The Galapagos Group

An overview of Galapagos, its strategy and portfolio in 2015

> The year 2015 has been stellar for Galapagos, as we stepped up to the next level towards a commercially based biotech company.

Onno van de Stolpe
CEO of Galapagos

Letter from the management

Dear shareholder,

We have come a long way.

17 years ago I started Galapagos with two scientists. Now there are over 440 of us, we have developed a broad pipeline of promising molecules, the Company is listed on Euronext and NASDAQ, and we are nearing what we were aiming to do from the beginning: deliver novel drugs that will improve the quality of patients' lives.

On our journey, we experienced setbacks as well: molecules that – despite promising data – had no effect in patients, alliances with pharma that did not work out, and programs that were handed back to us. We've had to rise to the occasion and come up with solutions that kept us on track, kept our focus on the bigger picture. We trusted our scientists and our technology, and we empowered our people, in order for them to go where no one has gone before: to discover and develop novel molecules that have the potential to be of benefit for so many people. We learned from mistakes and moved on while putting this additional experience and knowledge to use and in practice. The progress we make every day as a company and in our programs has made this trip such an exciting adventure. And now we are reaching a new era for our company.

The year 2015 has been stellar for Galapagos, as we truly stepped up to the next level in our development towards becoming a commercially based biotech company. We achieved a number of remarkable milestones in 2015: delivery of best-in-class efficacy and safety Phase 2 data with our selective JAK1 inhibitor filgotinib in rheumatoid arthritis and Crohn's disease, a NASDAQ listing, and a licensing deal with Gilead that will help transform our company. In our cystic fibrosis program, we completed the discovery phase for a potential triple combination therapy that is expected to address 90% of patients with CF, and we advanced several of our novel mode-of-action programs to later stages. All of these were important stepping stones in our ongoing efforts to deliver novel medications to patients.

Each consecutive day for the past 17 years we have built on what we were and where we were at that point in time. As we enter 2016, we are about to become a Phase 3 company with filgotinib, and see a maturing pipeline of Phase 2 and Phase 1 programs. We have come a long way, but we are not there yet. Our endeavor to discover and develop novel medications that will improve the quality of life is an ongoing quest. This company was built step by step, and we will keep on building. What an exciting journey this is.

We present our Annual Report 2015, reflecting the important progress made last year.

2015: Building on our success in R&D

R&D

In the field of inflammation:

- Reported potential best-in-class efficacy and safety with filgotinib in both DARWIN 1 and DARWIN 2 studies at 12 and 24 weeks
- Received termination notice for the agreement with AbbVie for filgotinib
- Reported excellent efficacy and safety with filgotinib at 10 weeks in the FITZROY Phase 2 study in Crohn's disease
- Signed a global agreement with Gilead for the further development and commercialization of filgotinib in inflammatory diseases
- Conducted a proof-of-concept study with GLPG1205 in patients with ulcerative colitis

In cystic fibrosis:

- Disclosed the strategy to develop lead and follow-on compounds for potentiator, C1, and C2 corrector positions in a triple combination therapy for Class II mutation patients
- Reported up to 6-fold better CFTR restoration in pre-clinical evaluations of Galapagos' potential triple combination therapy compounds for class II mutation, compared to Orkambi®[1]
- Reported favorable safety and tolerability in a Phase 1 study with potentiator GLPG1837, initiated a Phase 2 program in Class III mutation patients in Q1 2016
- Initiated a Phase 1 study start with C1 corrector GLPG2222
- Nominated the first pre-clinical candidate C2 corrector GLPG2665, completing the first potential triple combination therapy

In osteoarthritis:

- Initiated a Phase 1 study with candidate GLPG1972 in the alliance with Servier

In pulmonary disease:

- Reported good safety, drug like properties, and target engagement with GLPG1690 in a Phase 1 study
- Janssen Pharmaceutica NV returned the full rights for GLPG1690 to Galapagos
- Filed an exploratory Phase 2 study with GLPG1690 in idiopathic pulmonary fibrosis patients

Grants and other:

- €2.5 million IWT grant for antibiotic research
- €1.6 million IWT grant for hepatitis B program

Corporate

- Raised $317 million gross proceeds in a global offering with concurrent listing on NASDAQ
- Raised additional €12 million from warrant exercises
- Licensed organoid technology from the HUB Foundation
- Christine Mummery joined the Galapagos Board of Directors

2015: Details of the financial results

Revenues

Galapagos' revenues and other income for 2015 amounted to €60.6 million, compared to €90.0 million in 2014. Revenues were lower due to a decrease in revenue recognition of upfront payments and reduced milestone payments from collaboration partners, reflecting the increasingly proprietary nature of our pipeline programs.

[1] Orkambi® is a prescription medicine marketed by Vertex Pharmaceuticals, used for the treatment of cystic fibrosis (CF) in patients age 12 years and older who have two copies of the F508del mutation (F508del/F508del) in their CFTR gene.

Operating result

The Group realized a net operating loss in 2015 of €89.4 million, compared to a net operating loss of €36.6 million in 2014 for continuing operations.

R&D expenses for the Group in 2015 were €129.7 million compared to €111.1 million in 2014. This planned increase is due mainly to increased efforts on our clinical and pre-clinical programs, primarily the cystic fibrosis programs.

G&A and S&M expenses of the Group were €20.3 million in 2015, compared to €14.9 million in 2014. This increase is due primarily to non-cash items such as a higher provision for short term and long term management bonus and higher costs for warrant plans, mainly as a result of the evolution of the Galapagos share price.

Non-cash adjustment on short term financial asset

Galapagos recognized a short term financial asset worth €39 million upon signing of the share subscription agreement with Gilead, as required under IAS 39. This financial asset initially reflected the share premium that Gilead committed to pay above the closing stock price of Galapagos on the day of signing of the subscription agreement. Under IAS 39, the fair value of the financial asset needed to be re-measured at year end and again upon entering into force of the subscription agreement on 19 January 2016, when the financial asset expired. Variations in fair value of the financial asset were recorded in the income statement.

The decrease in the fair value of the financial asset resulting from the increase in the Galapagos share price between signing of the subscription agreement and 31 December 2015, resulted in a negative, non-cash fair value charge of €30.6 million in the 2015 financial results. The subsequent increase in the fair value of the financial asset resulting from the decrease in the Galapagos share price between 1 January 2016 and 19 January 2016 will result in a positive non-cash gain of €57.5 million in the financial result of the first quarter 2016 financial reporting.

Cash position

Cash, cash equivalents, and restricted cash totalled €348.2 million on 31 December 2015.

A net increase of €149.8 million in cash, cash equivalents and restricted cash was recorded in 2015. Net cash flows from financing activities generated €259.4 million through a global offering and concurrent listing on NASDAQ, as well as €12.0 million from warrant exercises. Furthermore, the Company continued to intensify its R&D investments, resulting in a cash burn of €121.6 million in 2015.

Furthermore, Galapagos' balance sheet holds an unconditional and unrestricted receivable from the French government (*Crédit d'Impôt Recherche*[2]) now amounting to €33.4 million, payable in 4 yearly tranches. Galapagos' balance sheet also holds a receivable from the Belgian Government for R&D incentives now amounting to €25.1 million. Galapagos received $725 million in cash from Gilead upon closing of their global collaboration agreement on 19 January 2016. Galapagos had €1.02 billion in cash, cash equivalents, and restricted cash after the closing of the transaction.

Outlook 2016

The 20-week results from filgotinib in Crohn's disease (FITZROY) are expected in April. Galapagos and Gilead are preparing to initiate Phase 3 programs in rheumatoid arthritis and Crohn's disease with filgotinib in 2016.

In cystic fibrosis, Galapagos expects to report topline results with GLPG1837 in the Phase 2 SAPHIRA study in Class III mutation patients before year end and report Phase 1 topline results with other CF compounds. All components of a future triple combination are anticipated to be in clinical evaluation by year end.

Galapagos expects to complete recruitment in its Phase 2 study with GLPG1690 in idiopathic pulmonary fibrosis before year end for topline results in 1H 2017, and to report topline results from its Phase 1 study with osteoarthritis program GLPG1972 around mid-year.

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

The Company expects an operational use of cash of €100-120 million during 2016, excluding payments received from our collaboration partner Gilead for filgotinib.

I wish to thank our shareholders for their support last year. We ended 2015 in excellent shape, both financially and operationally. We are ready to advance the most effective combination therapy in CF to patient studies, to progress the rest of our promising pipeline, and to work with our collaboration partner Gilead to get the Phase 3 programs with filgotinib in rheumatoid arthritis and Crohn's disease under way.

Regards,
Onno van de Stolpe
CEO

At a glance

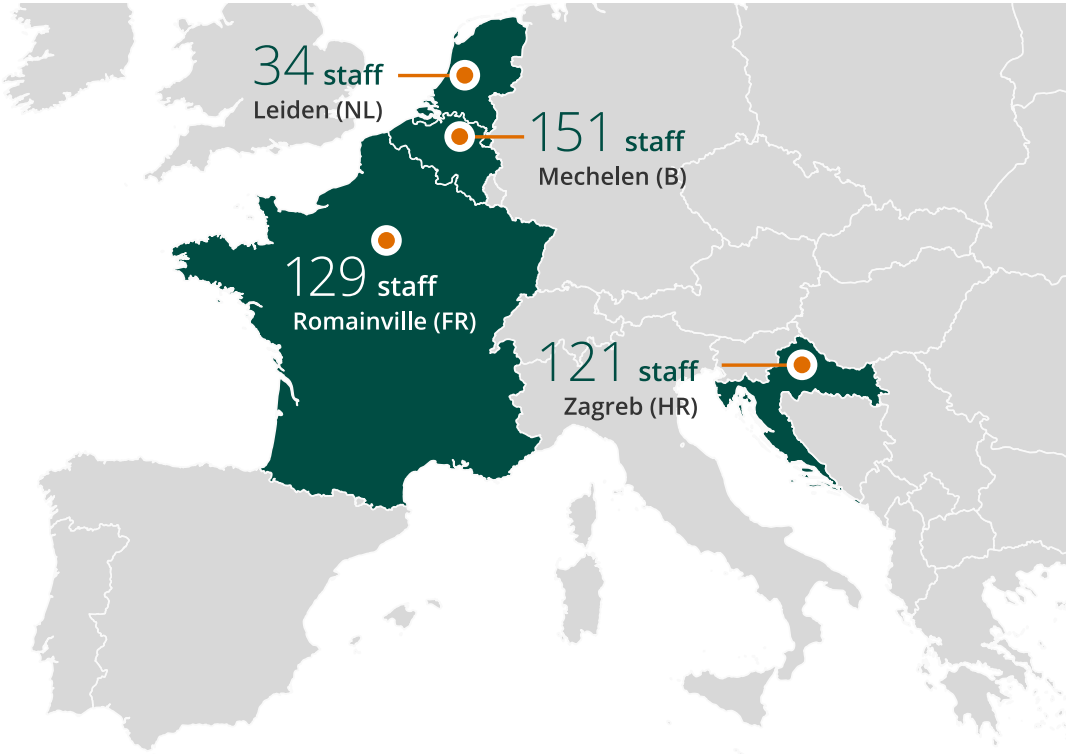
Key figures (IFRS) Galapagos Group

(thousands of €, if not stated otherwise)	31/12/2015	31/12/2014	31/12/2013
Results[1]			
Revenues and other income	60,579	90,021	96,572
R&D expenditure	(129,714)	(111,110)	(99,380)
S, G&A expenses	(20,308)	(14,867)	(13,817)
Restructuring and integration costs	–	(669)	(290)
Personnel expenses (including share-based compensation)	(47,034)	(38,447)	(35,979)
Capital expenditure	6,665	2,804	8,168
Depreciation and amortization of (in)tangible assets	(3,402)	(3,765)	(4,105)
EBIT	(89,444)	(36,624)	(16,915)
EBITDA	(86,042)	(32,859)	(12,810)
Net loss from continuing operations	(118,410)	(37,303)	(16,811)
Net income from discontinued operations	–	70,514	8,732
Net income / loss (–)	(118,410)	33,211	(8,079)
Balance sheet			
Total assets	442,514	270,467	287,374
Cash, cash equivalents and restricted cash	348,216	198,440	141,481
Total liabilities	77,515	64,332	120,237
Stockholders' equity	364,999	206,135	167,137
Equity ratio (in %)	82%	76%	58%
Galapagos share			
Number of shares issued on 31 December	39,076,342	30,299,129	29,794,046
Basic and diluted income / loss (–) per share (in €)	(3.32)	1.10	(0.28)
Share price on 31 December (in €)	56.76	15.49	15.30
Personnel data			
Total Group employees on 31 December (number)	435	417	810[2]

[1] Service activities (sold to Charles River on 1 April 2014) for the years 2014 and 2013 are shown on the line item "Net income from discontinued operations". All other line items consist of amounts from continuing operations, except for line item "Net income / loss (–)", which includes both continuing and discontinued operations.

[2] Includes employees from the sold service division.

Employees per site



Number of employees

The orange bars represent Galapagos' service division which was sold to Charles River Laboratories in April 2014.

Strategy

Galapagos seeks to develop a robust portfolio of clinical-stage breakthrough therapies with potential to revolutionize existing treatment paradigms.

Our ambition is to become a leading global biotechnology company focused on the development and commercialization of novel medicines. Our strategy is to leverage our unique and proprietary target discovery platform, which facilitates our discovery and development of therapies with novel modes of action.

Key elements of our strategy include:

- **Rapidly advance the development of filgotinib with our collaboration partner Gilead in RA, CD, and potentially other inflammatory diseases**
  Based on the favorable safety and efficacy profile demonstrated in our Phase 2 clinical trials, we believe that filgotinib is a promising candidate for the treatment of RA and other inflammatory diseases. We expect Gilead to initiate Phase 3 clinical programs in RA and CD in 2016.

- **Work with our collaboration partner AbbVie to develop a CF franchise of oral therapies composed of novel potentiators and correctors**
  We are developing a novel potentiator therapy, called GLPG1837, for CF patients with the Class III (G551D) mutation of the CFTR gene, the same mutation which is targeted by the only approved therapy to address the cause of Class III mutation CF, Kalydeco®[3], marketed by Vertex. The most common mutation in the CFTR gene, the Class II (F508del) mutation, is present in approximately 90% of CF patients. Orkambi (Vertex) is the only approved therapy for the underlying cause of CF in this mutation. In order to address the unmet need in patients with Class II or other mutations, we believe that a combination of a potentiator and two corrector molecules will be required. To that aim, we are developing a triple combination therapy. We currently have lead and follow-on compounds for all three components of this therapy in development. In October 2015, we announced selection of GLPG2665, completing the triple combination therapy in CF. We initiated a Phase 1 trial for our first oral corrector candidate, GLPG2222, in January 2016, and we entered Phase 2 trials with potentiator GLPG1837 in Class III mutation patients in February 2016. We intend to initiate additional Phase 1 trials with novel CF compounds in 2016. We have an exclusive collaboration agreement with AbbVie to jointly discover, develop and commercialize these and other novel CF modulators.

- **Advance GLPG1690 in clinical trials in idiopathic pulmonary fibrosis (IPF)**
  In February 2015, we announced the results of a Phase 1 first-in-human trial of GLPG1690, a potent and selective inhibitor of autotaxin, or ATX. In this trial GLPG1690 demonstrated the ability to reduce plasma lipid lysophosphatidic acid (LPA) levels on a sustained basis, implying ATX engagement. We are planning to enroll patients in a Phase 2a trial in IPF, and we intend to disclose topline results of this trial in the first half of 2017. We currently retain worldwide development and commercialization rights for GLPG1690 and intend to develop this drug independently.

[3] Kalydeco® is a prescription drug marketed by Vertex Pharmaceuticals, indicated for the treatment of CF in patients aged 6 years and over with specific Class-III mutations in the CFTR gene, including G551D, G1244E, G1349D, G178R, G551S, S1251N, S1255P, S549N, S549R, or R117H.

- **Advance GLPG1972 through Phase 1 clinical trials with our collaboration partner Servier**
  In November 2015, we announced the initiation of a Phase 1 first-in-human trial of GLPG1972, a novel mechanism of action product candidate for the treatment of osteoarthritis. We expect to report topline results from this trial in the second quarter of 2016. Such topline results along with other data resulting from the ongoing program expected in the second quarter of 2017 will enable our collaboration partner Servier to exercise or not the option to license the compound for further development into osteoarthritis patient trials. We also expect to initiate a patient study in osteoarthritis patients in Q2 2016. Galapagos has retained all rights to this compound in the United States.

- **Maximize and capture the value of our target discovery platform**
  Our platform has yielded a number of new mode-of-action therapies across multiple therapeutic areas, demonstrating the potential of our technology platform. In addition to our current clinical programs, we have 20 different target-based discovery programs advancing toward clinical development with novel modes of action. Our most mature pre-clinical program is MOR106, which is partnered with MorphoSys. We intend to continue to advance more clinical candidates in various therapeutic areas. We aim to select promising programs in specialty pharmaceutical and orphan indications for internal development and commercialization to capture greater value for shareholders and establish Galapagos as a fully integrated biotechnology company.

Going concern statement

To date, we have incurred significant operating losses, which is reflected in the balance sheet showing €177.3 million accumulated losses as at 31 December 2015. We realized a consolidated net loss of €118.4 million for the year ended 31 December 2015. The Board has examined the financial statements and accounting policies. Based on conservative assumptions which exclude any payment from our collaboration with Gilead, we believe that our existing cash and cash equivalents of €348.2 million for the year ended 31 December 2015 will enable us to fund our operating expenses and capital expenditure requirements at least through the next 2 to 3 years. The Board is also of the opinion that additional financing could be obtained, if required. Taking this into account, as well as the favorable outlook of developments of our drug discovery and development activities, the Board is of the opinion that it can submit the financial statements on a going concern basis. Whilst our cash position is sufficient for our immediate and midterm needs, the Board points out that if the R&D activities continue to go well, we may seek additional funding to support the continuing development of our products or to be able to execute other business opportunities.

Risk management

Risk management is embedded in our strategy and is considered important for achieving our operational targets.

To safeguard the proper implementation and execution of the Group's strategy, we have an internal risk management and control system. The Board of Directors has delegated an active role to the Audit Committee members for designing, implementing and operating Galapagos' internal risk management and control systems. The purpose of these systems is to manage in an effective and efficient manner the significant risks to which Galapagos is exposed.

The internal control system is designed to ensure:

- The careful monitoring of the effectiveness of our strategy
- Galapagos' continuity and sustainability, through, for instance, consistent accounting, reliable financial reporting and compliance with laws and regulations
- Our focus on the most efficient and effective way to conduct our business

We have defined our risk tolerance on a number of internal and external factors including:

- Financial strength in the long run, represented by revenue growth and a solid balance sheet
- Liquidity in the short run; cash
- Business performance measures; operational and net profitability
- Scientific risks and opportunities
- Dependence on our alliance partners
- Compliance with relevant rules and regulations
- Reputation

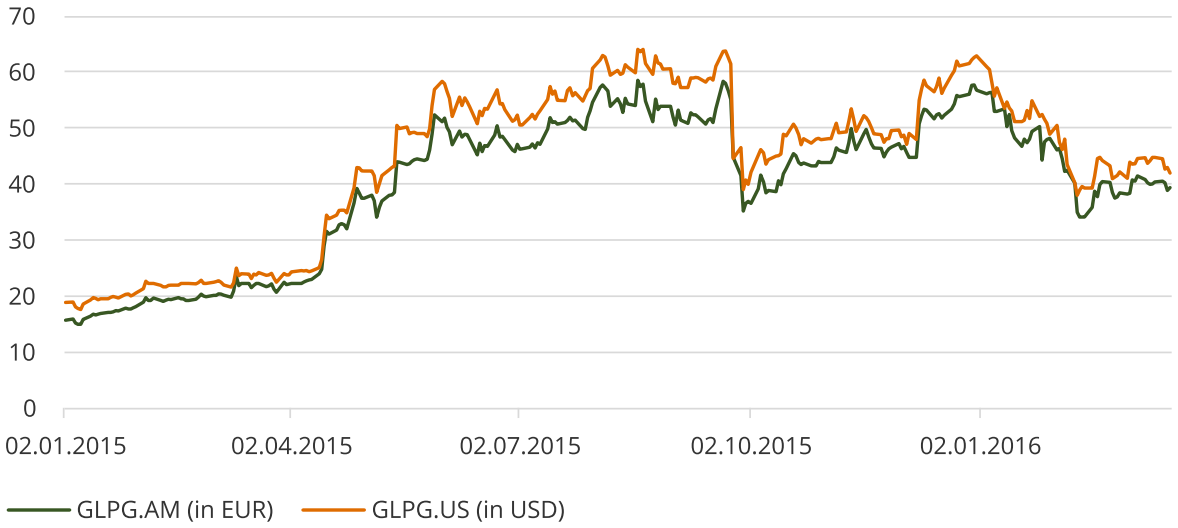
The identification and analysis of risks is an ongoing process that is naturally a critical component of internal control. On the basis of these factors and Galapagos' risk tolerance, the key controls within Galapagos will be registered and the effectiveness will be monitored. If the assessment shows the necessity to modify the controls we will do so. This could be the situation if the external environment changes, or the laws or regulations or the strategy of Galapagos change.

The financial risks of Galapagos are managed centrally. The finance department of Galapagos coordinates the access to national and international financial markets and considers and manages continuously the financial risks concerning the activities of the Group. These relate to the financial markets risk, credit risk, liquidity risk and currency risk. There are no other important risks, such as interest rate risk, because the Group has nearly no financial debt and has a strong cash position. The Group does not buy or trade financial instruments for speculative purposes. For further reference on financial risk management, see note 34 of the notes to the consolidated financial statements. We also refer to the "Risk factors" section of the Annual Report for additional details on general risk factors.

The Galapagos share

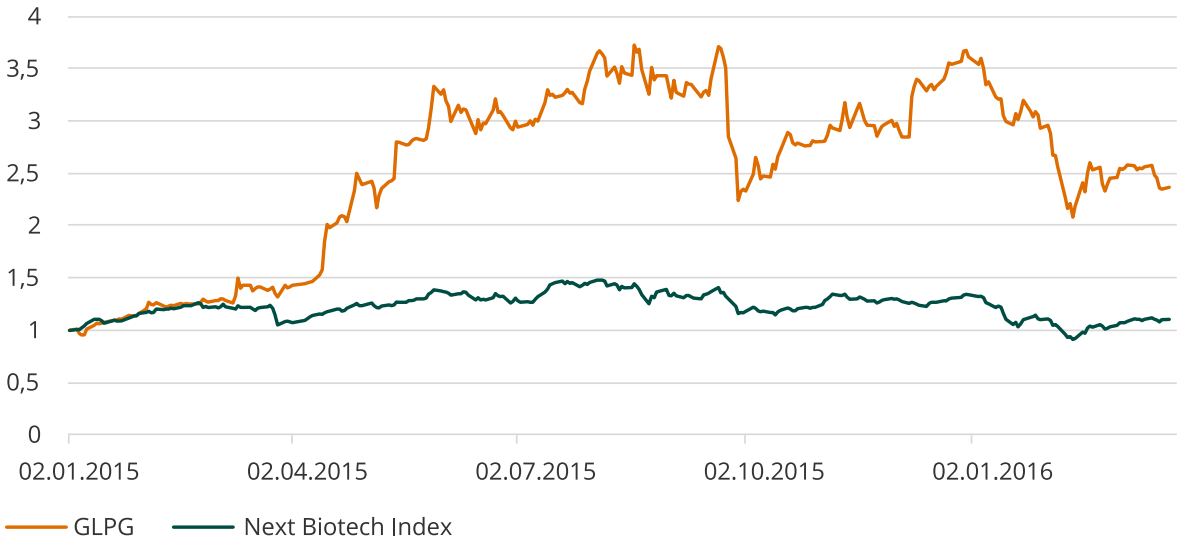
Galapagos NV (ticker: GLPG) has been listed on Euronext Amsterdam and Brussels since 6 May 2005 and on the NASDAQ Global Select Market since 14 May 2015. Galapagos NV forms part of the Bel20 index on Euronext Brussels (since 21 March 2016; previously we were part of the BelMid index) and of the Amsterdam Midcap (AMx) Index on Euronext Amsterdam.

The Galapagos share in 2015



In 2015, average daily trading on Euronext was 292,581 shares and €12.0 million trading value, both metrics representing significant increases over 2014. Galapagos' daily trading on NASDAQ, which commenced on 14 May 2015, was 101,750 shares and $5.2 million trading value in 2015.

Galapagos vs Next Biotech Index in 2015



Investor relations activities

We increased our exposure to U.S. investors through the successful NASDAQ IPO, attracting more U.S. shareholders and sell-side analyst coverage by U.S. banks. Our IR team presented at several conferences in 2015 and did a number of broker-organized and self-organized roadshows throughout the U.S. and Europe. We presented Full Year, Half Year and Q3 2015 results via webcasts. We established an IR presence in the Boston area in September 2015.

The main topics of discussion with investors included the filgotinib DARWIN and FITZROY program results, the AbbVie licensing decision, the Gilead collaboration, developments in our cystic fibrosis programs, and Galapagos' cash position going forward.

Subsequent events

On 16 December 2015, we entered into a global collaboration with Gilead Sciences, Inc. for the development and commercialization of the JAK1-selective inhibitor filgotinib for inflammatory indications. On 19 January 2016, we completed the closing of the global collaboration agreement with Gilead Sciences, Inc. in the framework of which Gilead Biopharmaceutics Ireland Unlimited Company made a $425 million (or €392 million) equity investment in Galapagos NV by subscribing to new shares at a price of €58 per share, including issuance premium. This resulted in Gilead owning 6,760,701 shares of Galapagos NV, representing 14.75% of the then outstanding share capital of Galapagos. We also received a license fee of $300 million. In addition, we are eligible for development and regulatory milestone-based payments of up to $755 million and sales-based milestone payments of up to $600 million, with tiered royalties starting at 20% and a profit split in co-promotion territories.

The subsequent increase in the fair value of the derivative financial asset initially recognized upon signing of the subscription agreement with Gilead, resulting from the decrease in the Galapagos share price between 1 January 2016 and 19 January 2016 will result in a positive, non-cash fair value re-measurement of €57.5 million in the financial result of the first quarter of 2016.

On 21 December 2015, the Board of Directors conditionally issued up to 700,000 warrants (subject to acceptance by the beneficiaries) within the framework of the authorized capital, for the benefit of our Directors and an independent consultant, and of our employees under new warrant plans ("Warrant Plan 2015 (B)" and "Warrant Plan 2015 RMV"). The offer of warrants to the Directors and to the members of the Executive Committee under Warrant Plan 2015 (B) was approved by the Special Shareholders' Meeting of 22 December 2015. The warrants to be issued under Warrant Plan 2015 (B) and Warrant Plan 2015 RMV have a term of eight years and an exercise price of €49.00. The acceptance of, in aggregate, 496,500 warrants under these two warrant plans was enacted on 2 March 2016.

On 26 January 2016, we announced the results of the ORIGIN Phase 2a study with GLPG1205, which confirmed good pharmacokinetics, safety and tolerability. The endpoints for efficacy in patients with ulcerative colitis (UC), however, were not met and we decided to discontinue clinical development of GLPG1205 in UC.

Overview statutory results of Galapagos NV

This overview only concerns the non-consolidated statutory results of Galapagos NV. These results are part of the consolidated results as discussed in the Letter from the management.

Galapagos NV's operating income in 2015 amounted to €193.1 million compared to €172.7 million in 2014. This increase is mainly due to increased income from internally generated intangible assets – being capitalized R&D expenses – which contributed €23.7 million more to operating income than in the previous year. Turnover (i.e. R&D revenues) decreased slightly with €3.2 million compared to 2014. The other operating income amounts to €15.2 million, including €3.1 million of grants recognized for R&D projects, €3.3 million of recharges to subsidiaries and €5.3 million recognized for tax incentives for investments in intangible fixed assets.

The operating costs of 2015 amounted to €242.9 million compared to €197.6 million in 2014. Material purchases increased slightly from €3.7 million in 2014 to €4.4 million in 2015. Services and other goods increased substantially to €131.7 million compared to €96.7 million in 2014, primarily due to €19.4 million of one-off costs related to the global offering of ordinary shares on 19 May 2015 (NASDAQ IPO). In addition, increased subcontracting for our pre-clinical studies and clinical trials contributed to increased operating costs, driven by the maturing pipeline of our R&D projects.

Personnel costs in 2015 amounted to €15.7 million compared to €13.7 million in 2014. The number of employees at Galapagos NV at the end of 2015 amounted to 133, excluding insourced personnel.

Depreciation increased to €82.6 million in 2015, compared to €76.8 million in 2014. This is due to amortization booked on the internally generated intangible assets capitalized in 2012, 2013, 2014 and 2015.

Galapagos NV's 2015 financial income decreased significantly to €1.6 million compared to €108.1 million in 2014 and can be explained by a capital gain in 2014 of €105.9 million that has been realized in connection with the sale of the service division to Charles River Laboratories International, Inc. on 1 April 2014. Financial costs amounted to €1.2 million compared to €1.1 million in 2014.

Extraordinary costs amount to €13.5 million in 2015, compared to €19.7 million in 2014, which primarily consists of extraordinary write-offs of capitalized R&D costs with regard to alliances which ended or programs which were placed on hold (€13.2 million in 2015, compared to €13.5 million in 2014).

No tax expenses have been recorded in 2015. Tax expenses recorded in 2014 (€0.4 million) are related to capital gain taxes related to the sale of the service division.

Galapagos NV capitalizes its incurred R&D expenses to the extent that the costs capitalized do not exceed a prudent estimate of their value in use or their future economic benefits for the entity. The ability to recover the capitalized amounts takes into account assumptions (i.e. future peak sales, market share, sales price, attrition rates regarding the successful completion of the different R&D phases) which have a highly judgmental nature and depend on the outcome of uncertain factors which are beyond the control of the entity (i.e. test results). The achievement of these assumptions is critical and may impact the recoverability of the amounts capitalized. Capitalized R&D expenses amount to €153.0 million compared to €129.5 million last year.

Investments in fixed assets in 2015 totaled €1.4 million, excluding the internally generated assets. They consist mainly of new laboratory equipment, as well as investments in intangible assets, being software development.

Galapagos NV's cash position at the end of 2015 amounted to €339.4 million.

The non-consolidated annual accounts of Galapagos NV which we submit for your approval were prepared in accordance with Belgian accounting rules as well as with the legal and regulatory requirements. They show a negative result. The financial year 2015 closed with a loss of €63.0 million compared to a profit of €62.0 million in 2014. The recorded net profit in 2014 can entirely be explained by a substantial gain on the sale of the service division as mentioned above. Overall, the result of Galapagos NV is largely affected by the fact that, as from financial year 2010, Galapagos NV capitalizes some of its R&D expenses and revenues that are eligible for such capitalization under Belgian GAAP. This capitalization positively impacted the net result of Galapagos NV by €55.0 million in 2015, compared to a positive impact of €12.1 million in 2014. The non-consolidated annual accounts of Galapagos NV show accumulated losses of €132.8 million as at 31 December 2015; we refer to the Going Concern Statement for justification for the application of the valuation rules under the going concern assumption.

In 2015, neither Galapagos NV nor its affiliates made direct or active use of financial instruments such as hedging. However, at year-end 2015 an embedded derivative existed under the terms of the Gilead contract (see note 8 of the notes to the consolidated financial statements).

Disclaimer and other information

This Annual Report contains all information required by Belgian law.

Galapagos NV is a limited liability company incorporated in Belgium and has 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.

According to Belgian law, we must publish our Annual Report in Dutch. We also provide an English translation. We are responsible for the translation and conformity between the Dutch and English versions. In case of inconsistency between the Dutch and the English version of our Annual Report, the Dutch version prevails.

This Annual Report, including the statutory financial statements of Galapagos NV, is available to the public free of charge and upon request, to be addressed to:

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An electronic version of this Annual Report, including the statutory financial statements of Galapagos NV, is available on our website, www.glpg.com.

We will use reasonable efforts to ensure the accuracy of the electronic version, but do not assume responsibility if inaccuracies or inconsistencies with the printed document arise as a result of any electronic transmission. Therefore, we consider only the printed version of this Annual Report to be legally valid. Other information on our website or on other websites does not form a part of this Annual Report.

As U.S. listed company, we are also subject to the reporting requirements of the U.S. Securities and Exchange Commission, or SEC. An annual report will be filed with the SEC on Form 20-F. The Form 20-F will be available in the SEC's EDGAR database (https://www.sec.gov/edgar.shtml) and a link thereto will be posted on our website.

Forward-looking statements

This Annual 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 Annual Report include, but are not limited to, statements made in the "Letter from the management", the information provided in the section captioned "Outlook 2016", guidance from management regarding the expected operational use of cash during financial year 2016, statements regarding the development of a potential triple combination therapy for Class II cystic fibrosis patients and the possible activity and clinical utility of such a potential triple combination therapy, statements regarding the future development of pre-clinical candidate MOR106, and statements regarding the expected timing, design and readouts of ongoing and planned clinical trials (i) with filgotinib in rheumatoid arthritis and Crohn's disease, (ii) with GLPG2222 in cystic fibrosis, (iii) with GLPG1837 in Class III cystic fibrosis patients, (iv) with GLPG1690 in IPF, and (v) with GLPG1972 in osteoarthritis. 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 2016 revenues and financial results and our 2016 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, cystic fibrosis, idiopathic pulmonary fibrosis, 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, Gilead, and our collaboration partner for cystic fibrosis, AbbVie), and estimating the commercial potential of our product candidates. 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 other filings and reports. 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.