



## **Galapagos NV**

Issuance of shares with cancellation of the preferential subscription right  
Statutory auditor's report to the board of directors in accordance with  
articles 596 and 598 of the Companies Code

The original text of this report is in Dutch

## Issuance of shares with cancellation of the preferential subscription right Statutory auditor's report to the board of directors of Galapagos NV in accordance with articles 596 and 598 of the Companies Code

In accordance with articles 596 and 598 of the Companies Code, we have reviewed the attached special report of the board of directors of 23 August 2019. This report relates to the cancellation of the preferential subscription rights of the existing shareholders in favor of Gilead Therapeutics A1 Unlimited Company within the framework of the proposed capital increase under the authorized capital. The board of directors proposes to increase the share capital of the Company, within the framework of the authorized capital, through issuance of a maximum number of 6 828 985 new shares of the Company.

The purpose of this report is – according to said articles – the following:

Article 596:

*"The general shareholders' meeting, which has to discuss and conclude on the capital increase, the issuance of convertible bonds or the issuance of warrants, can, taking into account the requirements with respect to quorum and majority required for an amendment to the articles of association, in the interest of the company, limit or cancel the preferential subscription right. The proposal thereto has to be specifically mentioned in the invitation.*

*The board of directors justifies its proposal in a detailed report that specifically relates to the issuance price and to the financial consequences of the transaction for the shareholders. A report has to be drafted by the statutory auditor or, in his absence, by a certified auditor assigned by the board of directors, or by an external accountant, assigned in the same way, in which he states that the financial and accounting information, included in the report of the board or directors, is accurate and sufficient to inform the general shareholders' meeting that has to vote on this proposal. The reports are deposited at the Court Registry of Commerce, in accordance with article 75. They are mentioned in the agenda. A copy can be obtained in accordance with article 535.*

*The absence of the reports mentioned in this article has the annulment of the decision of the general shareholders' meeting as a consequence.*

*The decision of the general shareholders' meeting to limit or cancel the preferential subscription right has to be deposited at the Court Registry of Commerce, in accordance with article 75."*

Article 598:

*"In case the preferential subscription right is limited or cancelled in the interest of one or more individuals who are not employees of the company or of one of its subsidiaries, the identity of the beneficiary or beneficiaries of the limitation or cancellation of the preferential subscription right must be mentioned in the report of the board of directors as well as in the invitation.*

*In addition, for companies, quoted on a stock exchange, the issuance price cannot be below the average stock price, from the thirty days prior to the day on which the issuance started.*

*For the other companies than those mentioned in the second paragraph, the issuance price has to be at least equal to the determined intrinsic value of the effect, which is, except when there is unanimous agreement between the shareholders, determined on the basis of a report from either the statutory auditor, either – for the companies which have no statutory auditor – by a certified auditor assigned by the board of directors, or by an external accountant, assigned in the same way.*

*The reports, drafted by the board of directors, have to mention the consequence of the proposed issuance on the former shareholder's situation, especially relating to his share in the earnings and the share capital. A statutory auditor, or in his absence, a certified auditor, assigned by the board of directors, or an external accountant assigned in the same way, has to prepare a detailed advise on the elements based upon which the issuance price has been calculated, as well as on its justification."*

In our opinion the financial and accounting information, in the attached special report of the board of directors as of 23 August 2019 is accurate and sufficient to inform the board of directors, who act in accordance with the authorized capital and ultimately the shareholders, on the proposed cancellation of the preferential subscription right of the existing shareholders in favour of Gilead Therapeutics A1 Unlimited Company within the framework of the proposed capital increase under the authorized capital.

The issue price for the new shares within the framework of this transaction is 140,59 EUR per share. This issue price represents a 20% premium as compared to the average of the volume weighted average prices of the Company's shares on the regulated market of Euronext (Brussels and Amsterdam) during the thirty calendar days preceding the date of signing the Subscription Agreement agreed between the company and Gilead Therapeutics A1 Unlimited Company and is in accordance with article 598 of the Belgian Company Code which is stipulating that the issuance price cannot be below the average stock price, from the thirty days prior to the day on which the issuance started in case the preferential subscription right is limited or cancelled in the interest of one or more individuals who are not employees of the company or of one of its subsidiaries.

This report is intended solely for the use of the board of directors and in ultimo the shareholders of the company in the framework of the cancellation of the preferential subscription right as described above. It therefore cannot be used for any other purpose.

Zaventem, 23 August 2019

**The statutory auditor**



**Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL**

Represented by Gert Vanhees

Appendices:

- Special report of the board of directors of 23 August 2019, in accordance with article 596 and 598 of the Companies Code relating to the cancellation of the preferential subscription rights of the existing shareholders in favor of Gilead Therapeutics A1 Unlimited Company within the framework of the proposed capital increase under the authorized capital.

**Deloitte.**

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