Galapagos NV(2025 Update)

January 08, 2025

Corporate Speakers:

- Srikant Ramaswami; Galapagos NV; Senior Vice President and Global Head of Corporate Affairs and Investor Relations
- Paul Stoffels; Galapagos NV; Chairman and Chief Executive Officer
- Thad Huston; Galapagos NV; Chief Operating Officer and Chief Financial Officer
- John Mellors; Galapagos NV; Head of Cell and Antibody Therapy Discovery

Participants:

- Emily Field; Barclays; Analyst
- Xian Deng; UBS; Analyst
- Judah Frommer; Morgan Stanley; Analyst
- Alexander Kelly; TD Cowen; Analyst
- Shan Hama; Jefferies; Analyst
- Brian Abrahams; RBC Capital Markets; Analyst
- Jacob Mekhael; KBC Securities; Analyst
- Matthew Cowper; Leerink Partners; Analyst
- Jason Gerberry; Bank of America; Analyst

PRESENTATION

Srikant Ramaswami^ Good afternoon to those of you joining us from Europe. And good morning to those of you joining us from the U.S. Thank you all as we lay out our bold vision for Galapagos moving forward. Earlier this morning, we issued a press release outlining these plans.

This release, along with today's webcast presentation slides, can be found within the Investor Relations section of the Galapagos website. Before we begin, I'd like to remind you that forward-looking statements may be presented during this call.

These may include statements about our future expectations, clinical developments, regulatory timelines, the potential success of our product candidates, financial projections and upcoming milestones.

Actual results may differ materially from those indicated by these statements and are accurate only as of the date of this recording January 8, 2025. Galapagos is not under any obligation to update statements regarding the future or to conform these statements in relation to actual results unless required by law.

Joining us on today's call from Galapagos' senior management team are Dr. Paul Stoffels, Chairman and Chief Executive Officer; and Thad Huston, Chief Operating Officer and Chief Financial Officer. With that introduction, let me now turn the call over to Dr. Stoffels. Paul?

Paul Stoffels^ Thank you, Sri. And thank you all for joining us today to discuss what we believe is an exciting transformational transaction for Galapagos and its stakeholders. In just over two years, Galapagos has undergone a profound transformation, establishing a strong foundation for long-term value creation.

Our journey began with a strategic pivot to transform Galapagos into a pioneering biotech company by expanding into life-changing cell therapies. Today marks an important milestone on that journey.

As many of you know in 2019, Galapagos entered into a 10-year global option license and collaboration agreement or OLCA with Gilead.

Since that time Gilead, Galapagos, and the biotech industry as a whole have all evolved. As a result, we and Gilead recognized some of the opportunities that current industry advances and financial market conditions have created.

Consequently, given the limitations of the OLCA, we came together to develop a thoughtful and creative solution that would allow us to unlock even more value for all of our stakeholders.

Today we are delighted to announce our plans to separate into two entities, Galapagos and SpinCo with Galapagos continuing to advance our global cell therapy leadership in addressing high unmet medical needs, with full ownership of all of our programs, and SpinCo focusing on building a pipeline of innovative medicines through transformational transactions.

Gaining full global rights from Gilead to a robust discovery and development pipeline supports our commitment to executing our strategy for accelerated growth and value creation as a leader in the development of cell therapies.

Importantly, it supports our mission to accelerate the development and delivery of new medicines to patients in need. We are also spinning out a newly formed Belgium entity, SpinCo with significant capital to deploy for the acquisition of companies and assets.

We believe that the scientific and clinical advances made over the past few years, combined with an environment of time with capital provide significant opportunities for SpinCo to invest in promising new therapeutic opportunities.

By separating into entities, we are offering a win-win situation for our stakeholders as we can create even more value as independent entity with unique strategies in our respective

areas of expertise. The termination of the OLCA with Gilead will allow Galapagos shareholders to benefit from the full value of our programs.

As I noted, what had previously worked both for Gilead and Galapagos has changed and presented both limitations and opportunities. Transferring the OLCA to SpinCo and capitalizing it appropriately to make transformational transactions will allow Galapagos shareholders to benefit from its separate value creation as they will have equal holdings in SpinCo.

In terms of the structure of the transaction, we are announcing today, each shareholder of Galapagos will receive one share of SpinCo for every share they hold in Galapagos stock. As I have noted, Galapagos will continue to focus on advancing its next-generation cell therapy pipeline, which we will review in detail in a moment.

SpinCo has been allocated EUR 2.45 billion in capital to work with Gilead as a collaboration partner to identify and invest in building a pipeline of innovative medicines with robust demonstrated clinical proof of concept by acquiring one or more companies or assets in oncology, immunology and virology.

We believe that today's transaction brings a number of benefits for both patients and investors.

For investors, Galapagos now has the opportunity to exclusively focus on its strategy to develop its next-generation cell therapy portfolio and allocate resources and capital in a way to maximize that strategy.

Galapagos will remain well capitalized to execute on the strategy, and we'll have cash runway to '28.

With EUR 2.45 billion in capital, SpinCo will be well positioned to execute transformational acquisitions to give investors exposure to an exciting portfolio of transformational medicines. Most importantly, this transaction is designed to benefit the patients we serve by both accelerating and expanding our ability to bring new medicines to market.

From Galapagos perspective, we are in a position to do this by focusing on advancing our decentralized manufacturing platform and next-generation cell therapy strategy.

On the other hand, through its acquisition strategy, SpinCo will look to acquire and advance a portfolio of assets that have the potential to revolutionize the standard of care for diseases with significant unmet needs. This transaction allows Galapagos to focus on executing a bold vision for leadership in cell therapies.

Our decentralized manufacturing platform gives us a unique advantage and positions us for success as we grow our next-generation cell therapy portfolio in areas of serious unmet medical needs.

We are well capitalized to advance our portfolio and platform toward value-creating milestones. Importantly, the termination of the OLCA gives us freedom to operate and to fully invest in our own assets and programs and to reap the rewards of our future achievements.

As we think about our approach to cell therapy and how we are looking to bring this promising modality to the next level, we are focused on a series of strategies that we believe will provide a number of benefits to patients and overcome some of the limitations we have seen with existing cell therapies.

Firstly, we remain focused on getting treatment to patients faster with our goal of seven-day vein-to-vein time. Not only does this bring a series of logistical and cost benefits, but by providing patients with fit cells, we believe we are improving efficacy and safety and providing a solution for all lines of therapy, especially those patients with a very short life expectancy.

On the logistical side, we continue to look to build decentralized manufacturing units giving patients direct access to our therapies and limiting logistical constraints.

We are also building partnerships with countries, hospital networks, health care organizations and payers to increase access significantly. All of this being done in a highly cost-effective way taking advantage of automated closed sterile production system, limited manual work, thereby reducing the cost of goods significantly.

We are doing all this while also advancing a series of cell therapies, we believe have potential to be best-in-class by also taking advantage of combination targeting and armoring to best treat a range of hematological and solid tumors.

Finally, we'll also look to partner our platform with cell therapy companies, leveraging our global network for access.

For example, as we did with Adaptimmune. Our decentralized manufacturing was designed to overcome the limitations of current cell therapy manufacturing, which is centralized and bears high cost burdens and long production times.

Our seven-day vein-to-vein time is designed to provide fresh fit cells, which we believe enhances therapeutic profile producing highly potent cells that are less exhausted, less toxic and persist longer.

We currently have five operational and approved manufacturing sites in several EU countries and are actively expanding in Europe and the U.S. We have multiple sites in different phases of technology transfer and startup, and will activate them in a continuous process.

The first U.S. manufacturing site will be Landmark Bio in the Boston area, but we also have multiple other sites in startup, for example, we signed Thermo Fisher for the San Francisco area as well.

We believe the advantages of our Cocoon processes make it ideal for point-of-care manufacturing, given its close systems, lean design, user-friendly interface, data monitoring capabilities, automation, scalability, and a reliable supply by Lonza.

We truly are excited by the opportunity ahead for Galapagos to lead in cell therapy, drug development, and the decentralized manufacturing system is core to that strategy.

Moving forward, Galapagos will focus on unlocking the broad reaching potential of this decentralized cell therapy manufacturing platform as we advance a robust cell therapy pipeline, which now includes three CAR-T assets in clinical development across nine indications, and 10 preclinical cell therapy programs including uza-cel, our TCR T cell therapy candidate for the treatment of head and neck cancer, which will allow also to be produced on our platform in collaboration with Adaptimmune.

To call out a few highlights here. We are making great progress with the Phase I/II ATALANTA-1 clinical trial of GLPG5101 in non-Hodgkin lymphoma or NHL. As you know this is a basket trial in a number of indications, which you see listed here on the slide.

We were particularly pleased to present this new data from the ATALANTA study at ASH last month in San Diego. These results support the feasibility and potential clinical benefits of our innovative platform to deliver fresh fit cells with a medium vein-to-vein time of just seven days.

These data illustrate our enthusiasm for going all in on these programs. It is much more than just the small numbers. Now it is the time and we think today's transaction positions us to build on the success we have seen thus far.

Our small molecule programs were built on more than 20 years of research and have identified more than five programs in both oncology and immunology. This platform is led by two late-stage programs in Phase II clinical development. Here, we have the opportunity to build value through partnerships as we continue to have confidence in our pipeline's best-in-class potential.

The continued unmet medical need in a number of immune-mediated diseases offers a significant market opportunity and should make our programs attractive opportunities for companies already operating in immunology are looking to break into this growing market where there are more than 4 million people affected by greater than 80 types of immune-mediated diseases.

Our most advanced candidate is our TYK2 inhibitor, GLPG3667, which in preclinical and in first-in human clinical data showed it to be a selective and potent inhibitor of

TYK2, resulting in a near complete inhibition of type I interferon signaling for a 24-hour cycle which is supportive for a once-daily administration.

We intentionally selected SLE and dermatomyositis as our first indications because type 1 interferon plays a key role in both diseases.

Our Phase II program offers an attractive partnership opportunity because despite some progress with the management of SLE over the past decade, flares, morbidity and mortality continue to remain a significant concern and quality of life is for among patients living with SLE. Beyond SLE and dermatomyositis, TYK2 inhibition offers potential in several other autoimmune indications, further expanding its market opportunity.

As you can see on this slide, we have an exciting year ahead with the potential to achieve a number of value-driving catalysts. Moving ahead with our focus on cell therapy, we expect to start enrolling patients in the U.S. which will be an important milestone.

As I mentioned, we have both the clinical sites and the manufacturing facility ready to go and look forward to initiating this work at leading cancer centers. Beyond this, we continue to build out our DMU network and are focusing on building the infrastructure to support our planned global expansion.

Business development remains core to our strategy as we seek to partner our small molecules, expand globally and bring in assets that align with our focus to advance our leadership in cell therapy drug development. Galapagos will continue to be led by a blue chip management team that has the experience and domain expertise to drive our growth and leadership in cell therapy during drug development.

Our team of dedicated and talented professionals will now have the strategic flexibility to execute a strategy based on its four key principles, pioneering for patients, diversifying and accelerating our pipeline, partnering for greater impact and making it happen as a team. With that, let me turn the call over to my colleague, Thad Huston.

Thad Huston^ Thanks, Paul. We are very excited by the opportunities we can create by separating Galapagos into two entities. Paul has reviewed the benefits for Galapagos as an independent company that can now fully own its programs and platforms. But now let’s look at how we plan to create value from SpinCo.

Over the past few years, there have been significant advances in the science, technology and clinical development of new medicines. Unfortunately, the capital markets have been tight over the same time period, leaving many companies struggling for financing. This has led some companies to sell off promising assets or to search for other strategic alternatives to further the clinical development.

For companies with capital to deploy, such as SpinCo, we believe this creates multiple opportunities to build value.

SpinCo, together with Gilead as our collaboration partner, will have significant cash to support the development of new biotech companies to help bring innovative therapies to patients all over the world facing unmet medical needs.

SpinCo will be capitalized with EUR 2.45 billion, which should provide multiple options for value creation through acquisitions of companies or assets operating in oncology, immunology, virology, and other areas of unmet need.

SpinCo will have its own independent management team and Board. On this slide, you can see the initial actions that are planned for setting up SpinCo for success. During the separation of Galapagos and SpinCo, SpinCo will work to appoint a management team and Board.

Initially, SpinCo will launch on Euronext and work towards announcing an initial acquisition. Additionally, SpinCo will explore partnerships, licensing and acquisition to support the development of new biotech companies to help bring innovative therapies to patients.

Looking to what the governance structure for both companies will look like. First, both companies will be based in Belgium. Galapagos will continue to trade on Euronext and NASDAQ.

SpinCo will file for listing on the Euronext initially with plans to also list on NASDAQ. Importantly, pending listing approvals, both companies would publicly be traded on Euronext and will be based in Belgium.

Both companies will be appropriately capitalized to achieve their independent value-creating milestones, giving our shareholders the opportunity to leverage the unique potential of each entity.

In the meantime we will be assembling an experienced management team and Board for SpinCo that will have considerable expertise in biotechnology, business development, and drug development.

We look forward to keeping you informed as we make these key appointments. With regard of Gilead’s shares, they hold 25% of Galapagos, and they will also hold 25% of SpinCo.

Turning now to how these transformational transactions affect the organization. Moving forward, we intend to reorganize our business to focus on potential long-term value creation in cell therapy with an anticipated reduction of approximately 300 positions across the organization in Europe, which represents 40% and of our employees.

This reorganization will result in meaningful reductions in staff in Belgium and the site in France will be closed. Galapagos will continue to operate from Princeton and Pittsburgh, United States and from Leiden in the Netherlands and Mechelen in Belgium in Europe.

We are extremely thoughtful in our efforts to reorganize the company with the goal of having the flexibility to execute on our immediate priorities and build for long-term sustainable growth. This was a difficult decision to make, and we believe that it will rightsize Galapagos for future success and its renewed focus on cell therapies.

We are especially grateful to our departing employees for their significant contributions and their dedication to making a difference in the lives of patients.

Ultimately, we believe today's transaction brings a series of benefits and opportunity for both shareholders as well as patients with Galapagos continuing to focus on its efforts in advancing its cell therapy portfolio.

In SpinCo, well capitalized to acquire an exciting portfolio of therapies. We are very focused on the value creation opportunities over the near to long term for both entities. Now let me turn it back to Paul for some closing remarks. Paul?

Paul Stoffels^ Thank you, Thad. As we embark on this new chapter for Galapagos, we remain focused on our core values and mission, namely our commitment to transforming patients' outcome to life-changing science and innovation.

We look forward to sharing more updates with you in the coming months and appreciate your ongoing trust and confidence in our vision. Thank you once again for your time today.

We are excited about the future and the opportunities that lie ahead for Galapagos and SpinCo. Operator, we are ready to open the call for questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) The first question comes from the line of Emily Field from Barclays.

Emily Field^ Paul, I believe you mentioned in the opening remarks that [RemainCo] will have a cash balance through to 2028.

So I was just wondering, are there any circumstances where you would expect that you would need to raise capital prior to that because that's just one of the incoming questions we've had today concerns about only having EUR 500 million at RemainCo given the funding needs of the advancing cell therapy pipeline.

Thad Huston^ Emily, it's Thad here. Thanks for the question. Yes. We are reducing significantly our burn rate. We're saying to $175 million to $225 million per year. We

estimate after restructuring to be at separation with about EUR 500 million in capital. We do think that, that gets us to kind of late ‘27, early ‘28 in terms of cash runway.

In that time we do think that we’ll have a number of inflection points that where we would also look to raise capital along the way or potentially partner, as Paul mentioned in his remarks, the platform that we have that’s very unique with decentralized manufacturing. There may be opportunities to either partner or raise capital in that timeframe.

Operator^ Your next question comes from the line of Xian Deng from UBS.

Xian Deng^ This is Xian from UBS. Exciting time. So also, it’s kind of related to the first question from Emily. So just wondering, for the RemainCo, you expected to have about $500 million cash for the runway to 2028.

So just wondering where do you think your pipeline would be by that time? Do you see the potential launch of your lead asset at that time? Just any sort of thoughts on what type of R&D progress you could do with that cash, that would be great.

Thad Huston^ Thank you, again. Thanks, Xian, for the question. I do think that our ambition and goal is to have our first cell therapy program launched by 2028, which is 5101. We think that, that is -- obviously creates a big value inflection point for the company. And also, we’re pursuing multiple indications for that asset. Anything to add, Paul?

Paul Stoffels^ No. And the first indications we are testing, what we presented at ASH, you can go back to that presentation online, is that we have very good results in several indications, give very good safety and efficacy results. We continue to recruit the Phase I/II study, finish that. And hopefully, by the end of the year, be able to move to a submission for pivotal following in ‘26, so that is what the timelines are, and we’ll come back at our annual review in a few weeks, and we’ll give further updates on our programs in detail.

Operator^ Your next question comes from the line of Judah Frommer from Morgan Stanley.

Judah Frommer^ Just a question on kind of the Spin decision. How much did business development efforts at Galapagos and maybe excitement around them inform the decision? And can you just touch on, I think, virology is a new therapeutic area and kind of the list of focus areas for you. So can you give us any background on where that new focus came from?

Paul Stoffels^ Well the focus of -- the addition of the focus of virology is that’s very high on the agenda of Gilead as well as we were interested in that basically, but that is why we name it as potential opportunities still.

We have done an extensive business development with our team looking into different opportunities, but the opportunity for us was never the right one at the right price at the right moment.

And also, we were fully busy with our two platforms, small molecules as well as cell therapy to add another platform or antibody or bispecific, it was very complicated for us to make it fit in the organization, but plenty of opportunities there for the new co, the SpinCo to pick up multiple opportunities in the market with the capabilities that the team will have.

Thad Huston^ Yes. It's really about focus, I think, also with EUR 2.45 billion with a focused management team just pursuing business development opportunities that create value in the fields of oncology, immunology and virology, there's a lot of optionality there and a lot of potential. And then for Galapagos and our management team to be focused on really driving cell therapy is going to be critical for value creation as well.

Operator^ Your next question comes from the line of Phil Nadeau from TD Cowen.

Alexander Kelly^ This is Alex on for Phil. Just curious if you think the separation might affect the speed of development of Galapagos' cell therapy programs including the expansion of U.S. manufacturing clinical sites?

Thad Huston^ Well one, we believe that by focusing that will even help the acceleration. I think in the past, we had both small molecules, cell therapy, immunology, oncology, I think being solely focused in cell therapy and oncology will allow us to have the whole organization with the resources and the capabilities and the capital to really drive our key priorities with the DMU network, and also driving our priority programs for cell therapy.

Paul Stoffels^ Yes. Let me add that two things last year triggered the fact that we are convinced we can do this, is one, the FDA approval of our IND because the seven-day vein-to-vein has a continuous production process which does quality control during the process and then releases immediately at day seven, which is like quite innovative, because of the Cocoon, a closed sterile box, a closed sterile production system that is possible. And that was a real breakthrough for us to enter the U.S. once that was happening.

And second, good results on our first indications, which are very highly appreciated by the top oncologists hematologists in the U.S. Those two encourage us that we can very much accelerate now with being focused on cell therapy. And we, of course, while we will reduce in the U.S., we will build further out the U.S. -- Europe, sorry, we'll build further out the U.S. capabilities to make this true.

And so a lot of the work will be on operations, but also on quality to make sure we have an industry quality cell therapy network to deliver as we go forward for clinical and commercial.

Thad Huston^ Yes. Obviously having a major restructuring in Europe is a disruption. But again, as Paul said, we're very focused on building the U.S. cell therapy organization and staying focused on delivery of our key priorities and objectives.

Operator^ Your next question comes from the line of Shan Hama from Jefferies.

Shan Hama^ One of your preclinical assets like beyond bispecific that you announced last year, I remember, there was quite a lot of enthusiasm about that. Is that still to enter the clinic this year, if I'm not mistaken? And similarly, on the ATALANTA-1 trial, is it fair to say that it could start enrolling patients this quarter?

Paul Stoffels^ Maybe John, can you take the first question?

John Mellors^ Yes. I'm glad to. My name is John Mellors. I'm Head of Cell therapy discovery and early development. Yes. The plan is to go into first-in human by end of the year with our next-generation CAR-T cells that are armed to persist and kill tumor cells and target multiple antigens within the tumor. As Paul mentioned, although CAR-T cell therapy is a major innovation.

It's still shortcomings including lack of persistence of CAR-T cell relapse of the tumor and often relapse of the tumor with loss of the target. And we have designed state-of-the-art next-generation CAR-T cells to address those limitations for both hematologic cancer by the end of the year and solid tumor by early 2026.

Paul Stoffels^ And -- thank you, John. With regard to your question on ATALANTA, yes, it is a full objective to get this starting enrolling in the U.S. this quarter, more update also in -- at our year-end meeting.

Operator^ Your next question comes from the line of Brian Abrahams from RBC Capital Markets.

Brian Abrahams^ I was hoping you could help us better understand. So what does this new structure enable you to do that having the cash still housed in Galapagos, perhaps just with some additional BD bandwidth added did not. Like both Gilead's involvement and identification of potential BD opportunities differ under this new structure? Are there any changes to the Gilead terms and agreement duration as it applies to this new entity?

Thad Huston^ Yes. That's a great question. And thank you for that. I think to me, it really unlocks focus on both sides. So yes, we have a BD team and a very capable one, and we've looked at a number of deals.

But I think the dynamic was always that we had to find deals that obviously fit our strategy within Galapagos also aligned with Gilead's strategy and then also fit under the OLCA agreement that we have with Gilead.

I think this new SpinCo structure actually creates more flexibility. One, it's a dedicated team that's only doing business development initially to identify deals that really can unlock value.

It also has more flexibility built in with Gilead around the OLCA in the agreement ultimately so that you could potentially do, let's say, larger deals or other types of deals.

So I think also, it's not limited in terms of the areas, the therapeutic areas beyond what we stated as oncology, immunology and virology. So it could be a small molecule. It could be a biologic. It could be different types of assets. So -- and I think that team's focus is really key here.

Operator^ Your next question comes from the line of Jacob Mekhael from KBC Securities.

Jacob Mekhael^ I have a few. I think my first one is in the press release, we saw that Gilead commenced to negotiate in good faith to amend the option agreement for future BD deals. And does the EUR 150 million opt-in still remain in place for the time being? And secondly, can you provide some examples of future BD scenarios that would lead to amending the agreement? And what would Gilead like in return for waiving that $150 million opt-in rights?

Thad Huston^ Yes. That's a great question, Jacob. And look, I think that's the point of the previous question is, I think Gilead's committing to amend or adjust to have value-creating deals for all shareholders.

So essentially, the structure doesn't limit us or SpinCo to the $150 million opt-in. I think it will really depend on the deal and the kind of the overall economic framework of that deal. But it has to be in the best interest of all shareholders in SpinCo.

Paul Stoffels^ Just to remind you, it will be a company with an independent Board also with independent directors who are -- who will be set up to make sure that the value for all of the shareholders is respected in the transactions.

And so that is where Gilead will do its job and the directors will make sure that they oversee value-creating deals for shareholders. So I think the Board of Galapagos proposess to set it up in a way which protects shareholders for their rights.

Thad Huston^ Yes. We -- I just want to also say we very much value the partnership with Gilead and coming up with this construct to both unlock value for Galapagos with no OLCA, but then also to have the creation of SpinCo with the significant capital deployed, we think we'll also unlock value there. So it's really a win-win for both Galapagos and Gilead and investors.

Jacob Mekhael^ Okay. Very clear. Just one more follow-up on the NewCo, how quickly is this new company able to ramp up its activities? For example, is there already a short

list of M&A targets to go after once the company is up and running? Or is it going to depend on the new management that will be installed?

Paul Stoffels^ Yes. It's -- there will be a new management installed. There will be a new Board installed. In the interim, new opportunities will be considered, but it will effectively start going at the moment the company does a split off.

Thad Huston^ I think every day, we see that in this bit of my comments in the introductory remarks, the market dynamics, and of course, there's a lot of great signs that's developing, but where financing is a challenge. And I think if this SpinCo can really help solve that and invest in different biotechnology opportunities. I think it could be really exciting for investors and for SpinCo.

Operator^ Your next question comes from the line of Faisal Khurshid from Leerink Partners.

Matthew Cowper^ This is Matt Cowper on for Faisal Khurshid. Ahead of this decision were any other options considered before deciding that SpinCo creation was the right move? And then on SpinCo, do you have like an idea of what deal sizes they'll be looking for? And how do you feel about China licensing?

Thad Huston^ Yes. I mean we've looked at a number of options. And of course, we work with our advisers and our Board to really thoroughly assess all potential options.

We did see that the underlying opportunity to really focus, particularly in cell therapy, as Paul and John said, there's really some exciting data and opportunity that we see with our decentralized platform that gives us conviction that we can really create value on that side.

On the other side, we wanted to make sure that we had the appropriate capital deployment between the two entities to create different options. And to answer your last part of the question, it does with EUR 2.45 billion, create a lot of options. You could obviously do a larger deal.

It's more late stage or you do a series of smaller investments or smaller deals that creates a portfolio of assets either in one therapeutic area or in different therapeutic areas. So lots of optionality and flexibility.

Paul Stoffels^ Let me reconfirm that the Board did a very extensive work and evaluated multiple options before concluding that this was the best option for value creation for Galapagos and for the shareholders, and that was then reviewed by the appropriate review mechanisms in the Board by the special committees, et cetera, and we decided to move forward with that.

So -- and this was advised by the banks which are listed on the press release with significant efforts. So yes, thank you.

Operator^ (Operator Instructions) And the question comes from the line of Jason Gerberry from Bank of America.

Jason Gerberry^ Mine is just with regards to SpinCo and future deals, I guess one of the legacy issues with Galapagos and why the stock had a negative EV was perhaps the inability to do late-stage deals given the Gilead opt-in.

So what I'm curious about is sort of like is there a plan to share with investors in more explicit terms at all, sort of what economic sharing could look like with later transactions? Or would investors need to wait and see with future deals, how they're struck and how you maybe overcome the legacy issues with the OLCA.

I'm just curious how that will shape up and how investors will get a clear understanding of maybe how that dynamic would work?

Thad Huston^ Yes. I think, obviously it will depend on the size of the deal, but I do think that this construct will provide more opportunity to do late-stage deals. I think the whole vision is to do transformational deals that really have near-term value creation opportunities.

I do think it depends on the deal and ultimately how value will be split. But I think the underlying premise is that all shareholders would benefit not just Gilead and we'd have to then split value in different ways.

It would not be the same construct per se for a late-stage deal, it's an early-stage deal, and certainly wouldn't necessarily be the same construct that we have today with Gilead.

Paul Stoffels^ And with regard to your question on -- yes, there will be, of course, a listing of this new company. And in the prospectus, there will be a lot of more information on the principles of operation, the governance and the way the company will start working.

So with that, we'll provide as a company information from both sides, Gilead and Galapagos more information in the future as that becomes available.

Thad Huston^ Yes. And I think excitingly, would be to have an experienced management team and Board that really has extensive business development in biotech experience and development of new assets, so.

Jason Gerberry^ And if I could squeeze a follow-up in what functions of the organization are going to be most impacted by this planned headcount reduction?

Thad Huston^ It goes mainly -- it's mainly our small molecule discovery is probably the largest impact as well as our -- we call it shared services or admin functions. Of course, a lot of those positions are impacted in Europe, particularly in Belgium.

I just want to reiterate, too, I mean we are taking very seriously and also in the design of this management plan going forward to really significantly impact our organization to focus on cell therapy to reduce our burn rate at the same time focus our investments that are going to add the most value going forward. And we think that our cell therapy platform and pipeline is very exciting, and we really can add near-term value.

Operator^ Your next question comes from the line of Jacob Mekhael from KBC Securities.

Jacob Mekhael^ I just have one more follow-up on your TYK2 inhibitor program, what kind of deal structure are you seeking? And have you already had some interest from potential partners on this program?

Paul Stoffels^ Well first, the TYK2 trials are moving very well. Again, an update will give a year review, 2024 review. The -- we are committed to make sure that the study is completed, and that will be done in the next 12 to 18 months.

And then we'll, in the meantime look for opportunities, whether people are interested now or whether they will be interested at completion. So there are no -- since we just -- we have -- since we were always in our collaboration agreement with Gilead, we have not yet explored potential opportunities here.

Operator^ There seems to be no further questions. I'll now hand the call back to Sri Ramaswami for closing remarks.

Srikant Ramaswami^ Thank you again for all of you for joining today's call. The team will be in San Francisco next week as we are presenting at the JPMorgan Healthcare Conference on Wednesday, January 15 at 1:30 p.m. Pacific Time. And if you're interested in connecting with us in person during JPMorgan week, please feel free to reach out to me directly. My e-mail is at the bottom of the press release. Have a wonderful day, and we look forward to seeing some of you in San Francisco.

Operator^ This concludes today's conference call. Thank you for participating. You may now disconnect.