Financial statements

Consolidated and non-consolidated financial statements for 2018

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Consolidated financial statements

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

Consolidated income statement

	Year ended 31 December		
(thousands of €, except share and per share data)	2018	2017	Notes
Revenues	288,836	127,087	5
Other income	29,009	28,830	5
Total revenues and other income	**317,845**	**155,918**	
Research and development expenditure	(322,875)	(218,502)	6
General and administrative expenses	(35,631)	(24,415)	6
Sales and marketing expenses	(4,146)	(2,803)	6
Total operating expenses	**(362,652)**	**(245,720)**	
Operating loss	**(44,807)**	**(89,802)**	
Financial income	18,335	4,877	8
Financial expenses	(2,737)	(30,582)	8
Loss before tax	**(29,209)**	**(115,507)**	
Income taxes	(50)	(198)	9
Net loss	**(29,259)**	**(115,704)**	10
Net loss attributable to:			
Owners of the parent	(29,259)	(115,704)	
Basic & diluted loss per share	**(0.56)**	**(2.34)**	10

Consolidated statement of comprehensive income / loss (-)

(thousands of €)	Year ended 31 December 2018	2017	Notes
Net loss	**(29,259)**	**(115,704)**	
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligation	(94)	(40)	27
Items that may be reclassified subsequently to profit or loss:			
Fair value adjustment of available-for-sale financial assets	–	(220)	13
Translation differences, arisen from translating foreign activities	197	(664)	19
Other comprehensive income / loss (-), net of income tax	**103**	**(924)**	
Total comprehensive loss attributable to:			
Owners of the parent	(29,155)	(116,629)	

Consolidated statements of financial position

(thousands of €)	31 December 2018	2017	Notes
Intangible assets	3,632	2,495	11
Property, plant and equipment	23,137	16,692	12
Deferred tax assets	2,514	1,978	20
Non-current R&D incentives receivables	73,443	64,001	14
Other non-current assets	7,919	3,461	13
Non-current assets	**110,645**	**88,627**	
Trade and other receivables	18,609	27,966	15
Current R&D incentives receivables	11,203	11,782	14
Cash and cash equivalents	1,290,796	1,151,211	16
Other current assets	8,244	6,688	15
Current assets	**1,328,851**	**1,197,647**	
Total assets	**1,439,496**	**1,286,274**	
Equity and liabilities			
Share capital	236,540	233,414	17
Share premium account	1,277,780	993,025	17
Other reserves	(735)	(1,260)	18
Translation differences	(1,557)	(1,754)	19
Accumulated losses	(297,779)	(211,441)	
Total equity	**1,214,249**	**1,011,983**	
Retirement benefit liabilities	3,764	3,582	27
Other non-current liabilities	1,578	1,662	21
Non-current deferred income	–	97,348	22
Non-current liabilities	**5,342**	**102,592**	
Finance lease liabilities	–	9	
Trade and other liabilities	68,928	48,281	21
Current tax payable	1,175	865	9
Current deferred income	149,801	122,544	22
Current liabilities	**219,905**	**171,699**	
Total liabilities	**225,247**	**274,291**	
Total equity and liabilities	**1,439,496**	**1,286,274**	

Consolidated cash flow statements

(thousands of €)	2018	2017	Notes
Net loss of the period	**(29,259)**	**(115,704)**	
Adjustment for non-cash transactions	21,753	48,301	23
Adjustment for items to disclose separately under operating cash flow	(4,389)	(1,912)	23
Adjustment for items to disclose under investing and financing cash flows	(668)	–	23
Change in working capital other than deferred income	19,922	(12,862)	23
Decrease in deferred income	(153,312)	(65,722)	22
Cash used in operations	(145,953)	(147,899)	
Interest paid	(1,063)	(273)	
Interest received	4,558	1,341	
Corporate taxes paid	(8)	(199)	
Net cash flows used in operating activities	**(142,466)**	**(147,030)**	
Purchase of property, plant and equipment	(10,392)	(5,312)	12
Purchase of and expenditure in intangible fixed assets	(3,325)	(2,125)	11
Proceeds from disposal of property, plant and equipment	1	7	12
Decrease in restricted cash	–	6,510	15
Acquisition of financial assets held at fair value through P&L	(4,559)	–	15
Proceeds from sale of financial assets held at fair value through P&L	2,361	372	15
Net cash flows used in investing activities	**(15,914)**	**(549)**	

(thousands of €)	2018	2017	Notes
Repayment of obligations under finance leases and other debts	(5)	(65)	
Proceeds from capital and share premium increases, gross amount	296,188	363,924	17
Issue costs paid related to capital and share premium increases	(15,964)	(15,790)	17
Proceeds from capital and share premium increases from exercise of warrants	7,657	5,288	17
Net cash flows generated in financing activities	**287,876**	**353,357**	
Increase in cash and cash equivalents	**129,497**	**205,778**	
Cash and cash equivalents at beginning of year	**1,151,211**	**973,241**	**16**
Increase in cash and cash equivalents	129,497	205,778	
Effect of exchange rate differences on cash and cash equivalents	10,089	(27,808)	
Cash and cash equivalents at end of the year	**1,290,796**	**1,151,211**	**16**

Consolidated statements of changes in equity

(thousands of €)	Share capital	Share premium account	Translation differences	Other reserves	Accumul. losses	Total
On 1 January 2017	**223,928**	**649,135**	**(1,090)**	**(1,000)**	**(112,272)**	**758,701**
Net loss					(115,704)	(115,704)
Other comprehensive loss			(664)	(260)		(924)
Total comprehensive loss			**(664)**	**(260)**	**(115,704)**	**(116,629)**
Share-based compensation					16,536	16,536
Issue of new shares	23,331	340,593				363,924
Share issue costs	(15,837)					(15,837)
Exercise of warrants	1,992	3,296				5,288
On 31 December 2017	**233,414**	**993,025**	**(1,754)**	**(1,260)**	**(211,441)**	**1,011,983**
On 1 January 2018	**233,414**	**993,025**	**(1,754)**	**(1,260)**	**(211,441)**	**1,011,983**
Change in accounting policy (modified retrospective application IFRS 15)					(83,220)	(83,220)
Change in accounting policy (modified retrospective application IFRS 9)				619	(619)	–
Restated total equity at 1 January 2018	**233,414**	**993,025**	**(1,754)**	**(641)**	**(295,279)**	**928,766**
Net loss					(29,259)	(29,259)
Other comprehensive income			197	(94)		103
Total comprehensive loss			**197**	**(94)**	**(29,259)**	**(29,155)**
Share-based compensation					26,757	26,757
Issue of new shares	16,021	280,167				296,188
Share issue costs	(15,964)					(15,964)
Exercise of warrants	3,069	4,588				7,657
On 31 December 2018	**236,540**	**1,277,780**	**(1,557)**	**(735)**	**(297,779)**	**1,214,249**

Non-consolidated financial statements

Statement of profit and loss

	Year ended 31 December	
(thousands of €)	2018	2017
Turnover	218,961	131,496
Internally generated intangible assets	284,964	198,401
Other operating income	9,224	20,753
Operating income	**513,149**	**350,649**
Raw materials, consumables and goods for resale	(6,215)	(4,763)
Services and other goods	(299,814)	(201,196)
Remuneration, social security costs and pensions	(33,400)	(24,770)
Depreciation, impairment and other amounts written off on constitution costs, intangible and tangible assets	(305,723)	(251,434)
Other operating charges	(8,281)	(7,718)
Non-recurring operating costs	(1,160)	(543)
Operating loss	**(141,443)**	**(139,775)**
Finance income	35,743	8,357
Finance cost	(21,275)	(34,421)
Loss before taxes	**(126,976)**	**(165,839)**
Taxes	11,286	(34)
Loss for the year	**(115,690)**	**(165,874)**
Loss brought forward	(343,858)	(177,984)
Accumulated losses to be carried forward	**(459,547)**	**(343,858)**

Balance sheet

	31 December	
(thousands of €)	2018	2017
Assets		
Non-current assets	**67,704**	**66,148**
Intangible fixed assets	5,576	20,904
Tangible fixed assets	8,958	5,551
Financial fixed assets	53,170	39,693
Current assets	**1,358,360**	**1,220,685**
Inventories	266	267
Trade and other receivables	79,260	32,098
Deferred costs	2,406	1,168
Accrued income	2,457	41,376
Cash and cash equivalents	1,273,970	1,145,775
Total assets	**1,426,064**	**1,286,833**
Equity and liabilities		
Equity	**1,172,722**	**985,031**
Share capital and reserves	294,600	275,510
Share premium account	1,337,670	1,052,915
Accumulated losses	(459,547)	(343,858)
Investment grants	–	464
Liabilities	**253,341**	**301,802**
Non-current liabilities	**857**	**897**
Other liabilities	857	897
Current liabilities	**252,484**	**300,905**
Trade and other payables	137,120	94,665
Obligations under finance lease (current)	–	9
Tax, payroll and social security liabilities	6,406	6,168
Accrued costs	766	1,084
Deferred income	108,192	198,977
Total equity and liabilities	**1,426,064**	**1,286,833**

The non-consolidated annual accounts of Galapagos NV 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 2018 closed with a loss of €115.7 million compared to a loss of €165.9 million in 2017. Overall, the result of Galapagos NV is 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 negatively impacted the net result of Galapagos NV by €1.1 million in 2018, compared to a negative impact of €17.4 million in 2017. The non-consolidated annual accounts of Galapagos NV show accumulated losses of €459.5 million as at 31 December 2018; we refer to the Going Concern Statement for justification for the application of the valuation rules under the going concern assumption.