Risk Management

Risk Management and Internal Control

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 Galapagos group's strategy, our Executive Committee has established internal risk management and control systems within our Company. The Board of Directors has delegated an active role to the Audit Committee members to monitor the design, implementation and effectiveness of these 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 we are exposed.

The internal risk management and control system is designed to ensure:

- the careful monitoring of the effectiveness of our strategy;
- our continuity and sustainability, through consistent accounting, reliable financial reporting and compliance with laws and regulations; and
- our focus on the most efficient and effective way to conduct our business.

We have determined 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, including cash position;
- business performance measures; operational and net profitability; scientific risks and opportunities;
- dependence on our alliance partners;
- compliance with relevant rules and regulations;
- reputation.

The ongoing process of identifying and analyzing risks is critical to our internal control. Based on these factors and our risk tolerance, the key controls within our Company are registered, and the effectiveness of such controls is actively monitored. If the assessment indicates that we may need to modify the controls, we will evaluate and implement such changes as necessary. This could be the situation if the external environment changes, or if the laws, regulations, or our strategy changes.

Our financial risks are managed centrally. Our finance department coordinates the access to national and international financial markets and considers and continuously manages the financial risks concerning the activities of the group. These relate to the following financial markets risks: credit risk, liquidity risk, currency and interest rate risk. Our interest rate risk is limited because we have nearly no financial debt. In the event of decreasing interest rates we would face a reinvestment risk on our strong cash position. The group does not buy or trade financial instruments for speculative purposes. For further reference on financial risk management, see **note 35** of the notes to the consolidated financial statements. We also refer to the "**Detailed Description of the Risk Factors in Form 20-F**" section of the Annual Report for additional details on general risk factors.

Our internal controls over financial reporting are a subset of internal controls and include those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as adopted by the EU, and that our receipts and expenditures are being made only by authorized persons; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our internal controls over financial reporting includes controls over relevant information technology (IT) systems that impact financial reporting including accuracy and completeness of our account balances.

Since we have securities registered with the U.S. Securities and Exchange Commission (SEC) and are a large accelerated filer within the meaning of Rule 12b-2 of the U.S Securities Exchange Act of 1934, we need to assess the effectiveness of internal control over financial reporting and provide a report on the results of this assessment.

In 2025, management has reviewed its internal controls over financial reporting based on criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and engaged an external advisor to help assess the effectiveness of those controls.

As described in Section 404 of the U.S. Sarbanes-Oxley Act of 2002 and the rules implementing such act, we will include our management's assessment and the statutory auditor's assessment of the effectiveness of internal control over financial reporting in our Annual Report on Form 20-F, which is expected to be filed with the SEC on or around the publication date of this present annual report.

Detailed Description of the Risk Factors in Form 20-F

As a U.S. listed company, we are also subject to the reporting requirements of the SEC. An Annual Report has been filed with the SEC on Form 20-F. Our Annual Report on Form 20-F is available in the SEC's EDGAR database (**https://www.sec.gov/edgar.shtml**), and a link thereto is posted on **our website**. For a comprehensive, detailed description of the Risk factors, we refer to our Form 20-F.

Risks Related to Our Financial Position and Need for Additional Capital

Biotechnology market

We are a global biotechnology company with limited sales experience, limited historical profit from product sales and limited historical data on product revenues. Except for the commercial launch of filgotinib, which business we transferred to Alfasigma in January 2024, our operations have been limited to developing our technology and undertaking preclinical studies and clinical trials of our product candidates.

In October 2025, after considering all available options, we announced our intention to wind down our cell therapy activities, which was subject to the conclusion of consultations with works councils in Belgium and the Netherlands. Following completion of the works council processes in Belgium and the Netherlands, our Board of Directors announced in January 2026 its decision to initiate the wind-down of our cell therapy activities, which is expected to be substantially completed by the en of the third quarter of 2026. As part of a strategic transformation of our Company, we determined to focus on transformational business development transactions and have adjusted our pipeline prioritization strategy and resource allocation in order to enable the acquisition, partnering, or licensing of product candidates that we believe to have commercial potential. We expect to devote substantial time and resources to exploring strategic transactions that our Board of Directors believes will maximize shareholder value. Because we have only recently adopted this strategy and have limited ongoing operations, we have a constrained basis to evaluate our business or forecast future operating results.

Significant operating losses

Since our inception, and with the exception of the years 2019, 2023, 2024, and 2025, we have incurred significant operating losses. Our losses resulted principally from costs incurred in R&D, preclinical testing, clinical development of our product candidates as well as costs incurred for research programs, (pre-)commercial activities, primarily related to the commercial launch of Jyseleca®, and from general and administrative costs associated with our operations. We expect to continue incurring significant research, development and other expenses related to our ongoing operations, and given the 2025 recognition of the full amount of the deferred revenue liability related to the OLCA, going forward we expect to incur operating losses for the foreseeable future. Because of the numerous risks and uncertainties associated with pharmaceutical product development and business development, we are unable to predict the timing or amount of expenses and when we will be able to achieve or maintain profitability, if ever.

Substantial additional funding may be required

We may require substantial additional future capital which may not be available to us on acceptable terms, or at all, in order to perform business development, including acquiring product candidates, and complete clinical development and, if we are successful, to commercialize any of our current or future product candidates, if approved. Because successful development of product candidates is uncertain, we are unable to estimate the actual funds and resources we will require to complete business development transactions, R&D and commercialize our product candidates. Our ability to raise additional funds will depend on financial, economic and market conditions and other factors, over which we may have no or limited control. In addition, raising additional capital may cause dilution to our existing shareholders, restrict our operations or require us to relinquish rights to our current or future product candidates or technologies. The incurrence of additional indebtedness could result in increased fixed payment obligations and could also result in certain additional restrictive covenants that could adversely impact our ability to conduct our business.

For further reference on financial risks in particular, see **note 35** of the notes to the consolidated financial statements.

Risks Related to Our Business Development Strategy

Our corporate transformation, including wind-down of cell therapy activities

Due to our limited resources, as well as the depth and breadth of our portfolio, we assess and prioritize our programs on an ongoing basis based on various factors, including internal and external opportunities and constraints, which may result in our decision to advance certain programs ahead or instead of others, or to divest or wind down certain programs. In 2025, as part of a strategic transformation of our Company, we determined to focus on strategic business development transactions and have adjusted our pipeline prioritization strategy and resource allocation in order to enable the acquisition, partnering or licensing of product candidates that we believe to have commercial potential.

As part of such strategic transformation, we appointed new members to our senior management and Board of Directors with experience and expertise in business development, and our Board of Directors initiated a wind-down of our cell therapy activities. As a result, we are exiting the cell therapy space, which impacts approximately 365 employees across Europe, the United States and China, and which results in the closure of our sites in Leiden (the Netherlands), Basel (Switzerland), Princeton and Pittsburgh (U.S.), and Shanghai (China).

The transformation may not deliver expected benefits or savings and may disrupt operations. Portfolio narrowing increases risk concentration. Divestitures may be difficult to execute, dilutive, or delayed, may involve challenges, loss of personnel, contingent liabilities and impairment charges, and we may not achieve objectives. Furthermore, the wind-down of our cell therapy activities is subject to various risks and uncertainties and the related workforce reduction could yield unanticipated consequences, such as increased difficulties in implementing our business strategy, including retention of our remaining employees, and may not be completed in a timely manner on terms favorable to us, or at all. Delays, higher-than-expected costs, or less favorable execution could adversely affect our operations, financial position, and cash flows. The wind-down could also prompt negative publicity, reduce investor confidence, or lead to litigation.

Our corporate transformation, including our pipeline prioritization efforts, may not be successful and may not yield the desired results, which could harm our reputation and increase share price volatility.

Business development transactions can result in integration difficulties, or may not realize the intended advantages

Despite our significant efforts to identify and evaluate potential strategic transactions, there is no assurance that any transaction will be pursued or completed on acceptable terms. The process is costly, time-consuming, and complex. We have incurred, and may continue to incur significant legal, accounting and related expenses, including unforeseen costs, regardless of whether a transaction is completed. These expenses reduce the cash available for our operations. Our limited resources and the increasing competition in the biopharmaceutical sector may hinder our ability to secure attractive opportunities or may increase transaction costs.

As part of our efforts to acquire companies, business or product candidates or to enter into other significant transactions, we conduct business, legal, and financial due diligence with the goal of identifying and evaluating material risks involved in the transaction. Despite our efforts, we ultimately may be unsuccessful in ascertaining or evaluating all regulatory, antitrust, integration, tax, and other risks. Strategic transactions may involve significant cash outflows, liabilities, or losses. Even if we successfully consummate a strategic transaction, we may fail to realize the intended benefits of the transaction, such benefits may take longer to realize than expected, or we may not be able to operate any acquired business profitably. We may encounter integration difficulties, including retaining key personnel needed to advance acquired product candidates, and any of such difficulties could adversely affect our share price, operating results, and overall operations. Integrating any newly acquired business could be expensive and time-consuming. Integration efforts often take a significant amount of time, place a significant strain on managerial, operational and financial resources, result in loss of key personnel and could prove to be more difficult or expensive than we predict. Failure to effectively manage these risks could negatively affect our profitability and operations.

The future success and growth of our business will likely be dependent on the execution of our business development strategy and on the approval and commercialization of acquired or licensed product candidates. Given the uncertainty inherent in drug development, failure to obtain regulatory approval for a sufficient number of candidates could undermine our business model and, in turn, have a material adverse effect on our business, financial condition and results of operations.

We also refer to the section **"Dependent on our ability to negotiate amended terms of the OLCA with Gilead to consummate a business development transaction"**. Any Gilead-partnered transaction will be subject to the same risks as our existing collaboration with Gilead. Our interests may diverge, and we may be unable to steer the collaboration as we consider appropriate, which could expose us to additional risks.

Risks Related to Product Development and Regulatory Approval

Operating procedures, monitoring, and prioritizing product candidates

We operate adequate standard operating procedures to secure the integrity and protection of our R&D activities and results, and the optimum allocation of our R&D budgets. The progress of the most important R&D programs is monitored by our Executive Committee. The Science and Development Committee, in place until October 31, 2025, provided input and advice to the Board of Directors on matters relating to our R&D strategy. The programs are discussed with the Board of Directors at least once per quarter.

Nevertheless, we must, and have in the past, as we did during the financial year 2025, prioritize the development of certain product candidates by, at times, discontinuing other product candidates and research activities, like the small molecules research activities and the wind-down of our cell therapy activities; these decisions may prove to have been wrong and may adversely affect our business.

Strongly dependent on the success of clinical product candidates and the discovery portfolio

We expect to generate minimal to no revenue until such time that we are able to obtain regulatory approval of and commercialize our existing or future product candidates, other than earn-out payments from Alfasigma in connection with the transfer of the Jyseleca® business.

Following the wind-down of our cell therapy activities and until such time, if ever, as we are able to acquire, partner or license or develop additional product candidates, our only product candidate in development will be GLPG3667. As a result, we will be substantially dependent on the success of GLPG3667, and our results of operations and financial condition will be increasingly vulnerable to adverse developments in the clinical development and, if approved, commercialization of GLPG3667. Further, for reasons unrelated to its clinical development, we may determine to discontinue the development of GLPG3667 at any time, which could leave us without any viable product candidates. We are evaluating all strategic options for GLPG3667, including exploring a potential partnership and business development opportunities to accelerate development of GLPG3667 in DM, as well as in parallel assessing the funding and capability requirements for us to run our own Phase 3 program for GLPG3667 in DM. We cannot give any assurance that any current and future (including acquired) product candidate will successfully complete clinical trials, or receive regulatory approval, which is necessary before it can be commercialized.

Unpredictable commercial viability of the product candidates

Our business and future success is substantially dependent on our ability to develop successfully, obtain regulatory approval for, and then successfully commercialize our product candidates. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the FDA, the EMA, the MHRA, the MHLW or any other

comparable regulatory authority, and we may never receive such regulatory approval for any of our product candidates. We cannot give any assurances that our clinical trials for our product candidates will be completed in a timely manner, or at all. If any of our current and future (including acquired) product candidates are not approved and commercialized in certain jurisdictions, we will not be able to generate any product revenues for that product candidate.

Lengthy, time-consuming regulatory processes

The regulatory approval processes of the FDA, the EMA, the MHRA, the MHLW and any other comparable regulatory authority are lengthy, time-consuming and inherently unpredictable, and if we are ultimately unable to obtain regulatory approval for our current and future (including acquired) product candidates, our business, including its financial condition, will be substantially harmed.

Expensive clinical development process with uncertain outcome

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Results of earlier studies and trials as well as data from any interim analysis of ongoing clinical trials may not be predictive of future trial results, and failure can occur at any time during the clinical trial process. If we experience delays in the completion of, or termination of, any clinical trial of our current and future (including acquired) product candidates, the commercial prospects of our product candidates will be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. If any of our product candidates are found to be unsafe or have a lack of efficacy, we will not be able to obtain or maintain regulatory approval for it and our business would be materially harmed.

Conducting multinational clinical trials exposes us to additional risks. The FDA requires that clinical trials are well- designed and conducted and performed by qualified investigators in accordance with ethical principles, such as institutional review board or ethics committee approval and informed consent procedures. The trial population must also adequately represent the U.S. population and the data must be applicable to the U.S. population and U.S. medical practice in ways that the FDA deems clinically meaningful.

Further, the FDA may consider an on-site inspection to be necessary in which case they must be able to validate the data through such an inspection or other appropriate means. In addition, while these clinical trials are subject to the applicable local laws, acceptance of the data by the FDA will be dependent upon its determination that the trials were conducted consistent with all applicable U.S. laws and regulations. Similarly, any data submitted to foreign regulatory authorities may not adhere to their standards and requirements for clinical trials and data from trials conducted outside of such jurisdiction may not be accepted.

Patient enrollment influence

The rates at which we complete our scientific studies and clinical trials depend on many factors, including, but not limited to, patient enrollment. Patient enrollment is a significant factor in the timing of clinical trials and is affected by many factors including competing clinical trials, clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies and the relatively limited number of patients. Any of these occurrences may harm our clinical trials and by extension, our business, financial condition and prospects.

Product candidates may cause undesirable side effects or serious adverse events

Our current and future (including acquired) product candidates may cause undesirable or unacceptable side effects or have other properties that could delay, may result in clinical holds or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any. Undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, the EMA, the MHRA, the MHLW or any other comparable regulatory authority. The drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences

may harm our business, financial condition and prospects significantly and may adversely impact the viability of our other product candidates or preclinical programs.

Over the last years, we have focused on the development of CAR-T product candidates. Patients receiving T cell-based immunotherapies may experience serious adverse events, including neurotoxicity and cytokine release syndrome. Serious adverse events or undesirable side effects associated with our CAR-T product candidates could significantly harm our business, financial condition and prospects.

If we are not able to obtain orphan product exclusivity, or maintain such status for future product candidates for which we seek this status, or if our competitors are able to obtain orphan product exclusivity before we do, we may not be able to obtain approval for our competing products for a significant period of time. Even if we are able to obtain orphan designation, we may not be the first to obtain marketing approval for such indication due to the uncertainties associated with developing pharmaceutical products. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process.

Extensive ongoing regulatory requirements

If the FDA, EMA, or any other comparable regulatory authority approves any of our current and future (including acquired) product candidates, the manufacturing processes, distribution, adverse event reporting, storage, advertising, and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration requirements and continued compliance with current good manufacturing practices, or cGMPs, and good clinical practices, or GCPs, for any clinical trials that we conduct post-approval. Failure to comply with the aforementioned practices may harm our clinical trials or regulatory process and by extension, our business, financial condition and prospects. For example, the FDA stated in its January 2024 final guidance document titled “Considerations for the Development of Chimeric Antigen Receptor (CAR) T Cell Products” that subjects in clinical trials treated with CAR-T cells containing an integrated transgene should be monitored for 15 years after treatment.

Before we can begin to commercially manufacture our current and future (including acquired) product candidates for human therapeutics, the FDA must review for the applicable manufacturing process and facilities as part of its review of our marketing application. This will likely require the manufacturing facilities to pass a pre-approval inspection by the FDA. A manufacturing authorization must also be obtained from the appropriate EU regulatory authorities or other comparable regulatory authorities.

We must establish and maintain a pharmacovigilance system, including a qualified person responsible for oversight, submit safety reports to the regulators and comply with the good pharmacovigilance practice guidelines adopted by the relevant regulatory authorities. Failure to comply with these guidelines may harm our clinical trials or regulatory process and by extension, our business.

Risks related to Commercialization of Future Products

The marketing and sale of future approved products (if any) may be unsuccessful or less successful than anticipated.

Following the transfer of the Jyseleca® business to Alfasigma, including the European Marketing Authorization for filgotinib, we are dependent on Alfasigma and Gilead for the commercialization of filgotinib. We are entitled to potential future sales-based milestone payments totaling €120 million from Alfasigma and mid-single to mid-double-digit earn-outs on European sales and to receive royalties from Gilead on net sales in the Gilead Territory.

Degree of market acceptance

The commercial success of any future products, if approved, will depend upon the degree of market acceptance by physicians, healthcare payers, patients, and the medical community. Market acceptance will depend on a number of factors,

many of which are beyond our control, but not limited to (i) the wording of the product label, (ii) changes in the standard of care for the targeted indications for any product and product candidate, (iii) acceptance by physicians, patients and healthcare payers of the product as safe, effective and cost-effective and (iv) sales, marketing and distribution support.

We have limited experience in the sale or marketing of pharmaceutical products. To the extent any of our product candidates for which we maintain commercial rights is approved for marketing, if we are unable to establish marketing and sales capabilities or enter into agreements with third parties to market and sell our products, we may not be able to market and sell any product effectively, or generate product revenues, which in turn would have a material adverse effect on our business, financial condition, and results of operation.

Potential adverse effect of coverage and reimbursement decisions

Coverage and reimbursement decisions by third-party payers may have an adverse effect on pricing and market acceptance of newly approved drugs. Legislative and regulatory activity, including enacted and future legislation, may exert downward pressure on potential pricing and reimbursement for any of our product candidates, if approved, that could materially affect the opportunity to commercialize. Obtaining coverage and reimbursement approval for a product from a government or other third-party payer is a time-consuming and costly process and we cannot be certain that coverage and adequate reimbursement will be available for any of our products or product candidates, if approved.

Public perception and increased regulatory scrutiny

Public perception may be influenced by claims that certain product candidates, are unsafe, or unethical, and research activities and adverse events in the field, even if not ultimately attributable to us or our product candidates, could result in increased governmental regulation, unfavorable public perception, challenges in recruiting patients to participate in our clinical studies, potential regulatory delays in the testing or approval of our current and future (including acquired) product candidates, labeling restrictions for any future approved product, and a decrease in demand for any such product.

Risks Related to Our Reliance on Third Parties

Strongly dependent on collaboration agreements with Gilead and certain other third parties

We are heavily dependent upon our collaboration arrangements with Gilead and certain other third parties for the development and commercialization of our products and there can be no assurance that these arrangements will deliver the benefits we expect.

In July 2019, we entered into a ten-year global R&D collaboration with Gilead. In connection with our entry into the OLCA, we received an upfront payment of $3.95 billion and a €960 million ($1.1 billion) equity investment from Gilead. Under the OLCA, we fund and lead all discovery and development autonomously until the end of the relevant Phase 2 clinical study. After the completion of the Phase 2 clinical study (or, in certain circumstances, the first Phase 3 study), Gilead will have the option to acquire an exclusive commercial license to that program in all countries outside of Europe. If the option is exercised, we and Gilead will co-develop the compound and share costs equally.

In addition, we are dependent on Gilead for the commercialization of filgotinib. Gilead may not devote sufficient resources or give sufficient priority to the programs for which it acquires a commercial license pursuant to the OLCA. Furthermore, Gilead may not be successful in the further development and commercialization of filgotinib or other programs for which it acquires a commercial license, even when they do devote resources and prioritize their efforts for such programs. To the extent that Gilead is commercializing filgotinib in one or more jurisdictions via a third party, such as Eisai for certain Asian markets, we are dependent on their successful accomplishment of commercialization efforts.

In addition, the terms of the collaboration with Gilead and any collaboration or other arrangement that we may establish may not ultimately prove to be favorable to us or may not be perceived as favorable, which may negatively impact the

trading price of the ADSs or our ordinary shares. Pursuant to the collaboration with Gilead, we are entitled to certain option payments and tiered royalties, and milestone payments on certain products. There can be no assurance that such payments will be sufficient to cover the cost of development of the relevant product candidates.

We are subject to a number of additional risks associated with our dependence on our collaborations with third parties, the occurrence of which could cause our collaboration arrangements to fail. In addition to our collaboration with Gilead, we may also enter into future collaborations which will give rise to similar risks, although our ability to enter into such collaborations may be limited given the scale of our collaboration with Gilead.

We may not be successful in establishing future development and commercialization collaborations, particularly given the scale of our collaborations with Gilead, and this could adversely affect, and potentially prohibit, our ability to acquire and develop our product candidates.

Dependent on our ability to negotiate amended terms of the OLCA with Gilead to consummate a business development transaction

In 2025, as part of a strategic transformation of our Company, we determined to focus on strategic business development transactions and have adjusted our pipeline prioritization strategy and resource allocation in order to enable the acquisition of product candidates that we believe to have commercial potential. However, our ability to do so may be limited given the scale of the OLCA we entered into with Gilead in July 2019. In particular, we have granted Gilead certain opt-in rights if we obtain licenses to additional product candidates as the result of any license or acquisition from, merger with or any other transaction. Although Gilead has expressed willingness to renegotiate these terms and collaborate on any such transaction, there can be no assurance that we will be able to do so on terms favorable to us, or at all. Moreover, we may be unable to manage or integrate such acquisitions successfully due to the additional complexities inherent in a tripartite transaction, and we may be exposed to additional risks or complexities as a result of Gilead's participation in any transaction, including litigation, antitrust and other regulatory approvals. Any Gilead-partnered transaction will be subject to the same risks as those applicable to our existing OLCA with Gilead. In particular, we may have interests that diverge from those of Gilead's, and we may not be able to direct the collaboration in the manner we believe is most appropriate, exposing us to additional risk.

Reliant on third party supply of materials

We rely on third party suppliers for which a reliable supply of materials is required in order to avoid delays in the drug discovery and development process and commercial supplies of any approved product. Most goods and services are provided by several different suppliers, which mitigates the risk of loss of key suppliers.

Expanding the suppliers' network can be time-consuming as all source suppliers are subject to rigorous ethical and quality control standards. Our suppliers are required to adhere to contractual terms that include anti-bribery and anti-corruption provisions. Our general terms and conditions of purchase also contain a specific clause on anti-bribery and anti-corruption. They can be found on our **website**.

No assurance that arrangements will deliver expected results or benefits

We have relied on and plan to continue to rely on contract research organizations (CROs), to monitor and manage data for our preclinical and clinical programs. We and our CROs also rely on clinical sites and investigators for the performance of our clinical trials in accordance with the applicable protocols and applicable legal, regulatory and scientific standards, including Good Clinical Practices (GCPs). Regulatory authorities enforce these GCPs through periodic inspections of trial sponsors, investigators and clinical sites. If CROs do not successfully carry out their contractual duties or obligations or meet quality standards, regulatory requirements or expectations, such as the applicable GCPs, our clinical trials may be extended, delayed or terminated, the clinical data generated in our clinical trials may be deemed unreliable and regulatory authorities may require us to perform additional clinical trials before approving our marketing applications and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. We do retain responsibility for all

our studies and are required to and have put in place measures to manage, oversee, and control our studies, including the CRO selection process, audits, strong focus on deliverables, timelines, roles & responsibilities, and oversight of conduct of the studies. In addition to GCPs, our clinical trials must be conducted with products produced under current Good Manufacturing Practice (cGMP) regulations.

Reliant on third party clinical data and results

We rely on clinical data and results obtained by third parties that could ultimately prove to be inaccurate or unreliable. If the third-party data and the results that we rely on prove to be inaccurate, unreliable or not applicable to our product candidates, we could make inaccurate assumptions and conclusions about our product candidates and our R&D efforts could be materially adversely affected.

Risks Related to Our Intellectual Property

Our ability to compete may decline if we do not adequately protect our proprietary rights.

We endeavor to protect our proprietary technologies and know-how by entering into confidentiality and proprietary information agreements with our employees and partners, and by setting up special procedures (e.g., with respect to the handling of the laboratory books).

The proprietary nature of, and protection for, our current and future (including acquired) product candidates, their methods of use, and our platform technologies are an important part of our strategy to develop and commercialize novel medicines. We have obtained patents relating to certain of our product candidates and are pursuing additional patent protection for them and for our other product candidates and technologies. We also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection. Additionally, we have registered and unregistered trademarks, including amongst others our Company name.

As of March 1, 2026, Intellectual property rights held by our Company relating to our product candidates include the following:

GLPG3667 product candidate: We have one granted U.S. patent application, and one pending U.S. patent application. We have one patent granted via the European Patent Office (EPO) and one pending patent application at the EPO; as well as further granted patents inter alia in Japan and Australia. In addition, we have counterpart foreign patent applications that are pending in Canada, China and other foreign countries claiming GLPG3667 compositions of matter and methods of treatment using GLPG3667. Patents, if any, that issue based on this pending patent application are estimated to expire in 2038, not including any potential extensions for the marketed product that may be available via supplementary protection certificates or patent term extensions. We also have one U.S. pending patent application as well as other foreign jurisdictions claiming dosage regimen, and any patent, if granted is estimated to expire in 2042. Finally, we have four pending applications under the Patent Cooperation Treaty (PCT) disclosing solid forms, metabolites, and/or methods for treating inflammatory disorders using GLPG3667; any patents, if granted, based on these patent applications are estimated to expire in 2043.

Third parties may claim for wrongfully used or disclosed proprietary rights

Our commercial success depends on obtaining and maintaining proprietary rights to our product and product candidates, as well as successfully defending these rights against third party challenges. We will only be able to protect our product candidates, and their uses from unauthorized use by third parties to the extent that valid and enforceable patents, or effectively protected trade secrets, cover them. If we fail to maintain to protect or to enforce our intellectual property rights successfully, our competitive position could suffer, which could harm our results of operations.

Time consuming and costly infringement procedures can harm our business

Pharmaceutical patents and patent applications involve highly complex legal and factual questions, which, if determined adversely to us, could negatively impact our patent position. Our success will depend in part on our ability to operate without infringing the intellectual property and proprietary rights of third parties. We cannot guarantee that our business, product, product candidates and methods do not or will not infringe the patents or other intellectual property rights of third parties. There is significant litigation activity in the pharmaceutical industry regarding patent and other intellectual property rights. Such litigation could result in substantial costs and be a distraction to management and other employees.

Possible negative impact of developments in patent law or jurisprudence

The patent positions of biotechnology and pharmaceutical companies can be highly uncertain and involve complex legal and factual questions. The interpretation and breadth of claims allowed in some patents covering pharmaceutical compositions may be uncertain and difficult to determine, and are often affected materially by the facts and circumstances that pertain to the patented compositions and the related patent claims. The standards of the United States Patent and Trademark Office, the European Patent Office, and other foreign counterparts are sometimes uncertain and could change in the future. If we fail to obtain and maintain patent protection and trade secret protection of our product and product candidates, we could lose our competitive advantage and the competition we face would increase, reducing any potential revenues and adversely affecting our ability to attain or maintain profitability.

Targeted and (cost) efficient intellectual property protection

We will not seek to protect our intellectual property rights in all jurisdictions throughout the world and we may not be able to adequately enforce our intellectual property rights even in the jurisdictions where we seek protection.

Filing, prosecuting and defending patents on our product candidates in all countries and jurisdictions throughout the world would be prohibitively expensive, and our intellectual property rights in some countries could be less extensive than those in the United States and Europe. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries, or from selling or importing products made using our inventions.

Risks Related to Our Competitive Position

Intensive competitive sector

We face significant competition for our drug discovery and development efforts, and if we do not compete effectively, our commercial opportunities will be reduced or eliminated.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change and innovation. Our competitors may now or in the future develop drug products that render our products obsolete or non-competitive by developing more effective drugs or by developing their products more efficiently.

In addition, our ability to develop competitive products would be limited if our competitors succeeded in obtaining regulatory approvals for drug candidates more rapidly than we were able to or in obtaining patent protection or other intellectual property rights that limited our drug development efforts. We depend upon our Executive Committee and management to develop and successfully implement strategies for us to obtain regulatory approvals for our selected current and future (including acquired) product candidates more speedily than our competitors.

GLPG3667 faces significant competition in the field of dermatomyositis (DM) and systemic lupus erythematosus (SLE):

- In the field of DM, physical therapy, exercise and medication including corticosteroids, immunosuppressants or recently immunoglobulin treatment are typically used to treat DM. Treatment of this disease has relied for many years on off-label medication. Additionally, in 2021 the FDA approved immunoglobulin treatment Octagam®, based on the Phase 3 ProDerm trial of Octapharma.
- In the field of SLE, corticosteroids, antimalarials and immunosuppressants are commonly used to control lupus disease activity. Only two products are approved to treat SLE, both as add-on to standard therapy: Belimumab (Benlysta®) (anti-BAFF) from GSK and recently anifrolumab (Saphnelo®) (anti-IFN) from Astra Zeneca. There are currently over 10 products in Phase 3 development for SLE, of which the minority are oral – deucravacitinib (SotyktuTM) (TYK2) from BMS, upadacitinib (JAK) from Abbvie and cenerimod (S1P1) from Idorsia/Viatris.

Additionally, these third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, the development of our current and future (including acquired) product candidates. If we, our product candidates or our technology platforms do not compete effectively, it is likely to have a material adverse effect on our business, financial condition and results of operation.

Risks Related to Our Organization, Structure and Operation

Continuously required to successfully attract and retain qualified personnel

We have effected significant changes in our Executive Committee and Board of Directors during financial year 2025 as a result of our change in business strategy, to ensure that our management and Directors have the requisite experience and capabilities, including corporate, business development and strategic assessment capabilities, to implement our revised business strategy.

Our future success depends on our ability to retain these members of our Executive Committee, and to attract, retain and motivate qualified personnel to develop our business if we expand into the fields that will require additional skills and expertise. If we are not successful in attracting and retaining highly qualified personnel, we may not be able to achieve our objectives and successfully implement our business strategy, which could have a material adverse effect on our business and prospects. In the event of a successful acquisition, the retention of key personnel critical to the continued development and advancement of the acquired product candidates will be essential. Attractive development and training programs,

adequate remuneration and incentive schemes, and a safe and healthy work environment mitigate this risk as they, among others, induce valuable qualified personnel to continue their employment or services with our business.

We expect that we will require significant additional investment in personnel, management and resources. Our ability to achieve our business strategy objectives depend on our ability to respond effectively to these demands, expand our internal organization, systems, controls and facilities to accommodate additional anticipated growth, and upon our management developing and implementing strategies for our business to realize these objectives. If we are unable to manage our growth effectively, our business could be harmed and our ability to execute our business strategy could suffer.

Potential product or product candidates manufacture and production issues

We must have a robust quality management system and team in place to ensure (continued) compliance with current good laboratory practices, current good manufacturing practices and current good clinical practices. If we are unable to comply with these practices, this may harm our clinical trials or regulatory process and by extension, our business.

Information technology systems

Our, our third party partners' or vendors', information technology systems and networks could face serious disruptions or suffer security breaches, incidents or compromises that could adversely affect our business. We rely on both internal information technology (IT) systems and networks, and those of third parties and their vendors, to process and store confidential and sensitive data, including confidential research, business plans, financial information, intellectual property, patient data, customer data and personal data that may be subject to legal protection. The extensive information security and cybersecurity threats, which affect companies globally, pose a risk to the security and availability of these IT systems and networks, and the confidentiality, integrity, and availability of confidential and sensitive data.

We continuously assess these threats and make investments to enhance internal protection, detection, and response capabilities, as well as to enhance our third party providers' capabilities and controls to address this risk.

However, because of the frequently changing attack techniques, along with the increased volume and sophistication of the attacks, there is the potential risk for us to be adversely impacted. Although we have invested time and resources in the protection of its information technology and other internal infrastructure systems, we and our vendors, like other companies in the industry, have experienced non-material attacks from time to time, and we and our vendors may experience other such attacks in the future.

The impact of security breaches and significant disruption in the availability of our information technology and networks could result in reputational, competitive, operational or other business harm, financial costs, litigation (including class action claims), regulatory action (for example, investigations, fines, penalties, audits and inspections), as well as interruptions in our collaborations with our partners, and delays in our R&D work, regulatory approval efforts and other work.

Potential non-compliances with evolving privacy and data protection laws and requirements

We have to comply with applicable data privacy laws, including the European General Data Protection Regulation (GDPR) and U.S. state laws, which, among others, imposes strict obligations and restrictions on the collection and use of personal data. In the ordinary course of our business, we collect and store sensitive data. Many third-party vendors that support our business processes also have access to and process personal data. Although we have taken preventative measures and set up procedures regarding data processing, data breaches, loss of data and unauthorized access could still occur. These could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, including the GDPR, and significant regulatory penalties, disrupt our operations and damage our reputation. Any of the foregoing could materially harm our business, prospects, financial condition, and results of operation.

New risks and challenges connected to increasing social media usage

Despite our efforts to monitor social media and comply with applicable rules, there is a risk that the use of social media by us or our employees to communicate about our drug candidates or business may cause us to be found in violation of applicable requirements. In addition, our employees may knowingly or inadvertently make use of social media in ways that may not comply with our social media policy or other legal or contractual requirements, which may give rise to liability, lead to the loss of trade secrets or other intellectual property, or result in public exposure of sensitive information. Furthermore, negative posts or comments in social media could seriously damage our reputation, brand image, and goodwill.

Impact of Sustainability or Environmental Social Governance (ESG) regulations and potential impact or exposure

Our business and operations are subject to numerous human rights, corruption, environmental, sustainability, health, and safety laws and regulations. On the basis of our activities and the requirement to use hazardous materials, we could incur significant costs and reputational loss associated with civil and criminal fines and penalties. Although we maintain workers' compensation insurance, this may not provide adequate coverage against potential claims and liabilities.

Additionally, we may incur substantial costs in order to comply with the existing and future Sustainability and ESG regulations or permitting requirements. At the date of this report, we are subject to the EU's Corporate Sustainability Reporting Directive (CSRD). We are required to report on a broad range of sustainability KPI's and to formulate long-term ESG targets, policy and strategic plans under a double materiality principle. These current, continuously evolving, and future laws, regulations and permitting requirements may impair our business, and failure to comply with them can result in substantial fines, penalties or other sanctions.

Impact of tax legislative changes and exposure to tax liabilities

If we are unable to use tax loss carryforwards to reduce future taxable income or benefit from favorable tax legislation, our business, results of operations and financial condition may be adversely affected. We may incur unexpected tax charges, including penalties, due to the failure of tax planning or due to the challenge by tax authorities on the basis of transfer pricing. Any changes to Belgian and international taxation legislation or the interpretation of such legislation by tax authorities may adversely affect our activities, financial situation and results. Such potential changes and their impact are monitored carefully by our management and advisors.

Being active in R&D in Belgium and the Netherlands, we have benefited from certain R&D incentives. If the Belgian or the Dutch governments decide to eliminate, or reduce the scope or the rate of, the R&D incentive benefits, either of which they could decide to do at any time, our results of operations could be adversely affected.

As a Company active in R&D in Belgium, we also expect to benefit from the innovation income deduction in Belgium. The innovation income deduction regime allows net profits attributable to revenue from among others patented products (or products for which the patent application is pending) to be taxed at a lower effective rate than other revenues. The effective tax rate can thus be reduced down to 3.75%. At December 31, 2025 we had €692.1 million of carry-forward innovation income deduction in Belgium.

Our inability to qualify for the abovementioned advantageous tax regimes, as well as the introduction of the minimum taxable base and any other future adverse changes of Belgian tax legislation, may adversely affect our business, results of operations and financial condition.

We have received several technological innovation grants to date from an agency of the Flemish government to support various research programs and technological innovation in Flanders. If we fail to comply with our contractual obligations under the applicable technological innovation grant agreements, we could be forced to repay all or part of the grants received, which could adversely affect our ability to finance our R&D projects.

Impact of legislative changes

Our business and financial performance may be adversely affected by changes in legislation and regulations. New laws or amendments to existing laws, including those related to tax policy, trade tariffs, and regulatory compliance, could increase operational costs, alter market conditions, or impose additional compliance requirements. These changes may impact our strategic decisions and our business.

(In)accurate budget and performance

We annually establish a detailed budget that is submitted to the Board of Directors for review and approval. Our performance compared to the budget is continuously monitored by our Executive Committee, and is discussed with the Board of Directors at least once per quarter. For the establishment of our financial information, we have processes and methods in place that enable the preparation of non-consolidated and consolidated financial statements for our annual and quarterly reporting. Our management reporting systems – which include an advanced integrated Enterprise Resource Planning (ERP system) – secure the generation of consistent financial and operational information, allowing management to follow-up our performance on a daily basis.

Natural disasters, global conflicts and geopolitical events and their disruptive effects

The occurrence of unforeseen or catastrophic events, including extreme weather events and other acts of god or natural disasters, man-made disasters, electricity or telecommunication interruption, geopolitical and other economic and political events or conditions (such as the armed conflict between the U.S. and Iran, the armed conflict between Russia and Ukraine or the conflict between Israel and Gaza), or the emergence of epidemics or diseases, depending on their scale, may cause different degrees of damage to the national and local economies, and could cause a disruption in our operations and have a material adverse effect on our financial condition and results of operations. Man-made disasters, epidemics or diseases, and other events connected with the regions in which we operate could have similar effects. Further, continuing uncertainty around these and related issues could lead to adverse effects on the economy of the United States and other economies, which could impact our ability to develop and commercialize our products and raise capital going forward.

Market Risks Relating to the Galapagos Shares

We have identified the following major market risks:

- Possible volatility of share price
  The market price of the shares might be affected by a variety of factors outside management's control, such as, without limitation, the global economic situation, the business development of competitors, and sector mergers and acquisitions; it is difficult to mitigate this risk.
- Economic risk due to failure in confidence
  General public confidence about future economic conditions or performance of us, our business, or our suppliers or customers may impact the ability or willingness of others to trade with us.
- Dilution through capital increases
  Raising additional capital may cause dilution to our existing shareholders. By raising additional capital through capital increases with cancellation of the preferential subscription rights of our existing shareholders, these shareholders would be diluted.
- Dilution through exercise of subscription right plans
  The exercise of existing subscription rights can significantly increase the number of outstanding Galapagos shares.
- Inability to distribute dividends
  We have a limited operating history, and future profitability cannot be guaranteed. Galapagos NV has significant losses carried-forward, and will thus not be able to distribute dividends in the near future. This can cause people to refrain from investing in Galapagos' shares.
- Reputational damage
  High ethical standards are maintained throughout the entire organization at all levels. Laws and guidelines are complied with. Our suppliers are required to adhere to contractual terms which include anti-bribery and anti-corruption provisions. In addition, our external consultants are required to comply with our Code of Conduct and our Anti-Bribery and Anti-Corruption Policy.
- Belgian law provisions
  There are several provisions of Belgian company law and certain other provisions of Belgian law, such as, without limitation, the obligation to disclose important shareholdings and merger control, that may apply to us, and which may make an unfriendly tender offer, merger, change in management or other change in control, more difficult. These provisions could discourage potential takeover attempts that third parties may consider, and thus deprive the shareholders of the opportunity to sell their shares at a premium (which is typically offered in the framework of a takeover bid).

General Statement about Galapagos' Risks

According to our current assessment and knowledge, we consider the major risks to be manageable, and our going concern not to be endangered at the time of the current report. Assuming no further deterioration of the global business, financial, and regulatory environment, we consider ourselves prepared to meet future challenges.