	**290,929**	**2,725,608**	**(2,500)**	**(4,856)**	**(297,098)**	**2,712,082**
On 1 January 2021	**291,312**	**2,727,840**	**(3,189)**	**(10,907)**	**(334,701)**	**2,670,355**
Net loss					(119,581)	(119,581)
Other comprehensive income			880	22		902
Total comprehensive income/ loss (-)			**880**	**22**	**(119,581)**	**(118,679)**
Share-based compensation					62,971	62,971
Exercise of subscription rights	640	2,095				2,735
On 30 September 2021	**291,953**	**2,729,935**	**(2,309)**	**(10,885)**	**(391,311)**	**2,617,383**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the unaudited condensed consolidated interim financial statements for the first nine months of 2021

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and as issued by the IASB. The condensed consolidated interim financial statements do not contain all information required for an annual report and should therefore be read in conjunction with our Annual Report 2020.

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

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, although we continue to face additional risks and challenges associated with the impact of the outbreak.

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 consolidated financial statements of 31 December 2020.

New standards and interpretations applicable for the annual period beginning on 1 January 2021 did not have any impact on our condensed consolidated interim financial statements.

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

New accounting policies as a result of recent transactions

Product net sales

Product net sales is the net amount of revenue recognized resulting from transferring control over our products (Jyseleca) to our customer (for example wholesalers, pharmacies 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, cash discounts and chargebacks granted to various customers that are part of commercial and governmental contractual arrangements or other reimbursement programs. 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 and the specific terms in the individual agreements. Net sales are presented net of value added tax and other sales related taxes.

The related cost of sales are recorded on a separate line in our consolidated income statement.

Details of the unaudited condensed consolidated interim results

Revenues

Our revenues from continuing operations for the first nine months of 2021 amounted to €317.9 million, compared to €321.9 million for the first nine months of 2020.

Product net sales

We reported net sales of Jyseleca for the first nine months of 2021 amounting to €6.1 million (€5.7 million in the third quarter of 2021), which reflects the sales booked by Galapagos after the transition from Gilead.

Collaboration revenues

The following table summarizes our collaboration revenues for the nine months ended 30 September 2021 and 2020 and for the third quarter of 2021 and 2020.

			Third quarter of		Nine months ended 30 September	
(thousands of €)	Over time	Point in time	2021	2020	2021	2020
Recognition of non-refundable upfront payments and license fees			**58,928**	**92,698**	**291,370**	**273,409**
Gilead collaboration agreement for filgotinib	✓		1,277	34,736	118,021	102,728
Gilead collaboration agreement for drug discovery platform	✓		57,651	57,962	173,348	170,681
Milestone payments			**(978)**	**36,195**	**18,391**	**43,191**
Gilead collaboration agreement for filgotinib	✓		(978)	36,195	18,391	43,191
Reimbursement income			**-**	**(1,372)**	**-**	**5,256**
Novartis collaboration agreement for MOR106	✓		-	(1,370)	-	5,289
AbbVie collaboration agreement for CF	✓		-	(2)	-	(33)
Royalties			**553**	**(1)**	**1,950**	**68**
Gilead royalties on Jyseleca		✓	557	-	1,907	-
Other royalties		✓	(4)	(1)	43	68
Total collaboration revenues			**58,503**	**127,519**	**311,711**	**321,923**

Collaboration revenues (€311.7 million for the first nine months of 2021, compared to €321.9 million for the first nine months of 2020) were lower mainly driven by the decrease in revenue recognition of upfront consideration and milestone payments received in the scope of the collaboration with Gilead for filgotinib amounting to €136.4 million for the first nine months of 2021 (€145.9 million for the same period last year). The decrease in revenue recognition was primarily due to a negative cumulative catch up of revenue triggered by the recent agreement under which Galapagos will assume operational and financial responsibility for the ongoing DIVERSITY clinical study. This decrease was partly compensated by additional consideration from Gilead related to the renegotiated collaboration compared to the same period last year. The revenue recognition related to the exclusive access rights for Gilead to our drug discovery platform amounted to €173.3 million for the first nine months of 2021 (€170.7 million for the same period last year).

The rollforward of the outstanding balance of the current and non-current deferred income between 1 January 2021 and 30 September 2021 can be summarized as follows:

(thousands of €)	Total	Gilead collaboration agreement for filgotinib	Gilead collaboration agreement for drug discovery platform(*)	Other deferred income (grants)
On 31 December 2020	**2,809,133**	**818,654**	**1,990,412**	**67**
Upfront payments	12,643	12,643		
Significant financing component(**)	7,170	7,170		
Revenue recognition of upfront	(291,370)	(118,021)	(173,348)	
Revenue recognition of milestones	(18,391)	(18,391)		
Other movements	1,467			1,467
On 30 September 2021	**2,520,652**	**702,055**	**1,817,063**	**1,534**

(*) The outstanding balance at 30 September 2021 and at 31 December 2020 comprises the issuance liability for the subsequent warrant B and the upfront payment allocated to the drug discovery platform.

(**) 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.

Results from continuing operations

We realized a net loss from continuing operations of €141.8 million for the first nine months of 2021, compared to a net loss of €251.8 million in the first nine months of 2020.

We reported an operating loss amounting to €175.7 million for the first nine months of 2021, compared to an operating loss of €167.7 million for the same period last year.

Cost of sales related to Jyseleca net sales in the first nine months of 2021 amounted to €0.7 million.

Our R&D expenditure in the first nine months of 2021 amounted to €378.0 million, compared to €392.2 million for the first nine months of 2020. This decrease was primarily explained by winding down of our ziritaxestat (IPF), MOR106 (atopic dermatitis), and GLPG1972 (OA) programs and by reduced spend on our other programs. This was partly offset by costs increases for our filgotinib and Toledo (SIKi) programs, on a nine months comparison basis. Personnel costs increased by €14.0 million from €120.3 million for the first nine months of 2020 to €134.3 million for the first nine months of 2021. This increase is primarily explained by a higher average headcount compared to the same period last year, and increased costs of our subscription right plans.

The table below summarizes our R&D expenditure for the nine months ended 30 September 2021 and 2020 and for the third quarter of 2021 and 2020, broken down by program.

	Third quarter of		Nine months ended 30 September	
(thousands of €)	**2021**	**2020**	**2021**	**2020**
Filgotinib program	(40,656)	(31,451)	(128,496)	(96,992)
Ziritaxestat program	(4,002)	(9,886)	(23,420)	(39,676)
OA program with GLPG1972	(445)	(5,474)	(1,686)	(17,973)
Toledo program	(19,625)	(23,599)	(71,860)	(61,156)
AtD program with MOR106	(37)	902	(89)	(8,616)
Other programs	(44,430)	(59,790)	(152,470)	(167,787)
Total research and development expenditure	**(109,196)**	**(129,298)**	**(378,022)**	**(392,199)**

Our G&A and S&M expenses were €151.3 million in the first nine months of 2021, compared to €132.4 million in the first nine months of 2020. This increase was primarily due to an increase in personnel costs (€95.7 million for the first nine months of 2021 compared to €75.1 million for the same period last year) and other operating expenses mainly driven by the commercial launch of filgotinib in Europe. This increase was partly compensated by higher cost recharges from us to Gilead in the scope of our commercial cost sharing for filgotinib in Europe.

Other operating income (€36.3 million for the first nine months of 2021, compared to €35.0 million for the first nine months of 2020) increased by €1.3 million, mainly driven by higher grant income.

In the first nine months of 2021, we reported a non-cash fair value gain from the re-measurement of initial warrant B issued to Gilead, amounting to €3.0 million, mainly due to the decreased implied volatility of the Galapagos share price as well as its evolution between 31 December 2020 and 30 September 2021.

Net other financial income in the first nine months of 2021 amounted to €30.6 million (as compared to net other financial loss of €75.3 million in the same period last year), which was primarily attributable to €54.9 million of currency exchange gain on our cash and cash equivalents and current financial investments in U.S. dollars (as compared to €51.3 million currency exchange losses in the first nine months of 2020) and €7.2 million negative changes in (fair) value of current financial investments (€13.3 million in the same period last year). The other financial expenses also contained the effect of discounting our long term deferred income of €7.2 million (€12.8 million in the same period last year), the fair value loss of financial assets held at fair value through profit or loss of €2.9 million (€0.7 million in the same period last year), as well as interest expenses of €8.5 million (€6.9 million in the same period last year).

Cash position

Cash and cash equivalents and current financial investments totaled €4,874.2 million on 30 September 2021 (€5,169.3 million on 31 December 2020, including the cash and cash equivalents included in the assets classified as held for sale).

A net decrease of €295.2 million in cash and cash equivalents and current financial investments was recorded during the first nine months of 2021, compared to a net decrease of €472.2 million during the first nine months of 2020. This net decrease was composed of (i) €376.7 million of operational cash burn, (ii) offset by €2.7 million of cash proceeds from capital and share premium increase from exercise of subscription rights in the first nine months of 2021, (iii) €7.2 million of negative changes in (fair) value of current financial investments and €57.3 million of mainly positive exchange rate differences, and (iv) €28.7 million cash in from disposal of subsidiaries, net of cash disposed.

The operational cash burn (or operational cash flow if this performance measure is positive) is a financial measure that is not calculated in accordance with IFRS. Operational cash burn/cash flow is defined as the increase or decrease 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, included in the net cash flows generated from/used in (–) investing activities.

This alternative performance measure is in our view an important metric for a biotech company in the development stage.

The following table represents a reconciliation of the operational cash burn:

	Nine months ended 30 September	
(thousands of €)	**2021**	**2020**
Increase in cash and cash equivalents (excluding effect of exchange differences)	650,697	262,149
Less:		
Net proceeds from capital and share premium increases	(2,735)	(25,672)
Net sale of current financial investments	(996,008)	(669,747)
Cash in from disposal of subsidiaries, net of cash disposed of	(28,696)	-
Total operational cash burn	**(376,743)**	**(433,270)**

Cash and cash equivalents and current financial investments comprised cash at banks, short-term bank deposits, treasury bills 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 monitors and optimizes our liquidity position. Our cash management strategy allows short-term deposits with an original maturity exceeding three months while monitoring all liquidity aspects. Cash and cash equivalents comprised €1,684.0 million of term deposits which all had an original maturity longer than three months. All cash and cash equivalents are available upon maximum three months notice period and without significant penalty. Cash at banks were mainly composed of notice accounts. Our credit risk is mitigated by selecting a panel of highly rated financial institutions for our deposits.

Cash invested in highly liquid money market funds represented €1,061.8 million (€1,571.9 million on 31 December 2020) and are presented as current financial investments on 30 September 2021. The current financial investments also include treasury bills, amounting to €978.0 million on 30 September 2021 (€1,454.4 million on 31 December 2020). 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.

	30 September	31 December
(thousands of €)	**2021**	**2020**
Cash at banks	1,150,381	1,239,993
Term deposits	1,683,997	895,194
Cash and cash equivalents from continuing operations	**2,834,378**	**2,135,187**
Cash and cash equivalents included in assets classified as held for sale	-	7,884
Total cash and cash equivalents	**2,834,378**	**2,143,071**

On 30 September 2021, our cash and cash equivalents and current financial investments included $966.6 million held in U.S. dollars ($1,418.9 million on 31 December 2020) which could generate foreign exchange gains or losses in our financial results in accordance with the fluctuation of the EUR/U.S. dollar exchange rate as our functional currency is EUR. The foreign exchange loss (–)/gain in case of a 10% change in the EUR/U.S. dollar exchange rate amounts to €83.5 million.

Our balance sheet also held R&D incentives receivables from the French government *(Crédit d'Impôt Recherche)*, to be received in four yearly tranches, and R&D incentives receivables from the Belgian Government, for a total of €149.3 million as at 30 September 2021.

Capital increase

On 30 September 2021, Galapagos NV's share capital was represented by 65,530,121 shares. All shares were issued, fully paid up and of the same class. The below table summarizes our capital increases for the period ended 30 September 2021.

(thousands of €, except share data)	Number of shares	Share capital	Share premium	Share capital and share premium	Average exercise price subscription rights (in €/ subscription right)	Closing share price on date of capital increase (in €/ share)
On 1 January 2021	65,411,767	291,312	2,727,840	3,019,153		
19 March 2021: exercise of subscription rights	99,814	540	1,718	2,258	22.62	68.48
7 June 2021: exercise of subscription rights	10,940	59	266	325	29.73	61.78
20 September 2021: exercise of subscription rights	7,600	41	111	152	19.97	46.93
On 30 September 2021	65,530,121	291,953	2,729,935	3,021,888		

Note to the cash flow statement

(thousands of €)	Nine months ended 30 September 2021	2020
Adjustment for non-cash transactions		
Depreciations and impairment	29,050	13,237
Share-based compensation expenses	62,971	59,673
Increase in retirement benefit obligations and provisions	285	264
Unrealized exchange gains (-)/losses and non-cash other financial result	(47,975)	51,361
Discounting effect of deferred income	7,170	12,849
Fair value re-measurement of warrants	(3,025)	8,085
Net change in (fair) value of current financial investments	7,206	13,277
Fair value adjustment financial assets held at fair value through profit or loss	2,913	669
Other non-cash expenses	455	387
Total adjustment for non-cash transactions	**59,050**	**159,802**
Adjustment for items to disclose separately under operating cash flow		
Interest expense	8,474	6,876
Interest income	(2,146)	(6,304)
Tax expense	(316)	1,096
Total adjustment for items to disclose separately under operating cash flow	**6,013**	**1,668**
Adjustment for items to disclose under investing and financing cash flows		
Gain on disposal of subsidiaries	(22,191)	-
Loss on sale of fixed assets	1	84
Realized exchange gain on sale of current financial investments	(6,645)	-
Interest income on current financial assets	(10)	(2,634)
Total adjustment for items to disclose separately under investing and financing cash flow	**(28,845)**	**(2,551)**
Change in working capital other than deferred income		
Increase in inventories	(2,060)	(84)
Increase (-)/decrease in receivables	82,008	(88,953)
Increase/decrease (-) in liabilities	(33,306)	11,571
Total change in working capital other than deferred income	**46,642**	**(77,466)**

Discontinued operations

The following disclosure illustrates the result from our discontinued operations, related to the sale of our fee-for-service business (Fidelta) to Selvita on 4 January 2021.

1. Disposal of subsidiaries (discontinued operations)
1.1. Consideration received

(thousands of €)	
Consideration received in cash and cash equivalents	37,080
Total consideration received	**37,080**

1.2. Analysis of assets and liabilities over which control was lost

(thousands of €)	4 januari 2021
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**

1.3. Gain on disposal of subsidiaries

(thousands of €)	
Consideration received	37,080
Net assets disposed of	(13,658)
Effect of cumulative translation adjustments reclassified from equity on loss of control	(731)
Costs associated to the sale	(500)
Gain on disposal	**22,191**

1.4. Net cash inflow on disposal of subsidiaries

(thousands of €)	
Consideration received in cash and cash equivalents	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 subsidiaries, net of cash disposed of	**28,696**

2. Result from discontinued operations

	Nine months ended 30 September	
(thousands of €, except share and per share data)	**2021**	**2020**
Fee-for-service revenue	-	11,666
Total revenues	**-**	**11,666**
Gain on disposal of subsidiaries	22,191	
Research and development expenditure	-	(5,935)
General and administrative expenses	-	(1,200)
Operating profit	**22,191**	**4,531**
Other financial income	-	166
Other financial expenses	-	(108)
Profit before tax	**22,191**	**4,588**
Income taxes	-	(373)
Net profit	**22,191**	**4,215**
Basic income per share from discontinued operations	**0.34**	**0.06**
Diluted income per share from discontinued operations	**0.34**	**0.06**
Weighted average number of shares - Basic (in thousands of shares)	**65,488**	**64,979**
Weighted average number of shares - Diluted (in thousands of shares)	**65,881**	**67,855**

3. Cash flows from discontinued operations

	Nine months ended 30 September	
(thousands of €)	**2021**	**2020**
Net cash flows generated from operating activities	-	3,407
Net cash flows generated from/used in (-) investing activities	28,696	(1,582)
Net cash flows used in financing activities	-	(538)
Net cash flows from discontinued operations	**28,696**	**1,287**

Contingencies and commitments

Contractual obligations and commitments

We have certain purchase commitments principally with CRO subcontractors and certain collaboration partners.

On 30 September 2021, we had outstanding obligations for purchase commitments, which become due as follows:

(thousands of €)	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Purchase commitments	298,932	184,489	81,274	33,110	60

In addition to the table above, we have a contractual cost sharing obligation related to our collaboration agreement with Gilead for filgotinib. The contractual cost sharing commitment amounted to €454.6 million at 30 September 2021 for which we have direct purchase commitments of €118.7 million at 30 September 2021 reflected in the table above.

Contingent liabilities and assets

We refer to our Annual Report 2020 for a description of our contingent liabilities and assets.

Related party transactions

On 30 April 2021, the members of the management board were offered new subscription rights under Subscription Right Plan 2021 BE, subject to acceptance. The final number of accepted subscription rights under Subscription Right Plan 2021 BE, Subscription Right Plan 2021 RMV and Subscription Right Plan 2021 ROW were enacted by notary deed on 2 July 2021 and on 18 August 2021. The subscription rights have an exercise term of eight years as of the date of the offer. The exercise price of the subscription rights is €64.76 (the closing price of the Galapagos share on Euronext Amsterdam and Brussels on the day preceding the date of the offer). Each subscription right gives the right to subscribe for one new Galapagos share. For all the beneficiaries under Subscription Right Plan 2021 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. The subscription rights are not transferable and can in principle not be exercised prior to 1 January 2025. Subscription rights granted under Subscription Right Plan 2021 RMV and Subscription Right Plan 2021 ROW vest in instalments: with 25% of each grant being exercisable as of 1 January 2023, 25% as of 1 January 2024 and 50% (the remainder) as of 1 January 2025.

On 5 May 2021 and on 24 September 2021, the members of the management board were offered new restricted stock units ('RSUs'), subject to acceptance. The RSUs are offered for no consideration. Under the first RSU grant, four members of the management board accepted all RSUs offered to them. Under the second RSU grant, five members of the management board accepted all RSUs offered to them. 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. 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 1 May 2022. For the members of the management board, 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. The RSUs are not transferable.

The table below sets forth the number of subscription rights accepted under Subscription Right Plan 2021 BE and the total number of RSUs accepted by each member of the management board during the first nine months of 2021:

Name	Title	Number of 2021 subscription rights accepted	Number of 2021 RSUs accepted
Onno van de Stolpe	Chief Executive Officer	85,000	63,830
Bart Filius	President & Chief Operating Officer	50,000	62,730
Walid Abi-Saab	Chief Medical Officer	40,000	44,038
Piet Wigerinck	Chief Scientific Officer	40,000	-
Andre Hoekema	Chief Business Officer	30,000	51,433
Michele Manto	Chief Commercial Officer	30,000	31,694

During the first nine months of 2021, there were no changes to related party transactions disclosed in the 2020 annual report that potentially had a material impact on the financials of the first nine months of 2021.

Events after the end of the reporting period

There were no adjusting events nor material non-adjusting events to be reported.

Approval of interim financial statements

The interim financial statements were approved by the management board on 2 November 2021.