

Corporate Governance

Our Board of Directors	144
Our non-executive directors	149
Our Executive Management	157
Dutch Corporate Governance Code, "Comply or Explain"	160
Risk appetite & control	162
Compensation Statement and Remuneration Report	164
Employees	184
Certain relevant provisions of applicable law and our articles of association	184

6. Corporate Governance

6.1. Our Board of Directors

6.1.1. BOARD STRUCTURE

We have a one-tier board structure consisting of an executive director who is responsible for our day-to-day management and non-executive directors who are (amongst others) responsible for the supervision of the executive director. Set out below is a summary of certain provisions of Dutch corporate law as at the date of this Registration Document, as well as a summary of relevant information concerning our board of directors and certain provisions of the Articles of Association and Board By-Laws (terms of reference) concerning our board of directors.

6.1.2. GENERAL

The summaries of parts of our Articles of Association and By-Laws section 6.1 do not purport to give a complete overview and should be read in conjunction with, and are qualified in its entirety by reference to the relevant provisions of Dutch law as in force on the date of this Registration Document and the Articles of Association and Board By-Laws. The Articles of Association are available in the governing Dutch language and an unofficial English translation thereof, and the Board By-laws are available in English, on our website.

6.1.3. DUTIES

Under Dutch law (Section 2:129 paragraph 1 of the DCC), our board of directors is collectively responsible for our general affairs. Pursuant to our Articles of Association, our board of directors will divide its duties among its members, with our day-to-day management entrusted to the executive directors. The board is responsible for the general affairs in the company and the business connected with it. The non-executive directors are tasked with supervising the management of the Company and providing the executive director with advice. In addition, both the executive director and the non-executive directors must perform such duties as are assigned to them pursuant to the Articles of Association. The division of tasks within our board of directors is determined (and amended, if necessary) by our board of directors. Each director has a duty to properly perform the duties assigned to him or her and to act in our corporate interest. As a principle under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees and other stakeholders.

Our sole executive director, Tim Van Hauwermeiren, may not be allocated the tasks of: (i) serving as chairperson of our board of directors; (ii) determining his remuneration; or (iii) nominating directors for appointment. The executive director may not participate in the adoption of resolutions (including any deliberations in respect of such resolutions) relating to his remuneration. Certain resolutions of our board can only be adopted with the consent of a majority of the non-executive directors.

6.1.4. ROLE OF THE BOARD IN THE ADOPTION AND IMPLEMENTATION OF OUR STRATEGY

The board of directors, our executive director as well as our non-executive directors, define our strategy (as further set out in paragraph 3.1.2 “Strategy and Objectives” on page 58 of this Registration Document). Our strategy is regularly discussed and monitored at our board meetings, which take place by means of physical meetings (generally in Amsterdam, the Netherlands) or via teleconference facilities. For a description of the specific topics of responsibility of the board of directors and each of its committees, please refer to section 6.1 on page 144 and further.

6.1.5. ROLE OF THE BOARD IN RISK OVERSIGHT

Our board of directors is responsible for the oversight of our risk management activities and has delegated to the audit committee the responsibility to assist our board in this task. While our board oversees our risk management, our management is responsible for day-to-day risk management processes. Our board of directors expects our management to consider risk and risk management in

each business decision, to proactively develop and monitor risk management strategies and processes for day-to-day activities and to effectively implement risk management strategies adopted by the board of directors. We believe this division of responsibilities is the most effective approach for addressing the risks we face.

6.1.6. COMPOSITION, APPOINTMENT AND DISMISSAL

The Articles of Association provide that our board of directors will consist of our executive director(s) and non-executive directors. The number of executive directors must at all times be less than the number of non-executive directors. The number of directors, as well as the number of executive directors and non-executive directors, is determined by our board of directors, with the proviso that the board of directors must consist of at least three members.

Our directors are appointed by the shareholders at the General Meeting for a period of four years. In accordance with best practice principle 2.2.1 of the Dutch Corporate Governance Code, executive directors may be re-appointed for periods of not more than four years at a time. In accordance with best practice principle 2.2.2 of the Dutch Corporate Governance Code, non-executive directors are appointed for a period of four years and may subsequently be re-appointed for another four-year period, which appointment may be extended by at most two years. The board of directors is required to make one or more proposals for each seat on our board of directors to be filled. A resolution to nominate a director by our board of directors (with support from the remuneration and nomination committee) may be adopted by a simple majority of the votes cast. A nomination for appointment of an executive or non-executive director must state the candidate's age and the positions he or she holds, or has held, insofar as these are relevant for the performance of the duties of an executive director. The nomination must state the reasons for the nomination of the relevant person. A nomination for appointment of a non-executive director must state the candidate's age, his or her profession, the number of shares he or she holds and the employment positions he or she holds, or has held, insofar as these are relevant for the performance of the duties of a non-executive director. Furthermore, the names of the legal entities of which he or she is already a supervisory board member or a non-executive member of the board shall be indicated; if those include legal entities which belong to the same group, a reference to that group will be sufficient. The nomination must state the reasons for the nomination of the relevant person.

Our directors are appointed as either an executive director or as a non-executive director by the shareholders at the General Meeting. Our board of directors designates one executive director as Chief Executive Officer. In addition, the board of directors may grant other titles to executive directors. Our board of directors designates a non-executive director as chairperson of the board of directors and a non-executive director as vice chairperson of the board of directors. The legal relationship between an executive member of the board of directors and the Company will not be considered as an employment agreement. Employment agreements between an executive director and a group company (other than argenx SE) are permitted. In the absence of an employment agreement, members of a board of directors generally do not enjoy the same protection as employees under Dutch labor law.

Pursuant to the Articles of Association, a member of our board of directors will retire not later than on the day on which the first General Meeting is held following lapse of four years since his appointment. A retiring member of our board of directors may be re-appointed.

Directors may be suspended or removed by the shareholders at the General Meeting at any time, with or without cause, by means of a resolution passed by a simple majority of the votes cast. Under Dutch law (Section 2:134 paragraph 1 of the DCC), executive directors may also be suspended by the board of directors. A suspension of an executive director by the board of directors may be discontinued by the shareholders at any time at the General Meeting.

6.1.7. COMMITTEES

In accordance with the Dutch Corporate Governance Code, our non-executive directors can set up specialized committees to analyze specific issues and advise the non-executive directors on those issues.

The committees are advisory bodies only, and the decision-making remains within the collegial responsibility of the non-executive directors. The non-executive directors determine the terms of reference of each committee with respect to the organization, procedures, policies and activities of the committee.

Our non-executive directors have established and appointed:

- I. an audit committee;
- II. a remuneration and nomination committee;
- III. a research and development committee; and
- IV. a commercial committee.

The composition and function of all of our committees complies with all applicable requirements of Euronext Brussels, the Dutch Corporate Governance code, the Exchange Act, the exchanges on which the ordinary shares are listed and SEC rules and regulations.

Only non-executive directors qualify for membership of the committees. The audit committee and the remuneration and nomination committee may not be chaired by the chairperson of the board of directors or by a former executive director of the Company.

6.1.8. MEETING FREQUENCY AND DECISION MAKING

Our board of directors has adopted rules (the **Board By-Laws**), that describe the procedure for holding meetings of the board of directors, for the decision-making by the board of directors and the board of directors' operating procedures.

In accordance with our Articles of Association, our board of directors will meet at least once every three months to discuss the state of affairs within the Company and the expected developments.

Under the Board By-Laws, the members of our board of directors must endeavour, insofar as is possible, to ensure that resolutions are adopted unanimously. Where unanimity cannot be achieved and Dutch law, the Articles of Association or the Board By-Laws do not prescribe a larger majority, all resolutions of our board of directors must be adopted by a simple majority of the votes cast in a meeting at which at least a majority of the members of our board of directors then in office are present or represented. The Articles of Association and the Board By-Laws provide that in case of a tie of votes, the chairperson does not have a casting vote and as such the proposal will be rejected in case of a tie.

Under the Board By-Laws, some specific matters require approval of the majority of the non-executive directors. These matters are set out in Schedule 1 of our Board By-Laws. Our board By-Laws are available on our website.

In exceptional cases, if the urgent necessity and the interests of the Company require this, resolutions of our board of directors may also be adopted by unanimous written approval of all directors in office.

A director may issue a proxy for a specific board meeting to another director in writing. At the date of this Registration Document there are no other executive directors in office.

6.1.9. INDEPENDENCE OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS

As a foreign private issuer, under the listing requirements and rules of Nasdaq, we are not required to have independent directors on our board of directors, except that our audit committee is required to consist fully of independent directors, subject to certain phase-in schedules. However, our board of directors has determined that, under current listing requirements and rules of Nasdaq and taking into account any applicable committee independence standards, all of our non-executive directors, including the members of our audit committee, are "independent directors" under Rule 10A-3 of the Exchange Act and the applicable rules of the Nasdaq Stock Market and all members of our audit committee are independent under the applicable rules of the Dutch Corporate Governance Code. In making such determination, our board of directors considered the relationships that each non-executive director has with us and all other facts and circumstances our board of directors deemed relevant in determining the director's independence, including the number of ordinary shares beneficially owned by the director and his or her affiliated entities (if any).

The Dutch Corporate Governance Code requires that the composition of the non-executive directors is such that the members are able to operate independently and critically vis-à-vis one another, the executive directors, and any particular interests involved. At the date of this Registration Document, all non-executive directors meet the independence criteria contained in the Dutch Corporate

Governance Code. Therefore, in the opinion of the non-executive directors, the composition of our non-executive directors complies with the independence requirements of best practice provisions 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code. Our board of directors has consequently also determined that all members of our committees are independent under the applicable rules of the Dutch Corporate Governance Code.

As of the date of this Registration Document (or in any period before), none of the members of our board of directors and executive management has or has had a family relationship with any other member of our board of directors or executive management.

6.1.10. CONFIRMATION OF NO PAST OFFENSES

As of the date of this Registration Document and except as set out below, none of the members of our board of directors and executive management for at least the previous five years:

- has been convicted of any fraudulent offenses;
- has been a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership, liquidation or of such company being put into administration;
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or
- has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

6.1.11. DIVERSITY

Currently, less than 30% of our board of directors consists of female directors. Our policy is that we will balance our board of directors in terms of gender, as well as age, background and nationality as much as reasonably possible while still having our board composed of the best possible candidates overall. It has been and will remain our priority to have the best available specialists on our board of directors, irrespective of age, background, nationality and gender, who make a balanced panel of directors able to advise and guide our Company to further growth and success for all its stakeholders. This means we require a number of specialties and character traits to be present. Taking into account the aforementioned and the specialist nature of our business, we will actively seek to further improve diversity on our board if and when proposing new appointments to our board of directors, whilst acknowledging that gender is one of many factors that is relevant in the ultimate decision to select a board member or not.

In the calendar year 2019, Mr. Don deBethizy was reappointed to our Board of Directors. No other appointments were made.

6.1.12. LIABILITY OF BOARD MEMBERS

Under Dutch law (Section 2:138 of the DCC), members of our board of directors may be liable to us for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to us and third parties for infringement of the Articles of Association or certain provisions of the Dutch Civil Code, or DCC. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

The liability of members of our board of directors and executive management is covered by a directors' and officers' liability insurance policy. This policy contains customary limitations and exclusions, such as wilful misconduct or intentional recklessness (*opzet of bewuste roekeloosheid*). In addition, according to article 15 of our Articles of Association, we will indemnify our directors against liabilities, claims, judgements, fines and penalties in relation to acts or omissions in or related to his or her capacity as director.

6.1.13. CONFLICT-OF-INTEREST TRANSACTIONS

Directors will immediately report any (potential) direct or indirect personal interest in a matter which is conflicting with the interests of the company and the business connected with it to the chairperson of our board of directors and to the other directors and will provide all relevant information, including information concerning their spouse, registered partner or other partner, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law (Section 1:3 paragraph 1 of the DCC).

The non-executive directors will decide, without the director concerned being present, whether there is a conflict of interest. A conflict of interest in relation to a director in any event exists if we intend to enter into a transaction with a legal entity (i) in which such director personally has a material financial interest, (ii) which has an executive director or a member of the management board who is related under family law to such director or (iii) in which such director has an executive or non-executive position. A director will not participate in any discussions and decision making if he has a conflict of interest in the matter being discussed. If for this reason no resolution can be taken by our board of directors as a whole, the shareholders at a General Meeting will resolve on the matter. All transactions in which there are conflicts of interest with directors will be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest with directors that are of material significance to us or to the relevant director require the approval of the non-executive directors. All transactions between us and legal or natural persons who hold at least one tenth of our shares will be agreed on terms that are customary in the sector in which we and our combined businesses are active. The non-executive directors are required to approve such transactions that are of a material significance to us or to such persons.

There are no arrangements or understandings in place with major shareholders, customers, suppliers or others pursuant to which any member of our board of directors or executive management has been appointed. There are no conflicts of interests between the Company and any administrative, management and supervisory bodies and senior management, nor are there any potential conflicts of interests between any duties to the Company, the members of our board of directors and executive management and their private interests and or other duties.

6.1.14. CODE OF BUSINESS CONDUCT AND ETHICS

We adopted a Code of Business Conduct and Ethics, or the Code of Conduct, that is applicable to all of our employees and directors. The Code of Conduct is available on our website at www.argenx.com. The audit committee of our board of directors is responsible for overseeing the Code of Conduct and is required to approve any waivers of the Code of Conduct for employees and directors. We expect that any amendments to the Code of Conduct, and any waivers of its requirements, will be disclosed on our website.

6.2. Our non-executive directors

6.2.1. CURRENT COMPOSITION

Our board of directors is currently comprised of one executive director and seven non-executive directors, who we refer to individually as a director.

The following table sets forth certain information with respect to the current members of our board of directors, including their ages, as of March 16, 2020.

NAME	DATE OF BIRTH	AGE	GENDER	POSITION	NATION-ALITY	DATE OF INITIAL AP-POINTMENT	DATE OF LAST (RE-)APPOINTMENT	TERM EXPIRATION
Tim Van Hauwermeiren	March 19, 1972 (1)	48	M	Executive Director (Chief Executive Director)	BE	September 9, 2008 ⁽¹⁾	May 8, 2018	2022
Peter K. M. Verhaeghe	November 9, 1958 (2)	61	M	Non-executive Director (chairperson)	BE	October 15, 2008 ⁽²⁾	May 8, 2018	2022
David L. Lacey	July 25, 1952	67	M	Non-Executive Director	US	August 1, 2012 ⁽³⁾	May 8, 2018	2022
Werner Lanthaler	September 2, 1968	51	M	Non-Executive Director (vice-chairperson)	AT	April 8, 2014	May 8, 2018	2022
J. Donald deBethizy	December 11, 1950 (3)	69	M	Non-Executive Director	US	May 13, 2015	May 7, 2019	2023
Pamela Klein	October 13, 1961	58	F	Non-Executive Director	US	April 28, 2016	April 28, 2016	2020
Anthony A. Rosenberg	February 8, 1953	67	M	Non-Executive Director	UK	April 26, 2017	April 26, 2017	2021
James M. Daly	September 12, 1961	58	M	Non-Executive Director	US	May 8, 2018	May 8, 2018	2022

The address for our directors is our registered office, Willemstraat 5, 4811 HA, Breda, the Netherlands.

Pamela Klein is expected to be nominated for re-appointment at the General Meeting to be held in 2020.

(1) date of appointment of Tim Van Hauwermeiren as executive director of arGEN-X B.V., the Company's legal predecessor;
 (2) date of appointment of Peter Verhaeghe as supervisory director of arGEN-X B.V., the Company's legal predecessor; and
 (3) date of appointment of Donald deBethizy as supervisory director of arGEN-X B.V., the Company's legal predecessor.

6.2.2. DETAILS OF INDIVIDUAL DIRECTORS

The following is the biographical information of the members of our board of directors:



TIM VAN HAUWERMEIREN

co-founded our Company in 2008 and has served as our Chief Executive Officer since July 2008. He has served as a member of our board of directors since July 2014. Mr. Van Hauwermeiren has more than 20 years of general management and business development experience across the life sciences and consumer goods sectors. Mr. Van Hauwermeiren holds a B. Sc. and M. Sc. in bioengineering from Ghent University (Belgium) and an Executive MBA from The Vlerick School of Management. Mr. Van Hauwermeiren currently holds the positions set out in clause 6.3.2.



PETER K. M. VERHAEGHE

has served as a member and chairperson of the supervisory board of arGENX B.V. since October 2008 and as non-executive director on our board of directors since July 2014. Mr. Verhaeghe is the managing partner of VVGB Advocaten—Avocats, a corporate finance law and tax law firm, a position he has held since July 1999. He is currently lead counsel to a number of Belgian, Dutch and Swiss biotechnology and diagnostics companies. Mr. Verhaeghe served as the president of the board of directors of Merisant France SAS, as a member of the management board of Merisant Company 2 sàrl and serves as a member of the board of directors of CzechPak Manufacturing s. r. o. He previously served as the chairman of the board of directors of PharmaNeuroBoost NV from December 2006 to January 2013 and as liquidator in charge of KBC Private Equity Fund Biotech NV from April 2009 to December 2012. Mr. Verhaeghe serves on the Board of Directors of Participatiemaatschappij Vlaanderen (PMV) NV and as Chairman of the Board of Haretis SA (Luxembourg) since March 2011. Mr. Verhaeghe holds a degree in law from the University of Leuven and an LLM degree from Harvard Law School.



DAVID L. LACEY

has served as a member of our board of directors since July 2014. Dr. Lacey is a biopharmaceutical consultant at David L. Lacey LLC, where he advises academic institutions, biotechnology companies and venture capital firms, a position he has held since July 2011. He currently serves as a director of Inbiomotion SL, Atreca, Inc. and Nurix, Inc. From 1994 until his retirement in 2011, he held various positions, including head of discovery research, at Amgen Inc., where he played a fundamental scientific role in the discovery of the OPG/RANKL/RANK pathway, which led to the development of the anti-RANKL human mAb denosumab, for both osteoporosis (Prolia) and cancer-related bone diseases (XGEVA). He holds a Bachelor's degree in biology and an M. D. from the University of Colorado, and has his board certification in anatomic pathology.



WERNER LANTHALER

has served as a member of our board of directors since July 2014. Dr. Lanthaler is the chief executive officer of Evotec AG, a global drug discovery research organization, a position he has held since March 2009. Dr. Lanthaler previously served on the supervisory boards of Biozell SpA and Pantec Biosolutions AG. Dr. Lanthaler holds a degree in psychology, a Ph. D. in business administration from Vienna University of Economics and Business and a Master's degree in public administration from Harvard University.



J. DONALD DEBETHIZY

has served as a member of our board of directors since May 2015. Dr. deBethizy has 30 years of experience in research and development and financial, business and operating management and board work in the biotechnology and consumer products industry. He is the president of White City Consulting ApS. Previously, Dr. deBethizy served as president and chief executive officer of Santaris Pharma A/S until October 2014, when the company was sold to Roche. From August 2000 to June 2012, Dr. deBethizy was co-founder and chief executive officer of Targacept, Inc., a U.S. biotechnology company listed on Nasdaq. He currently serves on the supervisory boards of Albumedix A/S, Newron Pharmaceuticals SpA, Noxxon Pharma NV and AG, Rigontec GmbH and Proterris, Inc. From May 2013 to November 2014, he served as executive chairman of Contera Pharma ApS, and from July 2015 to November 2017, he served as chairman of Rigotec GmbH. He previously served on the boards of Asceneuron SA, Serendex Pharmaceuticals A/S, Enbiotix Inc., Targacept Inc. and Biosource Inc. Dr. deBethizy has held adjunct appointments at Wake Forest University Babcock School of Management, Wake Forest University School of Medicine and Duke University. Mr. deBethizy holds a B. Sc. in biology from the University of Maryland, and an M. Sc. and a Ph. D. in toxicology from Utah State University.



PAMELA KLEIN

has served as a member of our board of directors since April 2016. Dr. Klein is a principal and founder of PMK BioResearch, which offers strategic consulting in oncology drug development to corporate boards, management teams and the investment community, a position she has held since 2008. She currently serves as a member of various scientific advisor boards. Previously, Dr. Klein spent seven years at the National Cancer Institute as Research Director of the NCI-Navy Breast Center, after which she joined Genentech and was VP, Development until 2001. She served as Chief Medical Officer for Intellikine which was acquired by Takeda. She was previously Vice President, Development for Genentech. Dr. Klein holds a Bachelor's degree in biology from California State University and an M. D. from Stritch School of Medicine, Loyola University Chicago and is trained in internal medicine and medical oncology.



A. A. ROSENBERG

has served as a member of our board of directors since April 2017. He currently serves as CEO of TR Advisory Services GmbH, a consultancy firm advising on business development, licensing and mergers and acquisitions. Mr. Rosenberg has also been a Managing Director of MPM Capital, a venture capital firm, since April 2015. From January 2013 until February 2015, he served as Corporate Head of M&A and Licensing at Novartis Pharma. He served as Global Head of Business Development and Licensing at Novartis Pharma from March 2005 to December 2012. Msc. A. A. Rosenberg holds non-executive board memberships Radius Health Inc., TriNetX, Inc., iOmx Therapeutics AG, Cullinan Oncology Inc. and Oculis SA. Msc. A.A. Rosenberg has a B.Sc. (Hons) from the University of Leicester and a M.Sc. Physiology from the University of London.



JAMES M. DALY

has served as a member of our board of directors since May 2018. He holds a Bachelor in Science and a Master in Business Administration from the State of New York University. He joined GlaxoSmithKline in 1985 where he held various positions, including Sr. Vice President – Respiratory Division with full responsibility for sales, marketing and medical affairs. He moved to Amgen in 2002 where he was Sr. Vice President for the North America Commercial Operations 2011. In 2012 he joined Incyte, a publicly traded company focused on oncology and inflammation, where he was chief commercial officer until June 2015. James Michael Daly currently serves as a director of Chimerix Inc, Acadia Pharmaceuticals, Coherus Biosciences, Halozyme Therapeutics and Bellicum Pharmaceuticals, all Nasdaq-listed companies.

The following table sets forth the companies and partnerships of which the current non-executive members of our board of directors have been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner, as of the date of this Registration Document, other than argenx or our subsidiaries:

NAME	CURRENT	PAST
Peter K. M. Verhaeghe	VVGB Advocaten – Avocats	PharmaNeuroBoost NV
	Merisant France SAS	Biocartis NV
	Merisant Company 2 sàrl	Fujirebio Europe NV (formerly Innogenetics NV)
	CzechPak Manufacturing s. r. o.	KBC Private Equity Fund Biotech NV
David L. Lacey	David L. Lacey LLC	
	Inbiomotion SL	
	Atreca, Inc.	
	Nurix, Inc.	
	UNITY Biotechnology, Inc.	

Werner Lanthaler	Evotec AG	Bioxell SpA
		Pantec Biosolutions AG
J. Donald deBethizy	White City Consulting ApS	Contera Pharma ApS
	Albumedix A/S	Asceneuron SA
	Newron Pharmaceuticals SpA	Serendex Pharmaceuticals A/S
	Noxxon Pharma NV and AG	Santaris Pharma A/S
	Rigontec GmbH	Targacept, Inc.
	Protteris, Inc.	LigoCyte Pharmaceuticals Inc.
	Albumin Holding ApS and Saniona AB	Enbiotix Inc
	Biosource Inc.	
Pamela Klein	PMK BioResearch	
	Spring Bank Pharmaceuticals, Inc.	
	Patrys Limited	
	I-Mab Biopharma	
A. A. Rosenberg	Cullinan Oncology	Novartis Pharma
	Oculus	MPM Capital
	Radius Health, Inc.	
	TriNetX, Inc.	
	Clinical Ink, Inc.	
	iOmx Therapeutics AG	
James M. Daly	Chimerix Inc	Incyte
	Acadia Pharmaceuticals	AMGEN
	Coherus Biosciences	GlaxoSmithKline
	Halozyme Therapeutics	
	Bellicum Pharmaceuticals	

6.2.3. BOARD MEETINGS

The Board of Directors has deliberated 9 times in the course of 2019. At these meetings, the main points of discussion were the November 2019 equity financing, discussing statutory and governance topics, such as the re-appointment of the chairman of the board and of board committees, discussing business updates, review and approval of forecasts, discussing the corporate dashboard and product portfolios, discussing business & corporate development, review and approval of consolidated financial statements, discussing update research & developments, discussing remuneration committee report, valuation model and financing of the Company, the granting of stock options and the approval of the proposed agenda, explanatory notes and convocation notice for the (extraordinary) general meetings.

The meeting attendance rate of our directors in 2019 is set out in the table below:

BOARD OF DIRECTORS	NUMBER OF MEETINGS ATTENDED IN 2019 SINCE APPOINTMENT	ATTENDANCE %
Peter Verhaeghe	9/9	100%
Werner Lanthaler	9/9	100%
David Lacey	9/9	100%
Pamela Klein	9/9	100%
Don deBethizy	9/9	100%
Anthony Rosenberg	9/9	100%
Jim Daly	9/9	100%
Tim van Hauwermeiren	9/9	100%

6.2.4. AUDIT COMMITTEE

Our audit committee consists of three members: Werner Lanthaler (chairperson), Peter K. M. Verhaeghe and Anthony A. Rosenberg. Our board of directors has established that Werner Lanthaler qualifies as an “audit committee financial expert” as defined under the Exchange Act and article 39 paragraph 1 of Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts and that the composition of the audit committee meets the requirements under the Dutch Decree on Establishing Audit Committees.

Our audit committee assists our board of directors in overseeing the accuracy and integrity of our accounting and financial reporting processes and audits of our consolidated financial statements, the implementation and effectiveness of an internal control system and our compliance with legal and regulatory requirements, the independent auditors’ qualifications and independence and the performance of the independent auditors.

The audit committee is governed by a charter that complies with Nasdaq listing rules and the Dutch Corporate Governance Code. Our audit committee is responsible for, among other things:

- ensuring the integrity of our financial reporting, including review of period information before it is made public;
- supervising the Company’s policies with respect to financing and tax;
- evaluating our system of internal controls set up by our board of directors, including evaluation and approval of the explanatory notes on internal controls in our annual reports;
- reviewing the functions of our internal risk management system and the efficacy of these systems, including the review of ICT-applications with a view to e.g. cybersecurity;
- assessing the necessity for setting up an internal audit function; and
- supervising our relationship with our independent auditors during the external audit process, including evaluation of our auditors’ independence.

Our audit committee meets as often as is required for its proper functioning, but at least four times a year. Our audit committee meets at least once a year with our independent auditor.

Our audit committee reports regularly to our board of directors on the exercise of its functions. It informs our board of directors about all areas in which action or improvement is necessary in its opinion and produces recommendations concerning the necessary steps that need to be taken. The audit review and the reporting on that review cover us and our subsidiaries as a whole. The members of the audit committee are entitled to receive all information which they need for the performance of their function, from our board of directors and employees. Every member of the audit committee shall exercise this right in consultation with the chairperson of the audit committee.

The audit committee has deliberated six times in the course of 2019. At these meetings, the main points of discussion were review of the 2018 financial statements, 2018 annual report and press release, Deloitte's 2018 audit report, 2019 audit fee proposal and renewal of Deloitte mandate, review of interim consolidated financial statements and press releases, Deloitte's report on interim financial statements, review of quarterly forecasts, updates on internal control activities, updates on corporate audit activities, review of the 2020-2023 business plan, discussions on financing options, and updates on the cash investments.

The meeting attendance rate for our directors in the audit committee is set out in the table below:

AUDIT COMMITTEE	NUMBER OF MEETINGS ATTENDED IN 2019	ATTENDANCE %
Peter Verhaeghe	7/7	100%
Werner Lanthaler	7/7	100%
Tony Rosenberg	5/7	71%

6.2.5. REMUNERATION AND NOMINATION COMMITTEE

Our remuneration and nomination committee consists of three members: J. Donald deBethizy (chairperson), Peter K. M. Verhaeghe and Werner Lanthaler.

Our remuneration and nomination committee is responsible for, among other things:

- reviewing and recommending the remuneration policy for approval by the shareholders at the General Meeting;
- reviewing and recommending the remuneration policy for the directors for approval by the shareholders at the General Meeting; such proposal shall, in any event, deal with: (i) the remuneration structure and (ii) the amount of the fixed remuneration, the shares and/or options to be granted and/or other variable remuneration components, pension rights, redundancy pay and other forms of compensation to be awarded, as well as the performance criteria and their application;
- preparing the remuneration report;
- preparing selection criteria and appointment procedures for directors;
- periodically assessing the size and composition of our board of directors and making a proposal for a composition profile of the non-executive directors;
- periodically assessing the performance of individual directors and reporting on this to the non-executive directors;
- making proposals for appointments and reappointments; and
- supervising the policy of our board of directors on the selection criteria and appointment procedures for senior management.

The remuneration and nomination committee consists of at least three members. The remuneration and nomination committee meets as often as is required for its proper functioning, but at least once per year to evaluate its functioning.

The remuneration and nomination committee has deliberated three times in the course of 2019. The main topics of discussion were management performance reviews, the 2019 long term incentive plan, 2019 management targets, nominations for (re-) appointments to the board and board and executive management diversity.

The meeting attendance rate for our directors in the remuneration and nomination committee is set out in the table below:

REMUNERATION AND NOMINATION COMMITTEE	NUMBER OF MEETINGS ATTENDED IN 2019	ATTENDANCE %
Peter Verhaeghe	3/3	100%
Werner Lanthaler	3/3	100%
Don deBethizy	3/3	100%

6.2.6. RESEARCH AND DEVELOPMENT COMMITTEE

Our research and development committee consists of three members: David L. Lacey (chairperson), J. Donald deBethizy and Pamela Klein.

The research and development committee is responsible for, among other things:

- monitoring and overseeing the research and development goals, strategies and measures of the Company;
- serving as a sounding board to the Company's research and development management, general management and the board of directors;
- performing strategic reviews of the Company's key research and development programs;
- reporting to the board of directors on the outcome of the strategic reviews;
- reviewing the Company's scientific publication and communications plan;
- evaluating and challenging the effectiveness and competitiveness of the research and development endeavours of the Company;
- reviewing and discussing emerging scientific trends and activities critical to the success of research and development of the Company;
- reviewing the Company's clinical and preclinical product pipeline; and
- engaging in attracting, retaining and developing senior research and development personnel of the Company.

All members of the research and development committee shall have adequate industrial, academic and/or practical experience with the research and development of biopharmaceuticals.

One purpose of our research and development committee is to engage in discussion with our research and development management, and the committee's responsibilities to carry out this purpose include, among others: monitoring the research and development activities, performing strategic reviews of the key research and development programs; and reviewing the scientific publication plan.

Our research and development committee meets as often as is required for its proper functioning, but at least prior to each meeting of our board of directors, and reports regularly to our board of directors on the outcome of the strategic reviews. Our research and development committee consists of at least three members with adequate industrial experience as described above. The chairperson of our research and development committee shall report formally to our board of directors on the research and development committee's deliberations, findings and proceedings after each meeting on all matters within its duties and responsibilities.

The meeting attendance rate for our directors in the research and development committee is set out in the table below:

RESEARCH AND DEVELOPMENT COMMITTEE	NUMBER OF MEETINGS ATTENDED IN 2019	ATTENDANCE %
David Lacey	3/3	100%
Donald deBethizy	3/3	100%
Pamela Klein	3/3	100%

6.2.7. COMMERCIAL COMMITTEE

Our commercial committee consists of two members: Jim Daly and Tony Rosenberg.

The commercial committee is responsible for, among other things:

- serving as a sounding board to the Company's branded and unbranded strategic marketing plans, size and scope of the Company's franchises, pre and post launch market access plan of action;
- advising the board of directors on the effectiveness of the governance, risk management and legal compliance of the commercial activities, with an underlying aim of ensuring that these activities are set up and pursued consistent with the achievement by the Company of its strategic goals;

- reviewing and discussing global commercial and political trends affecting the industry and the development of the Company; and
- reporting to the board of directors on the outcome of the strategic reviews.

All members of the commercial committee shall have adequate experience in relation to marketing, launch of pharmaceuticals, risk management in relation to commercial activities in our field of business and/or strategic planning of commercialization of pharmaceuticals.

Our commercial committee meets as often as is required for its proper functioning, but at least four times per year, and reports regularly to our board of directors on the outcome of its strategic reviews. Our commercial committee consists of at least three members with adequate experience as described above.

The meeting attendance rate for our directors in the commercial committee is set out in the table below:

COMMERCIAL COMMITTEE	NUMBER OF MEETINGS ATTENDED IN 2019	ATTENDANCE %
Jim Daly	3/3	100%
Tony Rosenberg	3/3	100%

6.3. Our Executive Management

6.3.1. EXECUTIVE MANAGEMENT TEAM OR EXECUTIVE COMMITTEE

We have an executive management team consisting of our senior management. Of these persons, only our CEO, Mr. Tim Van Hauwermeiren, is part of our statutory board of directors. We have opted for this structure to allow for a division of responsibilities between our board of directors and our executive management team, keeping our board of directors at a manageable size whilst being able to involve some or all members of our executive management team on discussions of the board if and when necessary.

In practice, all members of our executive management team are regularly involved in the discussions of our board of directors and its committees, in order to provide information and context to the various issues the board needs to decide on. In addition to being present to meetings from time to time, regular contact (face to face or via electronic means) is kept between the members of the board of directors and its committees and the members of the executive management team.

6.3.2. DETAILS OF INDIVIDUAL EXECUTIVE DIRECTORS

The following table sets forth certain information with respect to the current members of our executive management team including their ages as of March 16, 2020:

NAME	AGE	POSITION	NATIONALITY	DATE OF FIRST EMPLOYMENT/ENGAGEMENT
Tim Van Hauwermeiren	48	Chief Executive Officer and Executive Director	BE	July 15, 2008
Eric Castaldi	55	Chief Financial Officer	F	April 1, 2014
Keith Woods	52	Chief Operating Officer	US	April 5, 2018
Hans de Haard	60	Chief Scientific Officer	NL	July 1, 2008
Wim Parys	60	Chief Medical Officer	BE	July 1, 2019
Arjen Lemmen	35	Vice-President Corporate Development & Strategy	NL	May 1, 2016
Dirk Beeusaert	56	General Counsel	BE	April 1, 2017

The address for our executive management is Industriepark Zwijnaarde 7, Building C, 9052 Zwijnaarde (Ghent), Belgium.

The following is a brief summary of the biographical information of those members of our executive management who do not also serve on our board of directors:



ERIC CASTALDI

has served as our Chief Financial Officer since April 2014 and served as a member of our board of directors from July 2014 to April 26, 2017. Mr. Castaldi has 29 years of international financial executive management experience, including 20 years in the biopharmaceutical industry. From 1998 to 2014, Mr. Castaldi served as chief financial officer and a member of the executive committee of Nicox SA, a Euronext-listed biotechnology company. From 2008 to 2012, he served as a member of the board of directors and as chairman of the audit committee of Hybrigenics SA, a Euronext-listed French biopharmaceutical company specializing in oncology. Mr. Castaldi graduated with a degree in finance, accountancy and administration from the University of Nice.



KEITH WOODS

has served as our Chief Operating Officer since April 2018. Mr. Woods has over 25 years of experience in the biopharmaceutical industry. He most recently served as Senior Vice President of North American Operations for Alexion Pharmaceuticals Inc. (Alexion), where he managed a team of several hundred people in the U.S. and Canada and was responsible for more than \$1 billion in annual sales. Within Alexion, he previously served as Vice President and Managing Director of Alexion UK, overseeing all aspects of Alexion's U.K. business; Vice President of U.S. Operations; and Executive Director of Sales, leading the launch of Soliris in atypical hemolytic uremic syndrome. Prior to joining Alexion, he held various positions of increasing responsibility within Roche, Amgen and Eisai over a span of 20 years. Keith Woods holds a B.S. in Marketing from Florida State University.



PROF. HANS DE HAARD

has served as our Chief Scientific Officer since July 2008. Prof. de Haard has been active in the antibody engineering field since 1989. He also serves as a Professor of Immunology at University of Franche Comté (France). Prof. de Haard holds an M. Sc. in biochemistry from the Higher Professional Education for Laboratory Technicians (Oss, the Netherlands) and a M. Sc. in chemistry from the Institute of Technology (Rotterdam, the Netherlands) and a Ph. D. in molecular immunology from Maastricht University.



DIRK BEEUSAERT

has served as our General Counsel since April 1, 2017. Mr. Beeusaert has extensive general experience in corporate governance and as general counsel of a listed company. Mr. Beeusaert worked in various roles from February 1996 to July 2016 for Gimv NV, a European private equity company listed on Euronext Brussels, including chief legal officer from January 2001 to 2006, and general counsel from 2006 to July 2016, where he was co-responsible for operations and corporate governance. Mr. Beeusaert currently serves as a member of the board of directors of Cubigo NV and The Fourth Law NV. Mr. Beeusaert holds a Bachelor in Law and a Master Law degree from Ghent University and an MBA in Fiscal Studies and Accounting Research, Tax and Accounting from Vlerick School of Management.



WIM PARYS

obtained a MD degree from the Katholieke Universiteit Leuven, Belgium. He was in private practice for 9 years before joining the Janssen Research Foundation in Beerse, Belgium where he held several R&D positions and developed galantamine (Reminyl™ / Razadyne™) for Alzheimer's Disease. In 2000 he became the Head of Development at the biotech company Tibotec and relocated to the US to establish Tibotec Inc., the US based subsidiary. Under his tenure, Tibotec (then acquired by J&J) developed and launched Prezista™, Intelence™ and Edurant™, three innovative HIV drugs. As Development Head of Janssen's Infectious Diseases and Vaccines therapeutic area, he led the discovery and development of other medicines for HIV, Hepatitis C (Incivo™, Olysio™/Sovriad™), TB (Sirturo™) and respiratory viral diseases. In 2013 he became the R&D head of the newly established Global Public Health group, responsible for a portfolio including programs in HIV, TB, other mycobacterial infections, Dengue and Malaria. Wim joined argenx early 2019 as a development consultant and transitioned to the role of Chief Medical Officer on July 1, 2019.



ARJEN LEMMEN

serves as the head of our strategy and corporate development activities. He joined argenx in 2016 and has successfully executed several transactions including a number of programs within our Innovative Access Program and our strategic collaboration with Janssen on cusatuzumab. Prior to joining argenx, he served as a corporate finance specialist at Kempen & Co focusing on M&A, Equity Capital Markets and strategic advisory transactions in the European life sciences industry. Mr. Lemmen holds a B.Sc. in Life Science & Technology from the University of Groningen (the Netherlands) and Master of Engineering Management from Duke University. Arjen was promoted to Vice-President of Corporate Development & Strategy per June 1, 2019.

The following table sets forth the companies and partnerships of which the current members of our executive management have been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner, as of the date of this Registration Document, other than argenx or our subsidiaries:

NAME	CURRENT	PAST
Tim Van Hauwermeiren	Iteos NV	-
	Aelin Therapeutics	
Keith Woods	-	Alexion Pharmaceuticals
Eric Castaldi	-	Nicox SA
		Hybrigenics Services SA
Hans de Haard	-	-
Wim Parys	-	-
Arjen Lemmen	-	-
Dirk Beeusaert	Cubigo NV	Gimv NV (and group companies of Gimv NV)
	The Fourth Law NV	TINC NV
		CapMan plc
		Grandeco NV
		DG Infra+ NV
		Finimmo NV
		Pragma Capital SAS

6.4. Dutch Corporate Governance Code, "Comply or Explain"

6.4.1. GENERAL

The Dutch Corporate Governance Code contains both principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. A copy of the Dutch Corporate Governance Code can be found on www.corpgov.nl. As a Dutch company, we are subject to the Dutch Corporate Governance Code and are required to disclose in our annual report, filed in the Netherlands, whether we comply with the provisions of the Dutch Corporate Governance Code. If we do not comply with the provisions of the Dutch Corporate Governance Code (for example, because of a conflicting Nasdaq requirement or otherwise), we must list the reasons for any deviation from the Dutch Corporate Governance Code in our annual report.

We acknowledge the importance of good corporate governance. However, at this stage, we do not comply with all the provisions of the Dutch Corporate Governance Code, to a large extent because such provisions conflict with or are inconsistent with the corporate governance rules of Nasdaq and U.S. securities laws that apply to us, or because such provisions do not reflect best practices of global companies listed on Nasdaq.

6.4.2. COMPLY-OR EXPLAIN

We fully endorse the underlying principles of the Dutch Corporate Governance Code which is reflected in a policy that complies with the best practice provisions as stated in the Dutch Corporate Governance Code. However, we do not (yet) comply with or deviate from the best practice provisions in the following areas:

- We do not comply with best practice provisions 2.1.5 and 2.1.6 of the Dutch Corporate Governance Code. Best practice provision 2.1.5 requires that the non-executive directors shall draw up a diversity policy for the composition of the board and best practice provision 2.1.6 requires that we explain how we are currently applying such policy. We fully recognize the importance of diversity and promote an inclusive culture, but utilize other means than a diversity policy in pursuit of the same goals (e.g. our board profile includes the objective to achieve a diverse composition with respect to nationality, experience, background, age and gender). As we have not drawn up the policy, we also do not report on our application thereof. We currently do not envision to change our practices in this respect.
- We do not comply with best practice provision 2.3.2 of the Dutch Corporate Governance Code, which requires that our non-executive directors appoint among its members an audit committee, a remuneration committee and a selection and appointment committee. Our remuneration committee and the selection and appointment committee are combined into a single committee, being the remuneration and nomination committee. This committee performs the tasks attributed by the Dutch Corporate Governance Code to the remuneration committee, as well as the tasks attributed by the Dutch Corporate Governance Code to the selection and appointment committee. Hence, the combination of these committees is an organizational matter only and we believe we achieve the objectives of this best practice provision through a single committee. We currently do not envision to change our practices in this respect.
- We do not comply with best practice provisions 3.1.2 under vii of the Dutch Corporate Governance Code, which states that options are not to be exercised within the first three years after the date of granting. Pursuant to our option plan, options are exercisable once vested, which means that one third of the options granted are exercisable after one year, and each month after one-twenty-fourth of the remaining options is exercisable. Our option plan was crafted recognizing that equity incentives are an important factor in the market for attracting and retaining qualified staff. Hence, we deviate from best practice provision 3.1.2 under vii to allow for a liquid and hence competitive option plan. At the same time, we believe our current option plan promotes long term value creation. For instance, the three year vesting period ensures that an option package granted cannot be fully exercised within three years after the grant date. Until the date of this Registration Document, none of the directors have exercised any options within the first three years after the date of grant of those options. The Option Plan is regularly reviewed by the board of directors and the remuneration and selection committee in particular, the main purpose of such review is to test if the Option Plan is sufficiently contributing to our ability to attract and retain talent. In 2019, our shareholders have re-approved our updated stock option plan, including the aforementioned vesting schemes. We currently do not expect such reviews will be geared at achieving full compliance with the Dutch Corporate Governance in this respect.
- We do not comply with best practice provision 3.2.3. of the Dutch Corporate Governance Code, which requires that the severance payment in the event of dismissal should not exceed one year's base salary. As further explained in the section *Related Party Transactions – Agreements with Our Executive Management*, the agreement of our chief executive officer stipulates that a severance payment equal to 18 months base salary may become payable by the Company to our chief executive officer. The severance component of the remuneration package is, like all other components and in accordance with our remuneration policy as approved by the General Meeting, benchmarked against and aligned with the severance components as identified within the reference group. On this particular topic, considering the importance of competitive remuneration for our ability to attract and retain highly qualified persons, alignment with the reference group is prioritized over compliance with this best practice provision 3.2.3. We currently do not envision to change our practice in this respect.
- We do not comply with best practice provision 3.3.2. of the Dutch Corporate Governance Code, which requires that non-executive directors will not be granted any shares or rights to shares as remuneration. In accordance with our remuneration policy, non-executive directors may be granted options by way of remuneration, in recognition of the substantial industry expertise they bring to us. Our remuneration policy, as was presented to and approved by the General Meeting, and this equity element for non-executive directors in particular are geared at a fair but competitive compensation package and takes a number of relevant benchmarks into account. We currently do not envision to change our practice in this respect.
- We do not comply with best practice provision 2.3.1, which requires our board rules to contain a section on the interaction between the board of directors and the executive committee. We have not revised our board rules since we have established that we use an executive committee within the meaning of best practice provision 2.3.1. We expect to update our policy in this regard, and also to reflect the incorporation of our commercial committee, in the financial year ending 31 December 2020.

6.4.3. DIFFERENCES BETWEEN OUR CORPORATE GOVERNANCE PRACTICES AND THE LISTING RULES OF THE NASDAQ STOCK MARKET

We are in the United States considered a foreign private issuer. As a result, in accordance with the listing requirements of Nasdaq, we may rely on home country governance requirements and certain exemptions thereunder rather than relying on the corporate governance requirements of Nasdaq. In accordance with Dutch law and generally accepted business practices in the Netherlands, our Articles of Association do not provide quorum requirements generally applicable to general meetings of shareholders. To this extent, our practice varies from the requirement of Nasdaq Listing Rule 5620(c), which requires an issuer to provide in its bylaws for a generally applicable quorum, and that such quorum may not be less than one-third of the outstanding voting stock. Although we must provide shareholders with an agenda and other relevant documents for the General Meeting, Dutch law does not have a regulatory regime for the solicitation of proxies, and the solicitation of proxies is not a generally accepted business practice in the Netherlands; thus, our practice will vary from the requirement of Nasdaq Listing Rule 5620(b). In addition, we have opted out of certain Dutch shareholder approval requirements for the issuance of securities in connection with certain events, such as the acquisition of stock or assets of another company, the establishment of or amendments to equity-based compensation plans for employees and a change of control of us and certain private placements. To this extent, our practice varies from the requirements of Nasdaq Rule 5635, which generally requires an issuer to obtain shareholder approval for the issuance of securities in connection with such events.

6.4.4. EVALUATION PROCESS

The board evaluates the functioning of the board of directors, its committees and of each individual director annually. This is done on the basis of prepared questionnaires, which are completed by each board member and collected by the chairman of the board. On the basis of an analysis of the outcome of the questionnaires, key topics are discussed with individual directors and/or by the board or the relevant committees. In 2019, among other things, the evaluations have led to the decision to implement the commercial committee.

6.5. Risk appetite & control

Before reading the rest of this section 6.5, please carefully review the following cautionary statement:

IN THIS SECTION 6.5 WE WILL MAKE THE REQUIRED DISCLOSURES REGARDING OUR RISK APPETITE AND MITIGATING ACTIONS. THE RISK MITIGATION ACTIONS AND RISK MANAGEMENT DESCRIBED IN THIS SECTION 6.5 HAS BEEN FULLY TAKEN INTO ACCOUNT BY US WHEN PREPARING THE DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES WE FACE, AS SET OUT IN CHAPTER 1 "RISK FACTORS". ANY MITIGATING LANGUAGE USED IN THIS SECTION 6.5 DOES NOT HAVE ANY IMPACT ON THE RISKS AND UNCERTAINTIES WE FACE OR THEIR POTENTIAL ADVERSE EFFECTS AS THEY ARE DESCRIBED IN CHAPTER 1 "RISK FACTORS".

CHAPTER 1 "RISK FACTORS" DESCRIBES THE MAIN RISKS AND UNCERTAINTIES WE FACE ALREADY FULLY HAVING TAKEN INTO ACCOUNT OUR RISK MANAGEMENT AND THE RISK MITIGATING ACTIONS DESCRIBED HEREIN.

6.5.1. INTRODUCTION

This Registration Document, in application of article 9 sub 12 of EU Regulation 2017/1129 (or the Prospectus Regulation) contains (whether in the body of the document or in the documents incorporated by reference) the information required for us to be disclosed in our annual financial reporting and as such also serves as our annual report for the financial year 2019.

Under Dutch law, we are required to include in our annual report a general description of our willingness to mitigate the risks and uncertainties we face (also called our 'risk appetite'), and to give a description of the mitigating actions we have taken with regard to our most relevant risks.

6.5.2. GENERAL DESCRIPTION OF OUR RISK APPETITE

Our risk appetite serves as a guideline for us in deciding which measures we may take in mitigating some of the risks and uncertainties we face. Our risk appetite is aligned with our strategy and priorities. The business we operate in is inherently high-risk. In general, we are willing, and in our view required, to take significant risks to be able to operate successfully in our line of business. Some of the risks and uncertainties we face are entirely outside of our control whereas others may be influenced or mitigated.

6.5.3. CONTROLLING ACTIONS TAKEN BY US WITH REGARD TO OUR MOST RELEVANT RISKS AND UNCERTAINTIES

As required by Clause 2:391 sub 1 of the Dutch Civil Code in conjunction with Guideline 400.1.110c on Annual Reporting, the following is a description of the main risks and uncertainties we face (being the first risk of each category of risk factors set out in Chapter 1 “Risk Factors”) and a description of the measures we took to control them. A description of the expected impact upon materialization of these risks is included for each risk in Chapter 1 “Risk Factors”.

RISK FACTOR	MEASURES TAKEN TO CONTROL THESE RISKS
We have incurred significant losses since our inception and expect to incur losses for the foreseeable future. We may never achieve or maintain profitability.	
All of our product candidates are in preclinical, early-stage clinical or clinical development. Our trials may fail and even if they succeed we may be unable to commercialize any or all of our product candidates due to a lack of, or delay in, regulatory approval or for other reasons.	We have adopted a business model and strategic portfolio management approach to spread risks over wholly-owned programs as well as partnered programs, and to manage risks within our own proprietary product candidates pipeline. We continue to create novel, differentiated product candidates from our proprietary technology platforms which regularly feed our product candidate pipeline.
Enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and may affect the prices we may set.	
Our product candidates may not fulfill regulatory compliance.	
Nearly all aspects of our activities are subject to substantial regulation. No assurance can be given that any of our product candidates will fulfill regulatory compliance.	We may seek orphan drug designations that can potentially reduce regulatory approval risk. We have a strategy in place to have discussions with regulatory experts at the EMA, FDA and PDMA, as well as its consultants and CROs.
We rely, and expect to continue to rely, on third parties, including independent clinical investigators and CROs, to conduct our preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.	We endeavor to meet our contractual obligations and any relevant milestone achievements under our collaboration contracts. We endeavor to maintain a rich pipeline of possible collaboration partners as well as a good relationship with existing and potential future collaboration partners in order to limit reliance on a limited number of collaboration partners.
We rely on patents and other intellectual property rights to protect our product candidates and the SIMPLE Antibody™, NHance® and ABDEG™ platform technologies, the enforcement, defense and maintenance of which may be challenging and costly. Failure to enforce or protect these rights adequately could harm our ability to compete and impair our business.	We file and prosecute patent applications to protect our product candidates and technologies. We are doing this in close collaboration with leading expert firms in the field of intellectual property protection. In order to protect trade secrets, we maintain strict confidentiality standards and agreements with collaborating parties. We regularly monitor third party intellectual property rights within our relevant fields and jurisdictions to avoid violating any third-party rights and secures licenses to such third-party rights on a need-to basis.
Our future growth and ability to compete depends on retaining our key personnel and recruiting additional qualified personnel.	We offer competitive remuneration packages and share based incentives in the form of our employee stock option plan. We perform periodical benchmark analyses with an external service provider to ensure the competitiveness of the compensation offered to our key personnel in comparison to other (peer group) companies. We pay close attention to creating an environment that supports the further development of the talents of our key people.

6.5.4. MATERIAL IMPACT OF RISK MATERIALIZATION IN 2019

In the period between January 1 2019 and the date of this Registration Document, we have not identified any material impact on the Company as a result of materialization of previously identified risks and uncertainties.

6.5.5. FINANCIAL RISKS AND CONTROLS

In running our business, we seek to implement a sustainable policy regarding internal control and risk management. Our Board of Directors has delegated an active role to its Audit Committee in the design, implementation and monitoring of an internal risk management and control system to manage the significant risks to which we are exposed.

Our financial reporting is structured within a tight framework of budgeting, reporting and forecasting. A distinction is made between reports for internal and external use. External reporting at group level consists of an annual report (in the form of this Registration Document), including financial statements audited by the external auditor, as well semi-annual reporting and quarterly updates, containing summarized financial information. The external reports are based on the internal financial reporting.

Internal financial reporting consists of extensive consolidated monthly reports in which current developments are compared to the monthly (cumulative) budgets and previous forecasts. In addition, each quarter we reiterate or update our forecast for the annual results, including the cash flow position at the end of the financial year. The quarterly budgets are part of the annual group budget, which is prepared every year by our executive management and approved by our Board of Directors. Our specialized finance and administration department are primarily responsible for evaluating the draft internal and external reporting, before these are finally approved by our Board of Directors.

The Board of Directors discusses the financial results of the group at all formal board meetings, which meetings are minuted.

The company's internal controls over financial reporting are a subset of internal controls and include those policies and procedures that:

- I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- II. 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 receipts and expenditures of the company are being made only by authorized persons; and
- III. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Since the company has securities registered with the U.S. Securities and Exchange Commission, or SEC and is a large accelerated filer within the meaning of Rule 12b-2 of the U.S. Securities Exchange Act of 1934, the company needs to assess the effectiveness of the internal controls over financial reporting and provide a report on the results of this assessment. The Company 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.

6.5.6. RECENT OR CURRENT DEVELOPMENTS IN OUR SYSTEM OF RISK MANAGEMENT

In 2019, we have created and hired the position of internal controls manager within the Company directly reporting to our CFO. The internal controls manager is responsible for the evaluation of the adequacy of the design and operating effectiveness of the Company's internal controls and processes through risk assessments, walkthroughs, testing of controls, continuous monitoring of control compliance and reporting the results to our CFO and subsequently the Audit Committee. Our internal controls manager is also responsible for the promotion of a risk-aware culture and to ensure efficient and effective risk and compliance management practices.

6.6. Compensation Statement and Remuneration Report

This section 6.6 contains the compensation statement required by article 2:135b of the Dutch Civil code and the remuneration report required by the Dutch Corporate Governance Code.

6.6.1. REMUNERATION POLICY

General

Our remuneration policy sets out that the remuneration of our executive and non-executive director(s) shall be determined by the board of directors. The Remuneration and Nomination Committee monitors and at least annually re-evaluates whether the remuneration policy is still suitable for the Company's purposes and proposes adjustments where necessary. The remuneration policy was last updated and approved by our general meeting on 7 November 2017. Every other year, our board also evaluates the appropriateness of any change of total target cash compensation in the context of the market environment as well as the salary adjustments for other employees of the Company. Based on the outcome of the benchmarking analysis described above, the Remuneration and Nomination Committee is implementing step-by-step adjustments of the remuneration packages to ensure that the remuneration offered is in line with the remuneration policy, prescribing a remuneration in line with (or slightly above) market practice (determined as around or slightly above the 75th percentile salary level within the European companies of the peer group and the 50th percentile salary level of US based companies of the peer group). Ensuring a market conform salary will enable us to attract and retain the qualified individuals on which, largely, our success depends. At all times when deciding on the remuneration of our key persons (including senior management and board members), scenario analyses are made and duly taken into account.

Amendments

The last benchmarking exercise was done mid-2018, with the assistance of external experts. Following such benchmark and taking into account the entry into force changes in Dutch legislation during 2019 and early 2020 pursuant to Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement or shareholder rights directive, setting out various new and amended requirements for the way remuneration policies are drawn up, we expect to update our remuneration policy and present a new version of it to our annual general meeting in 2020.

Contribution of the remuneration policy to the Company's long-term value creation

The policy governing the remuneration of our board of directors and key personnel is aimed to attract, reward and retain highly qualified persons and to provide and motivate the members of the board and the senior management with a balanced and competitive remuneration that is focused on sustainable results and is aligned with the long-term strategy of the Company as set out in our business plan.

Our Company has never been profitable and is also not expected to be profitable within the foreseeable future. As a result, the performance targets set for our management team are not aimed at short term goals such as share value or turnover, but are instead directly or indirectly targeted at achieving or enabling the further development of our product candidates and generally at the further development and expanding of the organization as a whole.

Part of the remuneration of our management team consists of stock options, which are granted annually and have a vesting period of three years. The vesting period and corresponding offering obligations are aimed at retaining our personnel and creating an incentive for long term value creation in the process.

6.6.2. COMPENSATION OF OUR EXECUTIVE MANAGEMENT

The remuneration of our executive management (including our executive director) consists of the following fixed and variable components:

- a fixed base salary;
- an annual variable pay (short-term annual cash incentive);
- long-term variable incentive awards, in the form of stock options;
- severance arrangements; and
- pension and fringe benefits.

Fixed base salary.

The base salary of our executive management was determined on the basis of a benchmarking analysis completed by an independent consulting firm. In accordance with this benchmarking analysis, our board of directors has resolved to aim for a compensation of our executive management in the 75th percentile of the compensation offered by the European peer group for executive management living in Europe and 50th percentile offered by the US peer group for executive management living in US, each time as identified by the independent consulting firm used in this analysis. The base salary of the executive director will be determined at a range around the median salary levels payable within a blend of both European and US peer group.

Variable annual cash bonus.

The objective of this short-term annual cash incentive is to ensure that our executive management is incentivized to achieve performance targets in the shorter term. Our executive management is eligible for an annual cash incentive up to a maximum percentage of his/her annual base salary. The maximum percentage for this purpose was set at 50% of base salary of the chief executive officer, 40% of base salary of the Chief Operating Officer and at 35% of base salary for other members of the executive management. Performance conditions are established by our board of directors before or at the beginning of the relevant calendar year and shall include criteria concerning our financial performance, qualitative criteria representing our performance and/or individual qualitative performance.

Long-term incentive awards.

Our board of directors intends to incentivize our executive management by issuing options from time to time to be able to attract and retain well-qualified executive management in connection with the Option Plan, as set out below. Typically, options are granted annually in accordance with our stock option grant scheme which is regularly reviewed by our board of directors and particularly our remuneration and nomination committee.

Severance arrangements.

We have entered into management contracts and employment agreements with our executive management, each of which provides for certain minimum notice periods if their service or employment with us is terminated in certain circumstances as described below in paragraph 6.6.5 "Related party transactions".

Pension and fringe benefits.

Our executive management participates in a defined contribution pension scheme operated by a third-party pension insurance organization. Our executive management is entitled to customary fringe benefits, such as a company car and a hospitalization plan.

Performance of scenario analyses

In determining the remuneration package of each individual member of the management team, scenario analyses are performed annually and taken into account in setting the level of the base remuneration to be paid as well as the variable remuneration and the corresponding targets.

Relations between the remuneration of executives in comparison to lower level company personnel

The total company expense for the non-equity remuneration paid to our chief executive officer (and only statutory executive director) for the year ended 31 December 2019, equalled EUR 851,288, representing 784% of the total company expense for the non-equity median salary paid to our employees. This percentage was calculated on the basis of the last salary payment period of the year ended 31 December 2019, over which the median non-equity remuneration of all Company employees relative to their full time percentage was taken into account and set off against the non-equity remuneration of our executive director for the same period. We calculate the aforementioned percentage on the last salary payment of the relevant period, because due to our rapid growth we deem it relevant to also include our latest hires in the comparison, which includes a number of persons who are not (primarily) working at our facilities in Gent, Belgium.

Annual change of compensation, of the performance of the Company and of average remuneration on a full-time equivalent basis of employees of the Company other than executive directors over the five most recent financial years:

	2015	2016	2017	2018	2019
Non-equity remuneration of our CEO	320,558	354,598	605,576	784,600	851,288
Non-equity median salary paid to our employees	134,711	133,667	95,971	93,311	108,625
Ratio employee/CEO	42%	38%	16%	12%	13%
Average compensation paid to non-executive directors	35,817	44,786	53,333	50,714	53,929
Number of employees at end of year	41	58	73	105	188
Share price at end of year Euronext	11.15	15.94	52.52	85.20	143.60

The decrease in the remuneration ratio between our key executives and other employees between 2018 and 2019 is caused by the increased median salary paid to our employees, mainly as a result of our expansion in the U.S.

The comparison of non-equity salary above is made between the salary paid to our single executive director, and the median salary paid to our employees. We have opted to compare non-equity salaries in this comparison, because whereas the number of options granted is linked to the overall size of remuneration packages granted, the value of equity components depends on the evolution of our share price, which is unknown at granting and as such the forward looking valuation methods for options normally do not provide an accurate economic value.

Due to the global spread of our employees over multiple continents, we deem it relevant to also include the above comparison separately to our US Employees, EU Employees and Japan employees. Due to the overall higher salary level in our business segment in the US and Japan compared to Europe, there is a significant difference in the pay ratio when the CEO's salary is compared to the median salary of all our employees (the majority of which are EU persons), as set out above, or compared to employees in the United States and Japan. The following information is provided for reference purposes:

	EMPLOYEE COMPARED TO CEO
All employees	13%
EU employees	10%
US employees	29%
Japan employees	20%

For the share based payments the ratio's are as follows:

NUMBER OF STOCK OPTIONS	2015	2016	2017	2018	2019
Stock options granted to our CEO	30,600	80,600	80,000	80,000	80,000
Median stock options granted to our employees	1,000	3,500	2,500	2,500	2,800
Ratio employee/CEO	3.27%	4.34%	3.13%	3.13%	3.50%
Average number of stock options granted to non-executive directors	15,000	10,000	15,000	12,143	10,000
Median stock options granted to our employees	1,000	3,500	2,500	2,500	2,800
Ratio non-executive directors/ CEO	6.67%	35.00%	16.67%	20.59%	28.00%

The total employment costs paid by us in the financial year 2019 was charged to the Company and its subsidiaries as follows:

	TOTAL REMUNERATION PAID IN 2019 (IN EUR MILLION)
argenx SE	0.2
argenx BV	38.8
argenx Japan K.K.	0.5
argenx US Inc.	9.3

The manner in which the variable pay of our executive director contributes to the long term value creation of the Company

As a result of linking long term targets, designed to increase the Company's performance in the present as well as the future, to the variable pay of our management intends to align the interests of the management team to that of the (other) stakeholders in the Company. The board believes that a remuneration package comprised of a cash salary as well as options linked to a vesting scheme and a variable pay linked to individual targets is most suitable to achieve this goal.

Remuneration and Benefits

The following table sets forth information regarding compensation paid by us for Tim Van Hauwermeiren during the year ended December 31, 2019:

Tim van Hauwermeiren

(IN EUROS)	COMPENSATION
Base salary	525,000
Variable cash incentive	326,288
Option awards ⁽¹⁾	5,257,360
Employer social security contribution stock options	—
Non equity incentive plan compensation	—
Pension contributions	21,532
Social security costs	10,587
Other ⁽²⁾	11,558
Total	6,152,325

Variable pay determination CEO

In line with our remuneration policy, the remuneration of Mr. Van Hauwermeiren included a variable payment component (bonus) based on pre-defined specific targets. During the year ended December 31, 2019, the specific performance targets for determination of the bonus for Tim Van Hauwermeiren, included among other things:

- successful progress (measured by clearly defined milestones and timing) in certain clinical trials;
- ensuring that all business and organizational objectives of a material partnership of the Company were met for the year 2019;
- the successful recruitment in 2019 of some key hires.

All of the targets were tailored to the long term value creation of our Company through progressing our clinical product candidates and through building and expanding our organization, each of which is vital to continuing our success and growth for the benefit of all stakeholders.

(1) Amount shown represents the expenses with respect to the option awards granted in 2019 to Mr. Van Hauwermeiren measured using the Black Scholes formula. For a description of the assumptions used in the valuing these awards, see note 13 to our consolidated financial statements incorporated by reference in this Registration Document (see chapter 11 "Information Incorporated by Reference"). These amounts do not reflect the actual economic value realized by Mr. Van Hauwermeiren.

(2) Consists of €11,382 attributable to the lease of a company car and €176 in employer-paid medical insurance premiums.

The ratio between fixed and variable payments to our CEO for the financial year ended 31 December 2019 equals €525,000/326,288 or 62%/38%.

Remuneration of other executive managers

The following table sets forth information regarding aggregate compensation paid by us for the members of our executive management (excluding Tim Van Hauwermeiren) during the year ended December 31, 2019. We note that these numbers also include compensation paid to persons who have been part of our executive management for part of 2019 (being Mr. N. Leupin, Mrs. D. Allen and Mr. T. Dreier):

(IN EUROS)	COMPENSATION
Base salary	2,002,255
Variable cash incentive	648,999
Option awards ⁽¹⁾	16,589,721
Employer social security contribution stock options ⁽²⁾	9,160,263
Non-equity incentive plan compensation	—
Termination benefits	470,400
Pension contributions	122,025
Social security costs	801,841
Other ⁽³⁾	110,488
Total	29,905,992

The following table sets forth information regarding option awards granted to our executive management during the year ended December 31, 2019:

NAME	STOCK OPTIONS	EXPIRATION DATE	EXERCISE PRICE
Tim Van Hauwermeiren	80,000	20/12/2029	135.75
Eric Castaldi ⁽⁴⁾	50,000	20/12/2029	135.75
Hans de Haard ⁽⁴⁾	50,000	20/12/2029	135.75
Keith Woods	50,000	20/12/2029	135.75
Wim Parys ⁽⁴⁾	50,000	20/12/2029	135.75
Arjen Lemmen ⁽⁴⁾	50,000	20/12/2029	135.75
Dirk Beeusaert	50,000	28/06/2029	113.49

(1) Amount shown represents the expenses with respect to the option awards granted in 2019 to Mr. Keith Woods, Mr. Eric Castaldi, Prof. Hans de Haard, Mr. Wim Parys, Mr. Arjen Lemmen and Mr. Dirk Beeusaert measured using the Black Scholes formula. For a description of the assumptions used in the valuing these awards, see note 13 to our consolidated financial statements incorporated by reference in this Registration Document. These amounts do not reflect the actual economic value realized by these members of our executive management.

(2) The Company incurs employer social security costs with respect to the option awards granted to the members of our executive management. The amount of employer social security costs depends on the actual economic value realized and therefore varies based on the price of our ordinary shares. At each reporting date, the Company makes a calculation of the exposure.

(3) Consists of €58,765€ attributable to the leases of company cars, €20,080 in car, housing and other allowances and €31,643 in employer-paid medical insurance premiums.

(4) On December 20, 2019, the Company has granted options for which the beneficiary has a 60 day period to choose between a contractual term of five or ten years.

The table below shows the stock options held at the start of the year ended December 31, 2019 and the stock options granted to our executive management which have vested during the year ended December 31, 2019, as well as the stock options to vest in the years ending December 31, 2020, December 31, 2021 and December 31, 2022 (in number of stock options), and the respective exercise price of such stock options:

NAME	TOTAL OPTIONS HELD ON JANUARY 1, 2019	OPTIONS GRANTED IN 2019	OPTIONS FORFEITED IN 2019	OPTIONS EXERCISED IN 2019	TOTAL OPTIONS HELD ON DECEMBER 31, 2019
Tim Van Hauwermeiren	336,200	80,000	—	(30,000)	386,200
Eric Castaldi	249,768	50,000	—	(71,968)	227,800
Keith Woods	125,000	50,000	—	(25,000)	150,000
Hans De Haard	445,975	50,000	—	—	495,975
Wim Parys	125,000	50,000	—	—	175,000
Arjen Lemmen	51,276	50,000	—	—	101,276

	OPTIONS VESTED UNTIL 2018	EXERCISE PRICE	OPTIONS VESTED IN 2019	EXERCISE PRICE	OPTIONS TO VEST IN 2020	EXERCISE PRICE	OPTIONS TO VEST IN 2021	EXERCISE PRICE	OPTIONS TO VEST IN 2022	EXERCISE PRICE	
	35,000	7.17									—
	30,600	9.47		9.47							
	43,056	11.47	6,944	11.47		11.47					
	20,400	14.13	10,200	14.13		14.13					
	26,667	21.17	26,666	21.17	26,667	21.17					
			26,667	86.32	26,666	86.32	26,667	86.32			
					26,667	135.75	26,666	135.75	26,667	135.75	
	28,200	9.47									—
	24,283	11.47	3,917	11.47							
	18,800	14.13	9,400	14.13							
	14,400	21.17	14,400	21.17	14,400	21.17					
			16,667	86.32	16,666	86.32	16,667	86.32			
					16,667	135.75	16,666	135.75	16,667	135.75	
	—	21.17	25,000	21.17	25,000	21.17					—
			16,667	86.32	16,666	86.32	16,667	86.32			
					16,667	135.75	16,666	135.75	16,667	135.75	
	144,822	2.44									—
	109,000	7.17									
	28,200	9.47									
	24,283	11.47	3,917	11.47							
	18,800	14.13	9,400	14.13							
	7,177	18.41	4,784	18.41	2,392	18.41					
	14,400	21.17	14,400	21.17	14,400	21.17					
			16,667	86.32	16,666	86.32	16,667	86.32			
					16,667	135.75	16,666	135.75	16,667	135.75	
	—	86.32	41,667	86.32	41,666	86.32	41,667				—
					16,667	135.75	16,666	135.75	16,667	135.75	
	3,106	11.47	694	11.47							—
	2,333	14.13	1,667	14.13							
	2,388	18.41	2,392	18.41	1,196	18.41					
	3,333	21.17	3,334	21.17	3,333	21.17					
			2,500	80.82	1,667	80.82	833	80.82			
			7,500	86.32	7,500	86.32	7,500	86.32			
					16,667	135.75	16,666	135.75	16,667	135.75	

NAME	TOTAL OPTIONS HELD ON JANUARY 1, 2019	OPTIONS GRANTED IN 2019	OPTIONS FORFEITED IN 2019	OPTIONS EXERCISED IN 2019	TOTAL OPTIONS HELD ON DECEMBER 31, 2019
Dirk Beeusaert	104,682	50,000	—	—	154,682
Nicolas Leupin	127,800	—	—	(95,619)	32,181
Torsten Dreier	379,948	—	—	(65,890)	314,058
Debbie Allen	249,311	—	(28,200)	(7,990)	213,121

	OPTIONS VESTED UNTIL 2018	EXERCISE PRICE	OPTIONS VESTED IN 2019	EXERCISE PRICE	OPTIONS TO VEST IN 2020	EXERCISE PRICE	OPTIONS TO VEST IN 2021	EXERCISE PRICE	OPTIONS TO VEST IN 2022	EXERCISE PRICE	
	19,841	18.41	13,227	18.41	6,614	18.41					—
	5,000	21.17	5,000	21.17	5,000	21.17					
			14,100	80.82	9,400	80.82	4,700	80.82			
			7,267	86.32	7,266	86.32	7,267	86.32			
					25,000	135.75	16,667	135.75	8,333	135.75	
	—	11.47	3,917	11.47							9,936
			9,400	14.13		11.47					
			14,400	21.17	14,400	21.17					
	71,690	2.44									—
	105,000	7.17									
	28,200	9.47									
	24,283	11.47	3,917	11.47							
	18,800	14.13	9,400	14.13							
	4,784	18.41	3,189	18.41	1,595	18.41					
	14,400	21.17	14,400	21.17	14,400	21.17					
	39,195	2.44									—
	2,626	3.95									
	43,500	7.17									
	28,200	9.47									
	24,283	11.47	3,917	11.47							
	18,800	14.13	9,400	14.13							
	14,400	21.17	14,400	21.17	14,400	21.17					

The table below shows the remaining term of the stock options held by our executive management during the year ended December 31, 2019:

NAME	NUMBER OF STOCK OPTIONS	REMAINING TERM ON DECEMBER 31, 2019 (ROUNDED UP)
Tim Van Hauwermeiren	35,000	5.0 years
	30,600	6.0 years
	50,000	6.5 years
	30,600	7.0 years
	80,000	8.0 years
	80,000	9.0 years
	80,000	10.0 years
Eric Castaldi	28,200	6.0 years
	28,200	6.5 years
	28,200	7.0 years
	43,200	8.0 years
	50,000	9.0 years
	50,000	5.0 / 10.0 years ⁽¹⁾
Keith Woods	50,000	8.0 years
	50,000	9.0 years
	50,000	10.0 years
Hans De Haard	69,360	3.5 years
	39,636	4.0 years
	144,826	5.0 years
	28,200	6.0 years
	28,200	6.5 years
	28,200	7.0 years
	14,353	7.5 years
	43,200	8.0 years
	50,000	10.0 years
	50,000	5.0 / 10.0 years ⁽¹⁾
Wim Parys	125,000	4.0 years
	50,000	5.0 / 10.0 years ⁽¹⁾
Arjen Lemmen	3,800	6.5 years
	4,000	7.0 years
	5,976	7.5 years
	10,000	8.0 years
	2,500	3.5 years
	2,500	8.5 years
	11,250	4.0 years

(1) On December 20, 2019, the Company has granted options for which the beneficiary has a 60 day period to choose between a contractual term of five or ten years.

	11,250	9.0 years
	50,000	5.0 / 10.0 years ⁽¹⁾
Dirk Beeusaert	39,682	7.5 years
	15,000	8.0 years
	28,200	3.5 years
	21,800	4.0 years
	50,000	5.0 years
Nicolas Leupin	781	6.5 years
	8,200	7.0 years
	23,200	8.0 years
Torsten Dreier	37,654	4.0 years
	139,036	5.0 years
	28,200	6.0 years
	28,200	6.5 years
	28,200	7.0 years
	9,568	7.5 years
	43,200	8.0 years
Debbie Allen	18,770	3.5 years
	10,727	4.0 years
	55,824	5.0 years
	28,200	6.0 years
	28,200	6.5 years
	28,200	7.0 years
	43,200	8.0 years

The table below shows the stock options exercised by our executive management during the year ended December 31, 2019 and the exercise price of those stock options. Per exercised option, one share was issued:

NAME	NUMBER OF STOCK OPTIONS	EXERCISE PRICE
Tim Van Hauwermeiren	30,000	7.17
Eric Castaldi	30,961	2.44
Eric Castaldi	41,007	7.17
Keith Woods	25,000	21.17
Nicolas Leupin	28,200	9.47
Nicolas Leupin	27,419	11.47
Nicolas Leupin	20,000	14.13
Nicolas Leupin	20,000	21.17
Torsten Dreier	65,890	21.17
Debbie Allen	7,990	3.95
Total	296,467	

6.6.3. COMPENSATION OF OUR NON-EXECUTIVE DIRECTORS

The remuneration of the individual members of the board of directors is determined by the non-executive directors, at the recommendation of the remuneration and nomination committee, within the limits of the remuneration policy adopted by the shareholders at the General Meeting. The description below reflects the status of our remuneration policy as updated by our board of directors on September 12, 2017 and giving effect to the update to the remuneration policy approved by our shareholders at the extraordinary shareholders' meeting held on November 7, 2017.

Pursuant to the remuneration policy, the remuneration of the non-executive directors consists of the following fixed and variable components:

- a fixed fee, which fee will be prorated if the non-executive director does not attend all meetings where his or her presence is required;
- if applicable, a fee for chairing the audit committee, the research and development committee or the remuneration and nomination committee;
- a fixed fee for board committee membership; and
- a long-term variable incentive in the form of stock options.

Fixed fee.

The board of directors has set the annual base remuneration for non-executive directors at €35,000, additional remuneration for the chairperson of the board of directors at €30,000, additional remuneration for the chairperson of the audit committee and the research and development committee of the board of directors at €15,000 and additional remuneration for the chairperson of the remuneration and nomination committee and the commercial committee of the board of directors at €10,000. Board committee members, other than the chairman of the relevant committee, receive an annual retainer of €5,000 for the remuneration and nomination committee and a €7,500 retainer for the members of the audit committee and the research and development committee.

Long-term incentive plan.

The board of directors intends to incentivize the non-executive directors by issuing options from time to time to be able to attract and retain well-qualified non-executive directors in connection with the Option Plan. The board of directors grants options to the non-executive directors on the recommendation of the remuneration and nomination committee. Such option grants are based on an option allocation scheme established by the board of directors pursuant to the Option Plan. The conditions of our option plan apply to our non-executive directors, as set forth in paragraph 6.6.4 "Long-Term Incentives Granted to Key Persons - Option Plan".

Success payment.

In exceptional circumstances, the board of directors may decide to reward a non-executive director with a success payment relating to the occurrence of specific events achieved through the exceptional efforts of that person (such as a platform licensing or product licensing deal brokered by that non-executive director). To date, no such success payments have been made or promised by us to our non-executive directors.

Pursuant to the remuneration policy, in case of a dismissal, non-executive directors will not be entitled to a severance payment.

The following table sets forth the information regarding the compensation earned by our non-executive directors during the year ended December 31, 2019:

NAME	FEES EARNED OR PAID IN CASH (IN EUROS)	OPTION AWARDS (IN EUROS) ⁽¹⁾	TOTAL
Peter K.M. Verhaeghe	77,500	657,170	703,610
David L. Lacey	50,000	657,170	676,110
Werner Lanthaler	55,000	657,170	681,110
Pamela Klein	42,500	657,170	668,610
J. Donald deBethizy	52,500	657,170	678,610
A.A. Rosenberg	50,000	657,170	676,110
James M Daly	50,000	657,170	676,110

- (1) These amounts do not reflect the actual economic value realized by the non-executive director. Amount shown represents the expenses with respect to the option awards granted in 2019 to the non-executive directors measured using the Black Scholes formula. For a description of the assumptions used in valuing these awards, see note 13 to our consolidated financial statements incorporated by reference in this Registration Document.



The table below shows the stock options held at the start of the year ended December 31, 2019 and the stock options granted to the non-executive directors which have vested during the year ended December 31, 2019, as well as the stock options to vest in the years ending December 31, 2020, December 31, 2021 and December 31, 2022 (in number of stock options), and the respective exercise price of such stock options:

NAME	TOTAL OPTIONS HELD ON JANUARY 1, 2019	OPTIONS GRANTED IN 2019	OPTIONS EXERCISED IN 2019	TOTAL OPTIONS HELD ON DECEMBER 31, 2019	OPTIONS VESTED UNTIL 2018
Peter Verhaeghe	44,585	10,000		54,585	11,626
					7,959
					5,000
					8,333
David L. Lacey	54,443	10,000		64,443	6,643
					12,800
					8,333
					5,000
Werner Lanthaler	14,444	10,000	(4,444)	20,000	—
					—
					—
J. Donald deBethizy	35,000	10,000		45,000	15,000
					8,333
Pamela Klein	35,000	10,000		45,000	15,000
					8,333
A.A. Rosenberg	25,000	10,000		35,000	10,000
James M. Daly	25,000	10,000		35,000	

	EXERCISE PRICE	OPTIONS VESTED IN 2019	EXERCISE PRICE	OPTIONS TO VEST IN 2020	EXERCISE PRICE	OPTIONS TO VEST IN 2021	EXERCISE PRICE	OPTIONS TO VEST IN 2022	EXERCISE PRICE	CONTROL
	2.44									
	3.95									
	7.17									
	11.38	1,667	11.38							
		3,333	86.32	3,334	86.32	3,333	86.32			
				3,333	135.75	3,334	135.75	3,333	135.75	
										—
	2.44									
	7.17									
	11.38	1,667	11.38							
	21.17	5,000	21.17	5,000	21.17					
		3,333	86.32	3,334	86.32	3,333	86.32			—
				3,333	135.75	3,334	135.75	3,333	135.75	
	2.44									
	7.17									
	11.38	—	11.38							
		3,333	86.32	3,334	86.32	3,333	86.32			—
				3,333	135.75	3,334	135.75	3,333	135.75	
	11.44									
	11.38	1,667	11.38							
		3,333	86.32	3,334	86.32	3,333	86.32			—
				3,333	135.75	3,334	135.75	3,333	135.75	
	11.44									
	11.38	1,667	11.38							
		3,333	86.32	3,334	86.32	3,333	86.32			—
				3,333	135.75	3,334	135.75	3,333	135.75	
	14.13	5,000	14.13							
		3,333	86.32	3,334	86.32	3,333	86.32			—
				3,333	135.75	3,334	135.75	3,333	135.75	
		7,500	80.82	5,000	80.82	2,500	80.82			
		3,333	86.32	3,334	86.32	3,333	86.32			—
				3,333	135.75	3,334	135.75	3,333	135.75	

The table below shows the remaining term of the stock options held by the non-executive directors during the year ended December 31, 2019:

NAME	NUMBER OF STOCK OPTIONS	REMAINING TERM ON DECEMBER 31, 2019 (ROUNDED UP)
Peter K.M. Verhaeghe	3,650	0.5 years
	2,340	1.0 years
	5,560	3.5 years
	3,181	4.0 years
	9,854	5.0 years
	10,000	6.5 years
	10,000	9.0 years
	10,000	10.0 years
David L. Lacey	3,180	3.5 years
	1,818	4.0 years
	14,445	5.0 years
	10,000	6.5 years
	15,000	8.0 years
	10,000	9.0 years
	10,000	10.0 years
Werner Lanthaler	10,000	9.0 years
	10,000	10.0 years
J. Donald deBethizy	15,000	5.5 years
	10,000	6.5 years
	10,000	9.0 years
	10,000	10.0 years
Pamela Klein	15,000	5.5 years
	10,000	6.5 years
	10,000	9.0 years
	10,000	10.0 years
A.A. Rosenberg	15,000	7.0 years
	10,000	9.0 years
	10,000	10.0 years
James M. Daly	15,000	8.5 years
	10,000	9.0 years
	10,000	10.0 years

The table below shows the stock options exercised by our non-executive directors during the year ended December 31, 2019 and the exercise price of those stock options. Per exercised option, one share was issued:

NAME	NUMBER OF STOCK OPTIONS	EXERCISE PRICE
Werner Lanthaler	4,444	11.38
Total	4,444	

As at the date of this Registration Document Werner Lanthaler holds 30.416 shares. As of the date of this Registration Document Tim van Hauwermeiren holds 20.000 shares.

6.6.4. LONG-TERM INCENTIVES GRANTED TO KEY PERSONS - OPTION PLAN

On December 18, 2014, our board of directors adopted an employee stock option plan, or the Option Plan, which was approved by the shareholders at the General Meeting on May 13, 2015 and amended by the General Meeting on April 28, 2016. The aim of the Option Plan is to encourage our executive management, directors and key outside consultants and advisors to acquire an economic and beneficial ownership interest in the growth and performance of the Company, to increase their incentive to contribute to our value and to attract and retain individuals who are key to our Company.

The Option Plan has been amended by the board of directors and approved by our General Meeting on November 25, 2019. The following amendments have been made:

- the terms of the Option Plan are updated to reflect the latest changes in applicable laws, including the Market Abuse Regulation;
- specific provisions governing the granting of 'sign-on-options' for attracting new (key) personnel are added; and
- the Option Plan now contains a description of the method the Company applies for determining the amount of options to grant to key persons which is based on transparent and objective option allocation scheme.

In connection with the Option Plan, our board of directors has also established an option allocation scheme. The option allocation scheme contains (i) the date on which options are granted each year, which shall be the same date each year and (ii) the number of options granted to each person or to each group of persons, which shall be based on objective criteria only.

Our board of directors, in each case subject to the approval of the majority of the non-executive directors, may grant options to our executive management, directors or key outside consultants or advisors and in accordance with the option allocation scheme. Our board of directors may also grant options at its discretion outside of the option allocation scheme, but only in a period when no inside information (as specified in our insider trading policy) is available. Persons to whom options are granted cannot refuse to accept such options.

The aggregate number of shares that may be available for the issuance of options is equal to 14.5% of our fully diluted share capital. Shares issued pursuant to the exercise of an option are counted towards the share capital, and options that cease to exist (whether through exercise, termination or otherwise) are restored to the foregoing limit and shall again be available for issuance under the Option Plan. Shares shall be charged against the foregoing limit upon the grant of each option, but if such shares are thereafter forfeited or such option otherwise terminates without the issuance of such shares or of other consideration in lieu of such shares, the shares so forfeited or related to the terminated portion of such option shall be restored to the foregoing limit and shall again be available for options under the Option Plan.

Options granted pursuant to the Option Plan shall vest with respect to one third of the shares upon the first anniversary of the date of grant, with the remaining two thirds vesting in twenty-four equal monthly instalments with the option fully vesting upon the third anniversary of the date of grant, subject, in each case, to the optionee's continued status. Options are exercisable when vested, and in any case not after the option expiration date included in each individual option grant, which is (at the election of the optionee) either 5 years or 10 years from the date of grant.

Each option shall be granted with an exercise price equal to the fair market value upon the date of grant and shall have a term equal to five or ten years from the date of grant. Optionees may prefer to elect the 5 year period as this may limit their personal tax obligations in respect of the option, compared to a 10 year option. In the case of a (i) sale, merger, consolidation, tender offer or similar acquisition of shares or other transaction or series of related transactions as a result of which a change in control occurs, (ii) sale or other disposition of all or substantially all of the Company's assets or (iii) dissolution and/or liquidation of the Company, then 100% of any unvested options shall vest.

Our board of directors, upon approval of a majority of the non-executive directors may amend or terminate the Option Plan or may amend the terms of any outstanding options, provided that no amendment or termination may affect any existing rights without the consent of the affected optionees.

6.6.5. RELATED PARTY TRANSACTIONS

Since 31 December 2019, being the end of the last financial period for which audited financial statements have been published, we have not entered into any transactions with any related parties which are – as a single transaction or in their entirety – material to us.

In addition, in the period covered by the financial statements incorporated herein by reference, there has not been, nor is there currently proposed, any material transaction or series of similar material transactions to which we were or are a party in which any of the members of our board of directors or senior management, holders of more than 10% of any class of our voting securities, or any member of the immediate family of any of the foregoing persons, had or will have a direct or indirect material interest, other than the compensation and shareholding arrangements we describe in paragraph 5.3.1 "Principal Shareholders" and the transactions we describe below.

Agreements with Our Executive Management

We have entered into a management agreement with Tim Van Hauwermeiren as our chief executive officer. The chief executive officer is our sole executive director. The key terms of his agreement are as follows:

TIM VAN HAUWERMEIREN	
Base salary	525,000
Cash bonus	Maximum 55% of base salary based on previously determined bonus targets established by the non-executive directors ⁽¹⁾
Pension contributions ⁽²⁾	21,532
Duration	Indefinite

We may terminate Mr. Van Hauwermeiren's services upon 18 months' notice, or payment of 18 months' pro-rated base salary in lieu of notice. Mr. Van Hauwermeiren would be entitled to the same payment in lieu of notice in the event he terminates his services with us in circumstances in which it cannot reasonably be expected for him to continue providing services to us (and after our failure to remedy such conditions after being provided at least 14 days' notice). Mr. Van Hauwermeiren would also be entitled to payment in lieu of notice in the event he terminated his services with us in certain cases of our failure to comply with obligations under applicable law or his agreement (and after our failure to remedy such non-compliance, if non-deliberate, after being provided at least 14 days' notice). In these cases, there will be a full acceleration of the vesting of any outstanding stock options held by Mr. Van Hauwermeiren. There will be no notice period or payment in lieu of notice in certain cases of Mr. Van Hauwermeiren's failure to comply with obligations under applicable law or his agreement. Mr. Van Hauwermeiren may be dismissed immediately as an executive director.

- (1) We have an established practice to provide the variable pay partially in the form of OTC options. For those beneficiaries that opt to receive their bonus through over the counter (OTC) options rather than through a payment in cash. As a result, whereas the basis for calculating the cash bonus is a maximum of 55% of base salary, in practice this may be paid in OTC options, representing a higher percentage of the annual base salary (in 2019: 62.15%), which provides a benefit to us as well as the employee.
- (2) Amounts shown represent pension contributions paid during the year-ended December 31, 2019.

Eric Castaldi, our Chief Financial Officer, has an employment contract with our subsidiary, argenx BV, for an indefinite term. His employment contract may be terminated at any time by us, subject to a notice period and a severance payment of at least 12 months.

Keith Woods, our Chief Operating Officer, has an employment contract with our subsidiary, argenx US Inc., for an indefinite term. His employment contract may be terminated at any time by us, subject to a notice period and a severance payment of at least 12 months.

Wim Parys, our Chief Medical Officer, has an employment contract with our subsidiary argenx BV, for an indefinite term. His employment contract may be terminated at any time by us, subject to a notice period and a severance payment of at least 12 months.

Hans de Haard, our Chief Scientific Officer, has an employment contract with our subsidiary, argenx BV, for an indefinite term. His employment contract may be terminated at any time by us, subject to a notice period and a severance payment of at least 12 months.

Arjen Lemmen, our VP Corporate Development & Strategy, has an employment contract with our subsidiary, argenx BV, for an indefinite term. His employment contract may be terminated at any time by us, subject to a notice period and a severance payment of at least 12 months.

Dirk Beeusaert, our General Counsel, has an employment contract with our subsidiary, argenx BV, for an indefinite term. His employment contract may be terminated at any time by us, subject to a notice period and a severance payment of at least 12 months.

Indemnification Agreements

In connection with our initial U.S. public offering, we entered into indemnification agreements with each of our non-executive directors and each member of our executive management. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to non-executive directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Transactions with Related Companies

Agreement with FairJourney LDA

FairJourney Biologics LDA, or FairJourney, is a fee for service company focused on antibody discovery and engineering services. FairJourney was founded in 2012 and, as compensation for their support with the formation of FairJourney, our chief executive officer and executive director Tim Van Hauwermeiren acquired shares representing 5% of the equity securities of FairJourney, and our chief scientific officer, Hans de Haard, acquired shares representing 20% of the equity securities of FairJourney. In July 2012, we entered into a license and exclusive option agreement with FairJourney, pursuant to which we granted FairJourney a worldwide, non exclusive license to our SIMPLE Antibody™ Platform to develop, manufacture and commercialize SIMPLE Antibodies to certain targets selected by FairJourney. Under the terms of the agreement, once FairJourney has advanced a product candidate discovered under the agreement to near proof of concept stage, we have the option to acquire patent rights generated by FairJourney specific to such product candidate along with a non exclusive license to additional FairJourney intellectual property useful for further development, manufacture, or commercialization of the product candidate. Upon exercising this option, we must pay FairJourney an option fee equal to two times the expenses incurred by FairJourney for advancing such product candidate through the option exercise date, and we are required to pay a specified royalty in the mid single digits on any sub licensing revenue received by us for such product candidate. Alternatively, if we elect not to exercise the option, FairJourney is required to pay us a specified royalty in the mid single digits on any sub licensing revenue received by FairJourney for such product candidate. In connection with the agreement, we acquired shares of FairJourney representing 15% of the fully diluted equity securities of FairJourney at the time of issuance. In December 2017, the Company and executive director Tim Van Hauwermeiren sold their respective shareholdings in FairJourney Biologics LDA. In January 2020, the stake held by Prof. Hans de Haard in FairJourney was sold. This means that at the date of this Registration Document, FairJourney LDA no longer qualifies as related party.

6.7. Employees

As of December 31, 2019, we had 188 employees (excluding consultants). At each date shown below, we had the following number of employees, broken out by department and geography:

	2020 ⁽¹⁾	2019	2018	2017
Function				
Research and development	118	118	75	58
Selling, general and administrative	70	70	30	15
Total	188	188	105	73
Geography				
Zwijnaarde, Belgium	145	145	94	73
Boston, USA	40	40	11	—
Tokyo, Japan	3	3	—	—
Breda, the Netherlands	—	—	—	—
Total	188	188	105	73

Collective bargaining agreements, or CBAs, can be entered into in Belgium at the national, industry, or company levels. These CBAs are binding on both employers and employees. We have no trade union representation or CBAs at the company level, but we are subject to the national and industry level CBAs that relate to the chemical industry. The CBAs currently applicable to us relate to employment conditions such as wages, working time, job security, innovation and supplementary pensions. We have not had, and do not anticipate having, disputes on any of these subjects. CBAs may, however, change the employment conditions of our employees in the future and hence adversely affect our employment relationships.

6.8. Certain relevant provisions of applicable law and our articles of association

6.8.1. ISSUE OF SHARES

The Articles of Association provide that shares may be issued or rights to subscribe for our shares may be granted pursuant to a resolution of the shareholders at the General Meeting, or alternatively, by our board of directors if so designated by the shareholders at the General Meeting. A resolution of the shareholders at the General Meeting to issue shares, to grant rights to subscribe for shares or to designate our board of directors as the corporate body of the company authorized to do so can only take place at the proposal of our board of directors with the consent of the majority of the non-executive directors. Shares may be issued or rights to subscribe for shares may be granted by resolution of our board of directors, if and insofar as our board of directors is designated to do so by the shareholders at the General Meeting. Designation by resolution of the shareholders at the General Meeting cannot be withdrawn unless determined otherwise at the time of designation. The scope and duration of our board of directors' authority to issue shares or grant rights to subscribe for shares (such as granting stock options or issuing convertible bonds) is determined by a resolution of the shareholders at the General Meeting and relates, at the most, to all unissued shares in the company's authorized capital at the relevant time. The duration of this authority may not exceed a period of five years. Designation of our board of directors as the body authorized to issue shares or grant rights to subscribe for shares may be extended by a resolution of the shareholders at the General Meeting for a period not exceeding five years in each case. The number of shares that may be issued is determined at the time of designation.

(1) until March 16, 2020.

No shareholders' resolution or board of directors resolution is required to issue shares pursuant to the exercise of a previously granted right to subscribe for shares. A resolution of our board of directors to issue shares and to grant rights to subscribe for shares can only be taken with the consent of the majority of the non-executive directors.

On May 7, 2019, the shareholders at the General Meeting designated our board of directors as the corporate body competent to issue shares under the Option Plan and to limit or exclude pre-emptive rights of shareholders for such shares and option rights to subscribe for shares with the prior consent of the majority of the non-executive directors for a period of 18 months. On May 7, 2019, the shareholders at the General Meeting designated our board of directors as the corporate body competent to issue additional shares and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of the non-executive directors for a period of 18 months. In its resolution, the shareholders at the General Meeting restricted the competency of our board of directors under this second authorization as regards the issue of shares and the grant of rights to subscribe for shares to a maximum of 20% of our total issued and outstanding share capital as at the day of that meeting. The purpose of this authorization is to allow the board of directors the general flexibility to issue additional shares as and when the need may arise or an opportunity would present itself, including to issue shares and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders for such shares for the purpose of the admission to listing and trading of securities in our capital on Nasdaq and/or Euronext. While there is no current intention to benefit any specific person with this authorization to restrict the pre-emptive rights of the existing shareholders, when using this authorization the board will be able to restrict the pre-emptive rights in whole or in part, including for the benefit of specific persons. The board's ability to restrict the pre-emptive rights in whole or in part could be used by the board as a potential anti-takeover measure, although there is currently no likely scenario in which we expect that such ability would be used as an anti-takeover measure.

6.8.2. PUBLIC OFFER

In accordance with Directive 2004/25/EC, each European Union member state should ensure the protection of minority shareholders by obliging any person that acquires control of a company to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price. The Directive 2004/25/EC applies to all companies governed by the laws of a European Union member state of which all or some voting securities are admitted to trading on a regulated market in one or more European Union member states. The laws of the European Union member state in which a company has its registered office will determine the percentage of voting rights that is regarded as conferring control over that company. In accordance with Section 5:70 of the DFSA, any person—whether acting alone or in concert with others—who, directly or indirectly, acquires a controlling interest in a company will be obliged to launch a mandatory public offer for all our outstanding shares. A controlling interest is deemed to exist if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the General Meeting. An exception is made for, amongst others, shareholders who—whether alone or acting in concert with others—(i) had an interest of at least 30% of our voting rights before our shares were first admitted to trading on Euronext Brussels and who still have such an interest after such first admittance to trading, and (ii) reduce their holding to below 30% of the voting rights within 30 days of the acquisition of the controlling interest provided that (a) the reduction of their holding was not effected by a transfer of shares to an exempted party and (b) during such period such shareholders or group of shareholders did not exercise their voting rights. The rules under the DFSA regarding mandatory public offers apply to us because the Company has its statutory seat in the Netherlands. However, as the shares are not admitted to trading on a regulated market in the Netherlands but are admitted to trading on Euronext Brussels and the ADSs are admitted to trading on The Nasdaq Global Select Market, the Dutch Decree on public offers (*Besluit openbare biedingen Wft*) will only apply in relation to matters relating to information to be provided to trade unions and employees and company law matters, including the convocation of a General Meeting in the event of a public offer and a position statement by our board of directors. In case of a mandatory public offer, the provisions regarding the offered consideration and the bid procedure will be governed by Belgian law pursuant to article 4§1, 3° of the Belgian law dated April 1, 2007 on public takeover bids, or the Takeover Law. Pursuant to article 53 of the Belgian Royal Decree of April 27, 2007 on public takeover bids, or the Takeover Royal Decree, a mandatory public offer on our shares must be launched at a price equal to the higher of (i) the highest price paid by the offeror or persons acting in concert with it for the acquisition of shares during the last 12 months and (ii) the weighted average trading prices during the last 30 days before the obligation to launch a mandatory public offer was triggered. The price can be in cash or in securities. However, if the securities that are offered as consideration are not liquid securities that are traded on a regulated market or if the offeror or persons acting in concert with it have acquired shares for cash in the last 12 months, a cash alternative has to be offered. Various protective measures are possible and permissible within the boundaries set by Dutch law and Dutch case law. We have not implemented specific measures with the aim of deterring takeover attempts. However, we have adopted several

provisions that may have the effect of making a takeover of our Company more difficult or less attractive, including requirements that certain matters, including an amendment of our Articles of Association, may only be brought to our shareholders for a vote upon a proposal by our board of directors. No takeover bid has been instigated by third parties in respect of our equity during the previous financial year and the current financial year.

6.8.3. AMENDMENT OF ARTICLES OF ASSOCIATION

The shareholders at the General Meeting may resolve to amend the Articles of Association, at the proposal of our board of directors, with the consent of the majority of the non-executive directors. A resolution by the shareholders at the General Meeting to amend the Articles of Association requires a simple majority of the votes cast in a meeting in which at least half of our issued and outstanding capital is present or represented, or at least two-thirds of the votes cast, if less than half of our issued and outstanding capital is present or represented at that meeting.

Changing the rights of any of the shareholders will require the Articles of Association to be amended.

6.8.4. SQUEEZE OUT PROCEDURES

Pursuant to Section 92a, Book 2, Dutch Civil Code, a shareholder who for his own account holds at least 95% of our issued share capital may initiate proceedings against our minority shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Dutch Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof te Amsterdam*), or the Enterprise Chamber, and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares will give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to the acquiring person, such person is required to publish the same in a daily newspaper with a national circulation. In addition, pursuant to Section 359c, Book 2 of the Dutch Civil Code, following a public offer, a holder of at least 95% of our issued share capital and voting rights has the right to require the minority shareholders to sell their shares to it. Any such request must be filed with the Enterprise Chamber within three months after the end of the acceptance period of the public offer. Conversely, pursuant to article 2:359d of the Dutch Civil Code each minority shareholder has the right to require the holder of at least 95% of our issued share capital and voting rights to purchase its shares in such case. The minority shareholder must file such claim with the Enterprise Chamber within three months after the end of the acceptance period of the public offer.

6.8.5. MARKET ABUSE RULES

As of July 3, 2016, setting aside previously applicable national legislation in the European Union member states, Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, and the rules and regulations promulgated pursuant thereto, or MAR, provides for specific rules intended to prevent market abuse, such as prohibitions on insider trading, divulging inside information and tipping and market manipulation. The Company, the members of our board of directors and other insiders and persons performing or conducting transactions in the Company's financial instruments, as applicable, will be subject to the insider trading prohibition, the prohibition on divulging inside information and tipping and the prohibition on market manipulation. In certain circumstances, the Company's investors may also be subject to market abuse rules.

Inside information is any information of a precise nature relating (directly or indirectly) to us, or to our shares or other financial instruments, which information has not been made public and which, if it were made public, would be likely to have a significant effect on the price of the shares or the other financial instruments or on the price of related derivative financial instruments.

Pursuant to the MAR, a person is prohibited to possess inside information and use that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, our shares and other financial instruments to which that information relates (which is considered to be insider trading). The use of inside information by cancelling or amending an order concerning our shares or other financial instruments to which the information relates where the order was placed before the person concerned possessed the inside information, is also prohibited. In addition, a person is also prohibited to recommend another person to engage in insider trading, or induce another person to engage in insider trading, which arises where the person possesses inside information and (a) recommends, on the basis of that information, that another person acquires or disposes of our shares or other financial instruments to which that information relates, or induces that person to make such an acquisition or disposal or (b) recommends, on the basis of that information, that another person cancels or amends an order concerning our shares or other financial instruments to which that information relates, or induces that person to make such a cancellation or amendment.

The Company is under an obligation to make any inside information immediately public by means of a press release. However, the Company may, in its own discretion, delay the publication of inside information if it can ensure the confidentiality of the information. Such deferral is only permitted if the publication thereof could damage the Company's legitimate interests and if the deferral does not risk misleading the market. If the Company wishes to use this deferral right it needs to inform the Belgian Financial Services and Markets Authority thereof after the information is disclosed to the public and provide a written explanation of how the conditions for deferral were met.

The Company is subject to Dutch law, Belgian law and MAR regarding the publication of inside information. Directors, other persons discharging managerial responsibilities and persons closely associated with them are covered by the MAR notification obligations. Directors and other persons discharging managerial responsibilities as well as persons closely associated with them, must notify the AFM of every transaction conducted on their own account relating to the shares or debt instruments of the Company, or to derivatives or other financial instruments linked to those shares or debt instruments. Notification must be made within three working days after the date of the transaction. Under MAR, no notification of a transaction needs to be made until transactions in a calendar year by that director, persons discharging managerial responsibilities or persons closely associated with them exceed a threshold of €5,000 (without netting). Once the threshold has been reached, all transactions will need to be notified, regardless of amount and wherever concluded. Non-compliance with these reporting obligations could lead to criminal penalties, administrative fines and cease-and-desist orders (and the publication thereof), imprisonment or other sanctions.

6.8.6. TRANSPARENCY DIRECTIVE

We are a European public company with limited liability (*Societas Europaea* or *SE*) incorporated and existing under the laws of the Netherlands. The Netherlands is our home European Union member state (*lidstaat van herkomst*) for the purposes of Directive 2004/109/EC of the European Parliament and of the Council of December 15, 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC and the rules and regulations promulgated pursuant thereto, as amended by various directives including 2013/50/EU, or the Transparency Directive, as a consequence of which we will be subject to the DFSA in respect of certain ongoing transparency and disclosure obligations. In addition, as long as our shares are listed on Euronext Brussels and the ADSs on The Nasdaq Global Select Market, we are required to disclose any regulated information which has been disclosed pursuant to the DFSA as well in accordance with the Belgian Act of May 2, 2007, the Belgian Royal Decree of November 14, 2007 and Nasdaq listing rules. We must publish our annual accounts within four months after the end of each financial year and our half-yearly figures within two months after the end of the first six months of each financial year. Within five calendar days after adoption of our annual accounts, we must file our adopted annual accounts with the AFM. Pursuant to the DFSA, we will be required, among other things, to make public without delay any change in the rights attaching to our shares or any rights to subscribe our shares.

6.8.7. DUTCH FINANCIAL REPORTING SUPERVISION ACT

Pursuant to the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*), or the DFRSA, the AFM supervises the application of financial reporting standards by companies whose official seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange. Pursuant to the DFRSA, the AFM has an independent right to (i) request an explanation from us regarding our application of the applicable financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt that our financial reporting meets such standards and (ii) recommend to us that we make

available further explanations and files these with the AFM. If we do not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber orders us to (a) provide an explanation of the way we have applied the applicable financial reporting standards to our financial reports or (b) prepare our financial reports in accordance with the Enterprise Chamber's instructions.

6.8.8. NET SHORT POSITION

Pursuant to European Union regulation No 236/2012, each person holding a net short position attaining 0.2% of our issued share capital of must report it to the AFM. Each subsequent increase of this position by 0.1% above 0.2% will also have to be reported. Each net short position equal to 0.5% of our issued share capital and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located. The notification will be made no later than 15:30 CET on the following trading day.

6.8.9. GROSS SHORT POSITION

Furthermore, each person holding a gross short position in relation to our issued share capital that reaches, exceeds or falls below one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give written notice to the AFM.

If a person's gross short position reaches, exceeds or falls below one of the abovementioned thresholds as a result of a change in our issued share capital, such person is required to make a notification not later than on the fourth trading day after the AFM has published our notification in the public register of the AFM.

The AFM keeps a public register of the short selling notifications. Shareholders are advised to consult with their own legal advisors to determine whether any of the above short selling notification obligations apply to them.





General Information

Persons Responsible for the Registration Document	192
Statement of the Entity Responsible for the Registration Document . . .	192
Capitalized Terms	192
Information Policy.....	192
Information sourced from third persons	193
Notes on Presentation.....	193
Market and Industry Information	194

7. General Information

7.1. Persons Responsible for the Registration Document

argenx SE, with its statutory seat in Breda and represented by its board of directors, is responsible for the preparation of this Registration Document.

7.2. Statement of the Entity Responsible for the Registration Document

argenx SE, with its statutory seat in Breda, assumes responsibility for the information contained in this Registration Document. argenx SE declares that to the best of their knowledge, the information contained in the registration document is in accordance with the facts and that the registration document makes no omission likely to affect its import.

Any information which has been sourced from third parties identified in this Registration Document as such, has been accurately reproduced and as far as we are aware and are able to ascertain from the information published by a third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The information contained in this Registration Document is up to date as of the date hereof unless expressly stated otherwise. The publication and delivery of this Registration Document and any subsequent Securities Note and Summary at any time after the date hereof will not, under any circumstances, imply that there has been or will be no changes in our business or affairs or that the information contained herein is correct as of any time, subsequent to the date of this Registration Document.

The contents of this Registration Document should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in our shares.

7.3. Capitalized Terms

Unless otherwise stated, capitalized terms used in this Registration Document have the meaning set out in chapter 8 “Definitions and glossary” of this Registration Document.

7.4. Information Policy

7.4.1. AVAILABLE INFORMATION

This Registration Document is available in English. The Registration Document is available, subject to certain conditions, on our website (www.argenx.com). The posting of the Registration Document on the internet does not constitute an offer to sell or a solicitation of an offer to buy any securities in our capital to or from any person. The electronic version of this Registration Document may not be copied, made available or printed for distribution. Except as set out in chapter 11 “Information incorporated by reference” of this Registration Document, other information on our website (www.argenx.com) or any other website does not form part of or is in any way incorporated by reference into this Registration Document and has not been scrutinized or approved by the competent authority.

7.4.2. FURTHER INFORMATION

During at least the twelve months following the date of this Registration Document, the following documents can be obtained free of charge, by electronic means, on our website (www.argenx.com):

- copies of our Articles of Association and Board By-laws; and
- our historical financial information, and the historical financial information for argenx and our subsidiary undertakings, for each of the three financial years preceding the date of this Registration Document.

As a listed company, we are required to also disclose inside information, information about the shareholder structure and certain other information to the public. In accordance with (i) article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, and the rules and regulations promulgated pursuant thereto, or MAR, (ii) article 5:25m DFSA and (iii) Belgian Royal Decree of November 4, 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market (*Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis aux négociations sur un marché réglementé / Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een Belgische gereguleerde markt*), such information and documentation will be made available through press releases made generally available in the Netherlands and Belgium as well as in the financial press in Belgium, our website, the communication channels of Euronext Brussels or a combination of these media.

As a result of the filing of a registration statement on Form F-1 with regard to ADSs representing the securities in our capital and the listing of the ADSs on the Nasdaq Global Select Market, we are subject to the informational requirements of the Exchange Act. Pursuant to the Exchange Act, we are required to file or furnish with the SEC, among other things, annual reports on Form 20-F and periodic reports on Form 6-K disclosing material information about us and other information that we are required to make public or distribute to shareholders in accordance with Dutch law and the rules of Euronext Brussels. Any such information that will be filed with the SEC, in addition to our information obligations under Dutch law, will be published on our website.

7.5. Information sourced from third persons

To the extent we have used information sourced from third parties, this information has been accurately reproduced and that as far as we are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

7.6. Notes on Presentation

In this Registration Document, references to we, us or our are to argenx SE together with its wholly owned subsidiary argenx BV and, as applicable, its former wholly owned subsidiaries. All references to “USD”, “dollars”, “U.S. dollars”, “\$” and “cents” are to the lawful currency of the United States. All references to “euro”, “Euro” “€” and “EUR” are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the treaty establishing the European Community, as amended.

7.6.1. PRESENTATION OF FINANCIAL INFORMATION

This Registration Document incorporates by reference our audited consolidated financial statements as at and for the years ended December 31, 2018 and 2019 as contained within our annual reports for the years ended December 31, 2018 and 2019. Such financial information was prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and as adopted by the European Union, or IFRS. See chapter 11 “Information incorporated by reference” of this Registration Document for a comprehensive list of documents incorporated by reference in this Registration Document.

Unless otherwise specified, our financial information and analysis presented elsewhere in, or incorporated by reference into, this Registration Document is based on such consolidated financial statements. Unless otherwise specified, all our financial information included or incorporated by reference in this Registration Document has been stated in euros.

7.6.2. ROUNDING

Certain monetary amounts and other figures included in this Registration Document have been subject to rounding adjustments. Accordingly, any discrepancies in any tables between the totals and the sums of amounts listed are due to rounding.

7.6.3. EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the euro and the U.S. dollar will affect the U.S. dollar amounts received by owners of securities in our capital or ADSs on conversion of dividends, if any, paid in euro on the securities in our capital.

The euro is our functional currency and the currency in which we report our financial results. The following table sets forth, for each period indicated, the low and high exchange rates of U.S. dollars per euro, the exchange rate at the end of such period and the average of such exchange rates on the last day of each month during such period, based on the noon buying rate of the Federal Reserve Bank of New York for the euro. As used in this document, the term “noon buying rate” refers to the rate of exchange for the euro, expressed in U.S. dollars per euro, as certified by the Federal Reserve Bank of New York for customs purposes. The exchange rates set forth below are based on the noon buying rates of the Federal Reserve Bank and demonstrate trends in exchange rates, but the actual exchange rates used throughout this Registration Document may vary.

	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016	YEAR ENDED DECEMBER 31, 2015
High	1.1524	1.2488	1.2041	1.1516	1.2015
Low	1.0905	1.1281	1.0416	1.0375	1.0524
Rate at end of period	1.1227	1.1456	1.2022	1.0552	1.0859
Average rate per period	1.1194	1.1817	1.1301	1.1072	1.1096

The following table sets forth, for each of the last six months, the low and high exchange rates of U.S. dollars per euro and the exchange rate at the end of the month based on the noon buying rate as described above.

	SEPTEMBER 2019	OCTOBER 2019	NOVEMBER 2019	DECEMBER 2019	JANUARY 2020	FEBRUARY 2020
High	1.1074	1.1155	1.1169	1.1227	1.1187	1.1062
Low	1.0905	1.0932	1.1002	1.1052	1.1004	1.0794
Rate at end of period	1.0905	1.1155	1.1019	1.1227	1.1082	1.1001

On March 16, 2020, the noon buying rate of the Federal Reserve Bank of New York for the euro was €1.00 = \$ 1.1139. Unless otherwise indicated, currency translations in this Registration Document reflect the March 16, 2020, exchange rate.

7.7. Market and Industry Information

Market information (including market share, market position and industry data for our operating activities and those of our subsidiaries) or other statements presented in this Registration Document regarding our position relative to our competitors largely reflect the best estimates of our management. These estimates are based upon information obtained from customers, trade or business organizations and associations, other contacts within the industries in which we operate and, in some cases, upon published statistical data or information from independent third parties.

This Registration Document contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to our business and markets.

Certain other statistical or market-related data has been estimated by management based on reliable third-party sources, where possible, including those referred to above or based on data generated in-house by us. Although management believes its estimates regarding markets, market sizes, market shares, market positions and other industry data to be reasonable, these estimates have not been verified by any independent sources (except where explicitly cited to such sources), and we cannot assure shareholders as to the accuracy of these estimates or that a third party using different methods to assemble, analyze or compute market data would obtain the same results. Management's estimates are subject to risks and uncertainties and are subject to change based on various factors. We do not intend, and do not assume any obligation, to update the industry or market data set forth herein.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. We have not independently verified and cannot give any assurance as to the accuracy of market data contained in this Registration Document that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, shareholders/investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Registration Document and estimates and assumptions based on that information are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in chapter 1 "Risk factors" and elsewhere in this Registration Document.

Independent Auditors

The audited consolidated financial statements as of and for the financial years ended December 31, 2019, 2018 and 2017 have been audited by our independent auditor, Deloitte, who rendered an unqualified audit report on these financial statements. The partner of Deloitte who signed the auditors' reports is a member of the Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*). The office of Deloitte is located at Wilhelminakade 1 3072AP Rotterdam, the Netherlands.

Statement Approval Competent Authority

This registration document has been approved by the AFM as competent authority under Regulation (EU) 2017/1129. The AFM only approves this registration document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the issuer that is the subject of this registration document/ prospectus.

Definitions and Glossary

The following explanations are intended to assist the general reader to understand certain terms used in this Registration Document. The definitions set out below apply throughout this Registration Document, unless the context requires otherwise.

AbbVie	AbbVie S. Á. R. L.
ADCC	antibody dependent cell-mediated cytotoxicity
ADR	American Depositary Receipt
ADS	American Depositary Share
AFM	the Dutch Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>)
AIA	America Invents Act
ALCL	anaplastic large cell lymphoma
ALL	acute lymphocytic leukemia
AML	acute myeloid leukemia
Argenx	argenx SE
Articles of Association	our current articles of association
autoantibodies	self-directed antibodies
B-cell	B lymphocyte producing a specific antibody
BE	Belgium
Belgian BV	argenx BV
Belgian Corporate Governance Code	the Belgian Corporate Governance Code of March 12, 2009
Belgian GAAP	the generally accepted accounting principles in Belgium
BioWa	BioWa, Inc
Bird Rock Bio	Bird Rock Bio, Inc.
BLA	Biologics License Application
Board By-Laws	the rules adopted by our board of directors that describe the procedure for holding meetings of the board of directors, for the decision-making by the board of directors and the board of directors' operating procedures
BPCIA	the Biologics Price Competition and Innovation Act of 2009
BPCIA	the U.S. Biologics Price Competition and Innovation Act
Brexit	the United Kingdom's withdrawal from the European Union
CBA	a collective bargaining agreement
cGMP	current good manufacturing practices
CH	Switzerland
CHMP	Committee for Medicinal Products for Human Use
CMOs	contract manufacturing organizations
CMS	Centers for Medicare & Medicaid
Code of Conduct	our Code of Business Conduct and Ethics
COMP	the EMA's Committee for Orphan Medicinal Products
Company	argenx SE and its subsidiaries
CRO	contract research organization

CTA	clinical trial authorization application
CTCL	cutaneous T-cell lymphoma
D	Germany
DASB	Dutch Accounting Standards Board
DCC	Dutch Civil Code
Deloitte	Deloitte Accountants B.V.
DFSA	Dutch Financial Supervision Act (Wet op het financieel toezicht)
DRC	Data Review Committee
DSMB	Data Safety Monitoring Board
DTC	The Depository Trust Company
Dutch Corporate Governance Code	the Dutch Corporate Governance Code dated December 8, 2016, which is in force as of the financial year starting on or after January 1, 2017
EEA	European Economic Area
EMA	European Medicines Authority
Enterprise Chamber	the Dutch Enterprise Chamber of the Amsterdam Court of Appeal (<i>Ondernemingskamer van het Gerechtshof te Amsterdam</i>)
ETASU	elements to assure safe use
Euronext Brussels	the regulated market operated by Euronext Brussels SA/NV, a regulated market within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments amending Council Directives 2004/39/EC, Directive 85/611/EEC, 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (MiFID II)
Exchange Act	the U.S. Securities Exchange Act of 1934, as amended
F	France
FairJourney	FairJourney LDA
Fc	antibody region interacting with cell surface Fc receptors
FcRn	neonatal Fc receptor
FDA	U.S. Food and Drug Administration
FDASIA	the U.S. Food and Drug Administration Safety and Innovation Act
FDCA	the U.S. Federal Food, Drug, and Cosmetic Act
FSMA	the Belgian Financial Services and Markets Authority
FTE	full time equivalent
GARP	glycoprotein A repetitions predominant
GCP	Good Clinical Practice
General Meeting	any general meeting of shareholders of argenx SE (i. e. any annual general meeting and any extraordinary general meeting)
GLP	Good Laboratory Practice
Group	argenx SE and each of its subsidiaries
GSK	GlaxoSmithKline plc
Hatch-Waxman Act	the U.S. Drug Price Competition and Patent Term Restoration Act of 1984
HGF	hepatocyte growth factor
HIPAA	the U.S. federal Health Insurance Portability and Accountability Act of 1996
HITECH	the Health Information Technology for Economic and Clinical Health Act of 2009

HTA	a health technology assessment
IFRS	International Financial Reporting Standards, as issued by the International Accounting Standards Board, and as adopted by the European Union
IgA	Immunoglobulin A
IgD	Immunoglobulin D
IgG	Immunoglobulin G
IgM	Immunoglobulin M
IL-20	interleukin-20
IL-22	interleukin-22
IL-22R	interleukin-22 receptor
IMM	irreversible morbidity or mortality
IND	investigational new drug
IPAB	Independent Payment Advisory Board
IRB	institutional review board
ITP	immune thrombocytopenic purpura
IVIg	intravenous IgG
Janssen	Janssen Pharmaceuticals, Inc.
JOBS Act	the U.S. Jumpstart Our Business Startups Act of 2012
LEO Pharma	LEO Pharma A/S
Listing	the admission to listing and trading of all new ordinary shares on Euronext Brussels
Lonza	Lonza Sales AG
MAA	a marketing authorization application
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, and the rules and regulations promulgated pursuant thereto
MDS	myelodysplastic syndrome
Member State	a member state of the EEA
MET	mesenchymal-epithelial transition factor
MG	myasthenia gravis
mSWAT	modified Severity Weighted Assessment Tool
Nasdaq	the Nasdaq Stock Market
NK	natural killer
OOPD	the U.S. Office of Orphan Products Development
Option Plan	the employee stock option plan as adopted by our board of directors on December 18, 2014, which was approved by the shareholders at the General Meeting on May 13, 2015 and lastly amended by the General Meeting on November 25, 2019
PBMC	peripheral blood lymphocyte
PCT	Patent Cooperation Treaty
PFIC	a passive foreign investment company for U.S. federal income tax purposes
PHSA	the U.S. Public Health Service Act
PIL Code	the 2004 Belgian Code of Private International Law
PIP	pediatric investigation plan

PMDA	Pharmaceuticals and Medical Devices Agency (Japan)
Prospectus Directive	Regulation (Eu) 2017/1129 Of The European Parliament And Of The Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
PTCL	peripheral T-cell lymphoma
PwC	PricewaterhouseCoopers N.V.
Record Date	the fourteenth calendar day preceding the date of the General Meeting
domiciliation	the possible transfer of our corporate seat located in Rotterdam, the Netherlands and our registered office located at Willemstraat 5, 4811 AH, Breda, the Netherlands, to Industriepark Zwijnaarde 7, Building C, 9052 Zwijnaarde (Gent), Belgium
Registration Document	this universal registration document
REMS	risk evaluation and mitigation strategy
restructuring	our business restructuring, involving the conversion of argenx N.V. to argenx SE and the transfer of ownership of intellectual property rights to the Belgian BV
Roche	F. Hoffman-La Roche AG
SE regulation	European Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European company (<i>Societas Europaea</i> or <i>SE</i>)
SEC	the U. S Securities and Exchange Commission
Section 404	Section 404 of the Sarbanes-Oxley Act of 2002
Securities	Shares or American Depositary Receipts to Shares in the share capital of argenx SE
Securities Act	the U.S. Securities Act of 1933, as amended
Shire	Shire AG (now known as Shire International GmbH)
Sopartec	Sopartec S.A.
Staten	Staten Biotechnology B.V.
Takeover Law	the Belgian law dated April 1, 2007 on public takeover bids
Takeover Royal Decree	the Belgian Royal Decree of April 27, 2007 on public takeover bids
T-cell	T lymphocyte protecting the body from infection
TCL	T-cell lymphoma
TGF-β	transforming growth factor beta
Transparency Law	the Belgian law of May 2, 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions, implementing into Belgian law Directive 2004/109/CE
Tregs	T-cell population modulating the immune system
U.S.	the United States of America
UCL	Université Catholique de Louvain
UK	the United Kingdom
UoT	the University of Texas
USPTO	the United States Patent and Trademark Office
V-regions	antibody variable regions
we, us or our	argenx SE together with its wholly owned subsidiaries argenx BV, argenx US Inc and argenx Japan K.K. and, as applicable, its former wholly owned subsidiaries

Information Incorporated by Reference

Our consolidated financial statements as of and for the financial years ended December 31, 2018 and 2017 (including the independent auditor's reports thereupon) have been incorporated by reference in this Registration Document. We have incorporated certain information into this Registration Document by reference to such information. The parts of the documents incorporated herein by reference to which no specific reference has been made are either not relevant for investors or are covered elsewhere in this Registration Document.

The following table contains a cross-reference list to the relevant pages of our annual report 2018 on which can be found our consolidated financial statements for the financial year ended December 31, 2018, which are incorporated by reference in this Registration Document:

Consolidated statement of financial position:	p. 277
Consolidated statement of profit and loss and other comprehensive income:	p. 278
Consolidated statement of cash flows:	p. 279
Consolidated statement of changes in equity:	p. 280
Notes to the consolidated financial statements for the year 2018:	p. 281-331
Independent auditor's report on the consolidated financial statements:	p. 342

The following table contains a cross-reference list to the relevant pages of our annual report 2017 on which can be found our consolidated financial statements for the financial year ended December 31, 2017, which are incorporated by reference in this Registration Document:

Consolidated statement of financial position:	p. 273
Consolidated statement of profit and loss and other comprehensive income:	p. 274
Consolidated statement of cash flows:	p. 275
Consolidated statement of changes in equity:	p. 276
Notes to the consolidated financial statements for the year 2017:	p. 277-325
Independent auditor's report on the consolidated financial statements:	p. 337

The full text of the Articles of Association and an unofficial English translation thereof are incorporated by reference in this Registration Document. Any information not listed in the tables above but included in the document incorporated by reference is given for information purpose only. The documents incorporated by reference are available on our website (*www.argenx.com*), at the following locations:

Annual report 2017	http://investor.argenx.com/static-files/c46b81c4-d4fe-4b44-aa94-ae71420efb96
Annual report 2018	http://investor.argenx.com/static-files/fb2e9630-b229-4c1f-8dcc-fd94ee1d3496
Articles of association	http://investor.argenx.com/static-files/7494e62f-eed6-49ac-a3f2-7e0942989807 (NL) http://investor.argenx.com/static-files/7494e62f-eed6-49ac-a3f2-7e0942989807 (ENG)

Cross Reference Table for Annual Reporting Requirements

The following list of cross references identifies where each item required for us to disclose in our yearly financial report can be found in this universal registration document, as required by article 19 sub 2 of the Prospectus Regulation.

SOURCE OF REQUIREMENT	TOPIC	LOCATION
Article 2:391 DCC, RJ 400, RJ 405	Report on the company's activities	2 - To our Shareholders; 3 - Business
	Corporate structure	5 - General Description of the Company and it's Share Capital
	Board of directors report	6 - Corporate Governance
	Primary risks and uncertainties	1 - Risk Factors
	Risk appetite & control	6.5 - Risk appetite & control
	Analysis of financial condition and results	4 - Management's Discussion and Analysis of Financial Condition and Results of Operations
	Information on research and development activities	3.2 - Our Product Candidates And 3.6 - Collaboration Agreements
	Forward looking paragraph	2.3 - Outlook 2020
	Corporate governance code comply-or-explain	6.4 - Dutch Corporate Governance Code, "Comply or Explain"
	Compensation statements and remuneration report	6.6 - Compensation Statement and Remuneration Report
RJ 430	Supervisory board report	6.1 - Our Board of Directors And 6.2 - Our non-executive directors
	Key figures, ratios etc.	4 - Management's Discussion and Analysis of Financial Condition and Results of Operations
Article 2:392 DCC/RJ 410	Auditors opinion	Attached to the 2019 Financial Report included herein
	Articles of association on the distribution of profits	5.4.2 - Articles of Association on Profits, distributions and losses
	List of subsidiaries	5.1.2 - Group Structure
Article 10 Decree Takeover Directive (<i>besluit overnamerichtlijn</i>), Article 2:391 sub 5 DCC	Capital structure	5.2 - General Description of the Share Capital
	Principal shareholders	5.3.1 - Principal Shareholders
	Particular shareholder rights	5.3 - Shareholdings and Voting Rights
	Procedure for appointment of board members	6.1.6 - Composition, Appointment and Dismissal
	Procedure for amending the articles of association	6.8.3 - Amendment of Articles of Association
	Authority of the board of directors to issue shares	6.8.1 - Issue of Shares

RJ = Guidelines on Annual Reporting (*Richtlijnen voor de Jaarverslaggeving*)

Management confirmations

With due regard to best practice principle 1.4.3 of the Dutch Corporate Governance Code, we confirm that:

- I. This Registration Document provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems, as is further substantiated in chapter 1 “Risk Factors” and section 6.5 “Risk appetite and control”;
- II. The risk- and control systems described herein, particularly in section 6.5.6 “Financial risks and controls” provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- III. We confirm that we expect that our existing cash and cash equivalents and current financial assets will enable us to fund our operating expenses and capital expenditure requirements through at least the next 12 months. On the basis of the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- IV. This report, particularly chapter 1 “Risk Factors” states those material risks and uncertainties that are relevant to the expectation of our continuity for the period of twelve months after the preparation of this Registration Document. The aforementioned statement does not in any way limit the relevance or applicability of the Risk Factors set out in this Registration Document to the aforementioned period of 12 months.

/Signed on behalf of argenx SE/



Consolidated Financial Statements

AUDITED – AS OF AND FOR THE YEARS ENDED DECEMBER 31,
2019, 2018 AND 2017

Responsibility Statement	208
Consolidated Statements of Financial Position	209
Consolidated Statements of Profit and Loss and other Comprehensive Income	210
Consolidated Statements of Cash Flows	211
Consolidated Statements of Changes in Equity	212
Notes to the Consolidated Financial Statements	213

Responsibility Statement

We hereby certify that, to the best of our knowledge, the consolidated financial statements of argenx SE as of December 31, 2019, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with the legal requirements applicable in The Netherlands, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and that the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board of Directors

Tim van Hauwermeiren, CEO

March 31, 2020

Consolidated Statements of Financial Position

ASSETS (IN THOUSANDS OF €)	NOTE	AS OF DECEMBER 31, 2019	AS OF DECEMBER 31, 2018	AS OF DECEMBER 31, 2017
Current assets				
Cash and cash equivalents	11	331,282	281,040	190,867
Restricted cash — current	8	—	1,692	1,692
Research and development incentive receivables — current	7	261	301	158
Financial assets — current	10	1,004,539	283,529	168,907
Prepaid expenses		9,022	2,995	2,338
Trade and other receivables	9	28,115	2,886	2,842
Total current assets		1,373,219	572,443	366,804
Non-current assets				
Restricted cash — non-current	8	630	251	256
Research and development incentive receivables — non-current	7	8,566	4,883	3,033
Other non-current assets		—	—	125
Financial assets — non-current	6	2,596	1	1
Property, plant and equipment	5	8,167	824	676
Intangible assets	4	40,161	56	13
Total non-current assets		60,120	6,015	4,104
TOTAL ASSETS		1,433,339	578,458	370,908
EQUITY AND LIABILITIES (IN THOUSANDS OF €)				
	NOTE	AS OF DECEMBER 31, 2019	AS OF DECEMBER 31, 2018	AS OF DECEMBER 31, 2017
Equity				
Equity attributable to owners of the parent				
<i>Share capital</i>		4,276	3,597	3,217
<i>Share premium</i>		1,308,539	673,454	430,518
<i>Accumulated losses</i>		(332,568)	(169,603)	(100,568)
<i>Other reserves</i>		70,499	30,947	11,764
Total equity		1,050,746	538,395	344,931
Non-current liabilities				
Provisions for employee benefits	14	64	7	25
Lease liabilities — non-current		4,540	—	—
Deferred revenue — non-current	17	218,032	—	1,435
Current liabilities		159,957	40,056	24,517
Lease liabilities — current		1,974	—	—
Trade and other payables	15	85,301	37,072	15,285
Tax liabilities	16	344	823	597
Deferred revenue — current	17	72,338	2,161	8,635
Total liabilities		382,593	40,063	25,977
TOTAL EQUITY AND LIABILITIES		1,433,339	578,458	370,908

The notes are an integral part of these consolidated financial statements.

Consolidated Statements of Profit and Loss and other Comprehensive Income

(IN THOUSANDS OF € EXCEPT FOR SHARES AND EPS)	NOTE	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Revenue	17,19	69,783	21,482	36,415
Other operating income	18	12,801	7,749	4,841
Total operating income		82,584	29,231	41,256
Research and development expenses	20	(197,665)	(83,609)	(51,740)
Selling, general and administrative expenses	21	(64,569)	(27,471)	(12,448)
Change in fair value on financials assets	6	1,096	—	—
Operating loss		(178,554)	(81,849)	(22,932)
Financial income	24	14,399	3,694	1,250
Financial expense	24	(124)	—	—
Exchange gains/(losses)	24	6,066	12,308	(5,797)
Loss before taxes		(158,213)	(65,847)	(27,479)
Income tax expense	25	(4,752)	(794)	(597)
Loss for the year and total comprehensive loss		(162,965)	(66,641)	(28,076)
Loss for the year and total comprehensive loss attributable to:				
Owners of the parent		(162,965)	(66,641)	(28,076)
Weighted average number of shares outstanding		38,619,121	33,419,356	24,609,536
Basic and diluted loss per share (in €)	26	(4.22)	(1.99)	(1.14)

The notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(IN THOUSANDS OF €)	NOTE	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Cash Flows (used in) / from operating activities				
Operating result		(178,554)	(81,849)	(22,932)
Adjustments for non-cash items				
Amortization of intangible assets	4	38	19	10
Depreciation of property, plant and equipment	5	2,128	474	425
Loss on disposal of fixed assets		—	—	11
Provisions for employee benefits	14	57	(18)	24
Expense recognized in respect of share-based payments	13	39,552	19,183	4,268
Fair value gains on financial assets at fair value through profit or loss	6	(1,096)	—	—
		(137,875)	(62,191)	(18,195)
Movements in current assets/liabilities				
(Increase)/decrease in trade and other receivables	10	(22,965)	(44)	(122)
(Increase)/decrease in other current assets		(5,170)	(800)	(1,093)
Increase/(decrease) in trade and other payables	15	47,995	21,784	3,094
Increase/(decrease) in deferred revenue – current	17	62,106	(8,868)	(11,501)
Movements in non-current assets/liabilities				
(Increase)/decrease in other non-current assets		(5,560)	(1,720)	(94)
(Increase)/decrease in deferred revenue – non-current	17	200,533	(1,435)	(8,635)
Cash flows (used in)/from operating activities		139,064	(53,274)	(36,546)
Interest paid		(124)	—	—
Income taxes paid		(4,356)	(565)	—
Net cash flows (used in) / from operating activities		134,584	(53,839)	(36,546)
Cash flows (used in) / from investing activities				
Purchase of intangible assets	4	(40,143)	(62)	(6)
Purchase of property, plant and equipment	5	(1,604)	(622)	(345)
(Increase)/decrease in financial assets – current	10	(708,060)	(108,229)	(162,076)
Interest received		5,469	1,371	375
Net cash flows (used in) / from investing activities		(744,338)	(107,542)	(162,052)
Cash flows (used in) / from financing activities				
Principal elements of lease payments	23	(1,353)	—	—
Proceeds from issue of new shares, gross amount	12	678,936	255,721	327,700
Issue costs paid	12	(22,999)	(14,655)	(23,015)
Exchange gain from currency conversion on proceeds from issue of new shares		—	1,354	—
Proceeds from exercise of stock options	12	4,775	2,251	679
Net cash flows (used in) / from financing activities		659,359	244,671	305,365
Net increase (decrease) in cash & cash equivalents		49,605	83,290	106,767
Cash and cash equivalents at the beginning of the period		281,040	190,867	89,897
Exchange gains/(losses) on cash & cash equivalents		637	6,883	(5,797)
Cash and cash equivalents at the end of the period		331,282	281,040	190,867

The notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

ATTRIBUTABLE TO OWNERS OF THE PARENT

(IN THOUSANDS OF €)	SHARE CAPITAL	SHARE PREMIUM	ACCUMULATED LOSSES	OTHER RESERVES	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	TOTAL EQUITY
Balance at January 1, 2017	2,012	126,358	(72,492)	7,496	63,374	63,374
Total comprehensive loss of the period			(28,076)		(28,076)	(28,076)
Share-based payment				4,268	4,268	4,268
Issue of share capital	1,185	326,515			327,700	327,700
Transaction costs for equity issue		(23,015)			(23,015)	(23,015)
Exercise of stock options	19	660			679	679
Balance year ended december 31, 2017	3,216	430,518	(100,568)	11,764	344,931	344,931
Adoption of IFRS 15 (modified retrospective approach)			(2,395)		(2,395)	(2,395)
Restated total equity at January 1, 2018	3,216	430,518	(102,962)	11,764	342,536	342,536
Total comprehensive loss of the period			(66,641)		(66,641)	(66,641)
Share-based payment				19,183	19,183	19,183
Issue of share capital	347	255,374			255,721	255,721
Transaction costs for equity issue		(14,655)			(14,655)	(14,655)
Exercise of stock options	34	2,217			2,251	2,251
Balance year ended december 31, 2018	3,597	673,454	(169,603)	30,947	538,395	538,395
Total comprehensive loss of the period			(162,965)		(162,965)	(162,965)
Share-based payment				39,552	39,552	39,552
Issue of new shares	637	678,299			678,936	678,936
Transaction costs for equity issue		(22,999)			(22,999)	(22,999)
Accounting treatment of the share subscription agreement		(24,948)			(24,948)	(24,948)
Exercise of stock options	42	4,733			4,775	4,775
Balance year ended december 31, 2019	4,276	1,308,539	(332,568)	70,499	1,050,746	1,050,746

Please refer to note 12 for more information on the share capital and movement in number of shares. See also note 13 for more information on the share-based payments.

The notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information about the company

argenx SE is a Dutch European public company with limited liability incorporated under the laws of the Netherlands. The company (COC 24435214) has its official seat in Rotterdam, the Netherlands, and its registered office is at Willemstraat 5, 4811 AH, Breda, the Netherlands. An overview of the company and its subsidiaries (the Company) are described in note 32.

argenx SE is a publicly traded company with ordinary shares listed on Euronext Brussels under the symbol "ARGX" since July 2014 and with American Depositary Shares listed on Nasdaq under the symbol "ARGX" since May 2017.

2. Significant accounting policies

The significant Company's accounting policies are summarized below.

2.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The consolidated financial statements provide a general overview of the Company's activities and the results achieved. They present fairly the entity's financial position, its financial performance and cash flows, on a going concern basis. The accounting policies described in Note 2 to our consolidated financial statements have been applied in preparing the consolidated financial statements as of and for the year ended December 31, 2019 and for the comparative information as of and for the years ended December 31, 2018 and 2017.

The preparation of consolidated financial statements in conformity with IFRS, issued by the IASB, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The significant accounting policies applied in the preparation of the above consolidated financial statements are set out below. All amounts are presented in thousands of euro, unless otherwise indicated, rounded to the nearest € '000.

The consolidated financial statements have been approved for issue by the Company's Board of Directors (the Board) on March 31, 2020.

2.2. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All inter-company transactions and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3. FOREIGN CURRENCY TRANSACTIONS

Functional and presentation currency

The consolidated financial statements are presented in euro (€), which is the Company's presentation currency and the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the statement of profit and loss and other comprehensive income. Non monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Financial statements of foreign entities

For foreign entities using a different functional currency than the euro:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position.
- income and expenses for each statement presenting profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- all resulting exchange differences are recognised in other comprehensive income.

2.4. INTANGIBLE ASSETS

2.4.1. Internally generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditures are recognized in the statement of profit and loss and other comprehensive income in the period in which they are incurred.

Due to uncertainties inherent to the development and registration with the relevant healthcare authorities of its products, the Company estimates that the conditions for capitalization are not met until the regulatory procedures required by such healthcare authorities have been finalized. The Company currently does not own products that have been approved by the relevant healthcare authorities.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.4.2. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight line basis over their estimated useful lives which are disclosed in note 4. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Payments for acquired in-process research and development projects obtained through in-licensing arrangements, business combinations and separate asset purchases are capitalized as intangible assets provided that they are separately identifiable, controlled by the Company and expected to provide future economic benefits. As the probability criterion in IAS 38 is always considered to be satisfied for separately acquired research and development assets and the amount of the payments is determinable, upfront and milestone payments to third parties for pharmaceutical products or compounds for which regulatory marketing approval has not yet been obtained are recognized as intangible assets, and amortized on a straight line basis over their useful lives beginning when the underlying drug candidate is approved and launched commercially, or expensed immediately if development of the drug candidate is abandoned.

2.4.3. Derecognition of intangible assets

An intangible asset is derecognized either on disposal or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

2.5. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their cost, less accumulated depreciation and accumulated impairment losses.

The cost comprises the initial purchase price plus other direct purchase costs (such as non refundable tax and transport).

Depreciation is recognized as from acquisition date onwards (unless asset is not ready for use) so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Unless revised due to specific changes in the estimated useful life, annual depreciation rates are as follows:

- Office and lab equipment: 3–5 years
- IT equipment: 3 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.6. LEASES

As explained in note 2.22 below, the Company has changed its accounting policy for leases where the Company is the lessee.

Until December 31, 2018, leases of property, plant and equipment where the Company, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Operating lease payments were recognized as an expense on a straight line basis over the lease term, except where another systematic basis was more representative of the time pattern in which economic benefits from the leased asset are consumed.

As from January 1, 2019, the Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is presented as a separate line in the consolidated statement of financial position.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects

to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The right-of-use assets are presented in the statement of financial position under the caption "Property, plant and equipment".

2.7. IMPAIRMENT OF ASSETS

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.8. FINANCIAL ASSETS: INVESTMENTS

I. Classification

The Company classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value through profit or loss (FVTPL) and those to be measured at amortized cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. For assets measured at fair value, gains and losses will be recorded in profit or loss.

II. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

The Company subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognized in profit or loss as financial income when the Company's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognized in financial income/expenses in the statement of profit or loss. The fair value of listed investments is based on current market prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques.

2.9. TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at the amount of consideration that is unconditional. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Unless the impact of discounting is material, the nominal value is recognized.

Trade receivables are recognized initially at their transaction price and are subsequently measured at amortized cost using the effective interest rate method, less provision for expected credit losses. For determining the expected credit losses, the Company applies the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognized from initial recognition of the receivables.

2.10. RESEARCH AND DEVELOPMENT INCENTIVE RECEIVABLES

Since the Company carries out extensive research and development activities, it benefits from a research and development incentive tax scheme in Belgium under which the research and development incentives can be refunded after five years if not offset against future income tax expense. These research and development incentives generally aim to partly reimburse expenditures incurred in our research and development efforts and are credited to the statement of profit or loss under the line “Other operating income” when the relevant expenditure has been incurred and there is a reasonable assurance that the research and development incentives are receivable.

2.11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less and with an insignificant risk of changes in value. Bank overdrafts, if any, are shown within borrowings in current liabilities on the statement of financial position.

Cash balances that are not available for use by the Company are presented as “restricted cash” in the statement of financial position.

For the purpose of the statements of cash flows, cash and cash equivalents includes cash on hand and deposits held at call or short term maturity with banks (three months or less with insignificant risk of changes in value).

2.12. SHAREHOLDER'S EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The Company has never distributed any dividends to its shareholders. As of December 31, 2019, no profits were available for distribution.

2.13. TRADE AND OTHER PAYABLES

Payables after and within one year are measured at amortized cost, i.e., at the net present value of the payable amount. Unless the impact of discounting is material, the nominal value is recognized.

2.14. PROVISIONS

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is reasonably certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.15. RETIREMENT BENEFITS

The Company offers a post employment, death, disability and healthcare benefit scheme. All employees have access to these schemes. The death, disability and healthcare benefits granted to employees of the Company are covered by an external insurance company, where premiums are paid annually and charged to the income statement as they were incurred.

The post employment pension plan granted to employees of the Company is a defined contribution plan under Belgian Law.

Under defined contribution plans, the Company pays contributions based on salaries to organizations responsible for paying out pensions and social security benefits, in accordance with the laws and agreements applicable in each country.

The Belgian defined contribution pension plans are by law subject to minimum guaranteed rates of return, historically 3.25% on employer contributions and 3.75% on employee contributions. These rates have been modified by the law of December 18, 2015 and effective for contribution paid as from 2016 to a new variable minimum return based on the OLO ('Obligation Lineaire Obligaties'—Belgian Government Bond) rates, with a minimum of 1.75% and a maximum of 3.75%. Hence, from 2016 onwards, these plans are accounted for as defined benefit plans (see note 14).

The liability recognized in the balance sheet is the present value of the defined benefit obligation less the fair value of plan assets. An independent actuary calculates the defined benefit obligation based on factors such as age, years of service and compensation (projected unit credit method). The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds denominated in the currency in which the benefits will be paid and with terms to maturity that approximate the term when the related liability is due. Current service costs are recognized in personnel expenses, which are included in Research and development expenses and in Selling, general and administrative expenses, and reflect the increase in the defined benefit obligation resulting from employee service in the current year. Past service costs are recognized immediately in personnel expenses. The net interest expense on the defined benefit liability is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the then net defined benefit liability. Net interest expense is recognized in personnel expenses. Remeasurement gains and losses of the defined benefit obligation arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive income.

2.16. SHORT TERM EMPLOYEE BENEFITS

Short term employee benefits include payables and accruals for salaries and bonuses to be paid to the employees of the Company. They are recognized as expenses for the period in which employees perform the corresponding services.

2.17. SHARE BASED PAYMENTS

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in note 13.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled share based payment reserve.

Where the terms of equity settled share based payments are modified, the minimum expense recognized is the expense that would have been recognized if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.18. DEFERRED REVENUE

Current and non-current deferred revenue relates to cash received from commercial partnerships prior to completion of the earnings process. These payments are recognized as revenue over the estimated duration of the Company's involvement in the research and development programs provided for under the terms of the agreements.

IFRS 15 uses the term 'contract liability' to describe what might more commonly be known as 'deferred revenue', however IFRS 15 does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company will continue to report its contract liabilities under the term 'deferred revenue'.

2.19. INCOME TAXES

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit and loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit (e.g. differences between carrying amounts under IFRS and the statutory tax basis). Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and if they relate to income taxes imposed by the same authority on the same taxable entity or in different tax entities that intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

2.20. REVENUE AND OTHER OPERATING INCOME RECOGNITION

Collaborations

The Company adopted IFRS 15 on January 1, 2018. The Company elected the modified retrospective approach for the transition, which foresees that prior period figures remain as reported under the previous standard IAS 18, and the cumulative effect of applying IFRS 15 is recognized as an adjustment to the opening balance of equity as at the date of initial application (i.e., the beginning of the year 2018). In previous reporting periods, milestone payments were recognized under IAS 18 based upon the achievement of the milestone event, whereas under IFRS 15, the milestone payment is linked to a single performance obligation over the estimated service period. The revenue recognition of the upfront payments was not impacted by the transition from IAS 18 to IFRS 15.

The cumulative effect of adopting IFRS 15 to the consolidated statement of financial position as of January 1, 2018 was as follows:

(IN THOUSANDS OF €)	BALANCE AT DECEMBER 31, 2017	ADJUSTMENTS DUE TO ADOPTION IFRS 15	BALANCE AT JANUARY 1, 2018
Assets			
Prepaid expenses	2,338	(255)	2,083
Liabilities			
Deferred revenue — non-current	1,435	378	1,813
Deferred revenue — current	8,635	2,272	10,907
Equity			
Accumulated losses	(100,568)	(2,395)	(102,962)

The Company generates revenue from collaborations and strategic alliances. The Company applies a five-step model to determine when, how and at what amount revenue is to be recognized depending on whether certain criteria are met.

1. Identify the contracts

In our current arrangements, the Company is licensing its Intellectual Property, providing research and development services and in the future, selling its products to collaborative partner entities. Revenue is generated through these arrangements via upfront payments, milestone payments based on development criteria, research and development service fees on an agreed full-time equivalent (FTE) basis and future sales based milestones and sales based royalties.

2. Identify performance obligations

The Company has assessed that there is one single performance obligation in our material ongoing license and collaboration arrangements, being the transfer of a license combined with performance of research and development services.

This is because we consider that the performance obligations cannot be distinct in the context of the contract as the license has no stand-alone value without the Company being further involved in the research and development collaboration and that there is interdependence between the license and the research and development services to be provided. We estimate that the Company's activities during the collaboration are going to significantly add to Intellectual Property and thereby the value of the programs.

3. Determine the transaction price

We have analyzed the transaction prices of our material ongoing license and collaboration arrangements currently composed of upfront payments, milestone payments and research and development service fees being delivered. Any variable consideration, such as development milestone payments that are promised in exchange for development services or the license of IP, is only included in the transaction price as from the moment the achievement of the related milestone event is highly probable (usually at the time of achievement of the milestone event). At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such milestones and any related constraint, and, if necessary, adjusts the estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenue and earnings in the period of adjustment. The Company's collaborators may be required to pay the Company sales-based milestone payments or royalties on future sales of commercial products. The Company recognizes revenues related to sales-based milestone and royalty payments upon the later to occur of (i) achievement of the collaborator's underlying sales or (ii) satisfaction of any performance obligation(s) related to these sales, in each case assuming the license to the Company's intellectual property is deemed to be the predominant item to which the sales-based milestones and/or royalties relate.

4. Allocate the transaction price

In principle, an entity shall allocate the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. However, the transaction price of certain of our arrangements is allocated to a single performance obligation since the transfer of a license is considered to be combined with performance of research and development services.

Therefore, research and development milestone payments are variable considerations that are entirely allocated to the single performance obligation.

5. Recognize revenue

Revenue from certain arrangements is recognized over time as the Company satisfies a single performance obligation. Our collaborative partner entities simultaneously receive the benefits provided by the Company's performance as the Company performs.

The Company recognizes upfront payments and milestone payments, allocated to a single performance obligation over the estimated service period based on a pattern that reflects the transfer of the services. The revenues recognized reflect the level of service each period. In this case, the Company would use an input model that considers estimates of the percentage of total research and development service costs that are completed each period compared to the total estimated services costs (percentage of completion method).

Research and development service fees are recognized as revenue when costs are incurred and agreed by the parties as the Company is acting as a principal in the scope of its stake of the research and development activities of its ongoing license and collaboration agreements.

Grants, research and development incentives and payroll tax rebates

Because it carries out extensive research and development activities, the Company benefits from various grants, research and development incentives and payroll tax rebates from certain governmental agencies. These grants, research and development incentives and payroll tax rebates generally aim to partly reimburse approved expenditures incurred in research and development efforts of the Company and are credited to the statement of profit and loss and other comprehensive income, under other operating income, when the relevant expenditure has been incurred and there is reasonable assurance that the grants or research and development incentives are receivable.

2.21. EARNINGS PER SHARE

Basic net profit / (loss) per share is computed based on the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

Diluted net profit / (loss) per share is computed based on the weighted average number of ordinary shares outstanding including the dilutive effect of options. Options should be treated as dilutive, when and only when their conversion to ordinary shares would decrease net profit per share from continuing operations.

2.22. ADOPTION OF NEW AND REVISED STANDARDS

New accounting policies and disclosures for 2019

The following new standard is mandatory for the first time for the financial year beginning on or after January 1, 2019:

- IFRS 16, 'Leases' (effective for fiscal years beginning on or after January 1, 2019). This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has adopted IFRS 16 on January 1, 2019. The Company elected to apply the modified retrospective approach for the transition, which foresees that prior period figures remain as reported under the previous standard IAS 17, and the cumulative effect of applying IFRS 16 is recognized as an adjustment to the opening balance of equity as of the date of initial application (i.e., the beginning of the year 2019). On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments and discounted using the Company's incremental borrowing rate as of January 1, 2019. The Company's weighted average incremental borrowing rate applied to these lease liabilities on January 1, 2019 was 1.32%.

The differences between our total operating lease commitments as reported in note 5.7 of our consolidated financial statements of December 31, 2018 and the total lease liabilities recognized in our statement of financial position as at January 1, 2019 are summarized below:

(IN THOUSANDS OF €)	
Operating lease commitments disclosed as at December 31, 2018	3,004
Less: discounting effect using the lessee's incremental borrowing rate of the date of initial application	(126)
Less: short-term leases recognized on a straight-line basis as expense	(88)
Lease liability recognized as at January 1, 2019	2,790
of which are:	
Current lease liabilities	1,078
Non-current lease liabilities	1,712

The cumulative effect of adopting IFRS 16 to the consolidated statement of financial position as of January 1, 2019 is as follows:

(IN THOUSANDS OF €)	
Property, plant and equipment (right-of-use assets)	2,790
Effect on total assets	2,790
Lease liabilities (current and non-current)	2,790
Effect on total equity and liabilities	2,790

The adoption of IFRS 16 does not have a significant impact on the metrics used to measure financial performance. In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

- Other new standards and amendments to standards that are mandatory for the first time for the financial year beginning on or after January 1, 2019 had no material impact on our consolidated financial statements.

New accounting policies and disclosures effective in 2020 or later

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning January 1, 2019 and have been endorsed by the European Union.

- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020). The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance—in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

These amendments are not expected to have any material impact on our consolidated financial statements.

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning January 1, 2019 and have not been endorsed by the European Union.

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective 1 January 2020). The amendments require qualitative and quantitative disclosures to enable users of financial statements to understand how an entity's hedging relationships are affected by the uncertainty arising from interest rate benchmark reform.

These amendments are not expected to have any material impact on our consolidated financial statements.

- Amendments to the guidance of IFRS 3 Business Combinations, that revises the definition of a business (effective 1 January 2020). The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce. The changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions across all industries, particularly real estate, pharmaceutical, and oil and gas. Application of the changes would also affect the accounting for disposal transactions.

These amendments are not expected to have any material impact on our consolidated financial statements.

- Amendments to the definition of material in IAS 1 and IAS 8 (effective 1 January 2020). The amendments clarify the definition of material and make IFRSs more consistent. The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole. The amendment also clarifies the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The amendments are not expected to have a significant impact on the preparation of financial statements.
- Amendments to IAS 1 regarding the classification of liabilities as current or non-current (effective 1 January 2022). The amendments affect only the presentation of liabilities in the statement of financial position, not the amount or timing of recognition of any asset, liability, income or expense, or the information that entities disclose about those items. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability. They also clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and they make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are not expected to have a significant impact on the preparation of financial statements.

These amendments are not expected to have any material impact on our consolidated financial statements.

- IFRS 17 'Insurance contracts' (effective 1 January 2022). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

This standard is not expected to have any material impact on our consolidated financial statements.

2.23. SEGMENT REPORTING

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of revenue and expenses that can be allocated on a reasonable basis to a segment. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets and liabilities do not include income tax items. The Company manages its activities and operates as one business unit which is reflected in its organizational structure and internal reporting. The Company does not distinguish in its internal reporting different segments, neither business nor geographical segments. The chief operating decision maker is the Board of Directors.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following areas are areas where key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical judgements in applying accounting policies

Revenue recognition

The Company recognized revenue of €21.6 million on the basis of costs incurred and deferred revenue of €289.0 million related to a global collaboration and license agreement entered into with Cilag GmbH International, an affiliate of Janssen as of and for the year ended December 31, 2019. The Company received \$500 million as upfront payment for this collaboration and license agreement, consisting of \$300 million upfront cash payment for the collaboration and license agreement and \$200 million as equity investment in the Company.

The Company's collaboration and license agreement has been determined as representing a single distinct performance obligation, due to the highly interdependent and interrelated nature of the development, manufacturing, and commercialization of the Licensed Compounds and Licensed Products. Fulfillment of the performance obligation occurs throughout the development, manufacturing, and commercialization phases of the Licensed Compounds and Licensed Products.

The Company recognizes the consideration received as deferred revenue and subsequently recognizes revenue over the contract term ("over time") based on a research and development cost input model using a percentage of completion method, whereby actual research and development costs incurred as part of the Company's performance obligation is compared to the total expected research and development costs needed to satisfy the performance obligation at measurement date.

Research and development cost accruals

The Company recognizes costs of €44.0 million, as specified in note 15 to the financial statements, incurred for clinical trial activities and manufacturing of drug products, as research and development expenses based on an evaluation of its vendors' progress toward completion of specific tasks. Payment timing may differ significantly from the period in which the costs are recognized as expense, resulting in clinical trial accruals recognized within Trade and other payables in the statement of financial position.

Quantification of the research progress and the translation of the progress to these accruals requires judgment, because the progress is not directly observable. In estimating the vendors' progress toward completion of specific tasks, the Company therefore uses data such as patient enrollment, clinical site activations and vendor information of actual costs incurred. This data is obtained through reports from or discussions with Company personnel and outside service providers as to the progress or state of completion of trials, or the completion of services. Costs are expensed over the service period the services are provided. Costs for services provided that have not yet been paid are recognized as accruals. Research and development cost accruals directly impact the revenue recognized, given the Company records revenue based on the percentage of completion method.

4. Intangible assets

(IN THOUSANDS OF €)	INTANGIBLES ACQUIRED SEPARATELY	SOFTWARE LICENSES	TOTAL
Opening balance as on January 1, 2017			
Cost	—	93	93
Accumulated amortization	—	(76)	(76)
Book value at the beginning of the year	—	17	17
Movements			
Additions	—	6	6
Amortization	—	(10)	(10)
Balance as on December 31, 2017			
Cost	—	99	99
Accumulated amortization	—	(86)	(86)
Book value at year end	—	13	13
Movements			
Additions	—	62	62
Cost of disposals	—	(2)	(2)
Amortization	—	(19)	(19)
Accumulated amortization on disposals	—	2	2
Balance as on December 31, 2018			
Cost	—	159	159
Accumulated amortization	—	(103)	(103)
Book value at year end	—	56	56
Movements			
Additions	39,881	262	40,143
Amortization	—	(38)	(38)
Balance as on December 31, 2019			
Cost	39,881	421	40,302
Accumulated amortization	—	(141)	(141)
Book value at year end	39,881	280	40,161

Intangible assets related to software licenses are amortized over 3 years.

The intangibles assets held by the Company increased substantially as a result of the in-licensing of the ENHANZE[®] drug delivery technology from Halozyme. Under the terms of the agreement, the Company paid an upfront payment of \$30 million, exercised the option to nominate an additional target (triggering a \$10 million development milestone payment) and initiated a Phase 1 clinical trial using Halozyme's proprietary ENHANZE[®] drug delivery technology (triggering a \$5 million development milestone payment). In line with its accounting policies, the Company has capitalized this upfront payment upon commencement of the in-license agreement. The development milestone payments have been capitalized when the development milestone was triggered.

The Company performed an annual impairment review on the intangible assets not yet available for use. This review did not result in the recognition of an impairment charge.

As of December 31, 2019, there are no commitments to acquire additional intangible assets, except as set forth in note 30. No intangible assets are pledged as security for liabilities nor are there any intangible assets whose title is restricted.

5. Property, plant and equipment

(IN THOUSANDS OF €)	IT, OFFICE AND LAB EQUIPMENT	RIGHT-OF-USE ASSETS BUILDINGS	RIGHT-OF-USE ASSETS VEHICLES	LEASEHOLD IMPROVE- MENTS	LEASE EQUIPMENT ⁽¹⁾	TOTAL
Opening balance as on January 1, 2017						
Cost	2,112	—	—	—	—	2,112
Accumulated depreciation	(1,346)	—	—	—	—	(1,346)
Book value at the beginning of the year	766	—	—	—	—	766
Movements						
Additions	346	—	—	—	—	346
Cost of disposals	(69)	—	—	—	—	(69)
Depreciation	(425)	—	—	—	—	(425)
Accumulated depreciation on disposals	58	—	—	—	—	58
Closing balance as on December 31, 2017						
Cost	2,389	—	—	—	—	2,389
Accumulated depreciation	(1,713)	—	—	—	—	(1,713)
Book value at year end	676	—	—	—	—	676
Movements						
Additions	370	—	—	—	253	623
Cost of disposals	(47)	—	—	—	—	(46)
Depreciation	(463)	—	—	—	(11)	(474)
Accumulated depreciation on disposals	46	—	—	—	—	46
Closing balance as on December 31, 2018						
Cost	2,712	—	—	—	253	2,965
Accumulated depreciation	(2,130)	—	—	—	(11)	(2,141)
Book value at year end	582	—	—	—	242	824
Adoption of IFRS 16 on January 1, 2019						
	—	2,338	452	—	—	2,790
Movements						
Additions	765	4,553	525	808	29	6,680
Depreciation	(460)	(1,315)	(233)	(92)	(28)	(2,128)
Closing balance as on December 31, 2019						
Cost	3,477	6,891	977	808	282	12,435
Accumulated depreciation	(2,590)	(1,315)	(233)	(92)	(39)	(4,269)
Book value at year end	887	5,576	744	716	243	8,167

There are no commitments to acquire property, plant and equipment. Furthermore, no items of property, plant and equipment are pledged. See note 23 for information for leases where the Company is a lessee.

(1) The Company has elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

6. Financial assets — non-current

In March 2019, the Company entered into a license agreement with AgomAb Therapeutics NV for the use of HGF-mimetic SIMPLE Antibodies™, developed under the Company's Innovative Access Program. In exchange for granting this license, the Company received a profit share in AgomAb Therapeutics NV. The Company assessed the accounting treatment and concluded that the license agreement is in scope of IFRS 15 and that any revenue should be recognized at once at the effective date of the agreement. The profit share has been designated as a non-current financial asset held at fair value through profit or loss.

In March 2019, AgomAb Therapeutics NV secured €21.0 million in a Series A financing round. The Company used the post-money valuation of this Series A financing round and the number of outstanding shares in determining the initial fair value of the profit sharing instrument. In October 2019, a subsequent subscription to the Series A financing round increased the number of outstanding shares. The Company re-assessed the fair value of the profit sharing instrument, which resulted in a fair value gain on financial assets at fair value through profit or loss of €1.1 million.

7. Research and development incentive receivables

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Research and development incentive receivables—current	261	301	158
Research and development incentive receivables—non-current	8,566	4,883	3,033
	8,827	5,184	3,191

On December 31, 2019, the Company has recorded a tax receivable of €8.8 million, compared to €5.2 million on December 31, 2018, in relation to a research and development incentive tax scheme in Belgium under which the research and development incentives can be refunded after five years if not offset against future income tax expense. The research and development incentives are recorded in other operating income (see note 18) in the consolidated statement of profit and loss and other comprehensive income. These amounts are expected to be gradually reimbursed in cash as from 2020 onwards.

8. Restricted cash

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Non-current restricted cash			
Rental guarantees	630	251	256
Total non-current	630	251	256
Current restricted cash			
Escrow account < 1 year	—	1,692	1,692
Total restricted cash	630	1,943	1,948

On December 31, 2019, the Company had a total amount of €0.6 million of restricted cash:

- A non current part for an amount of €0.6 million mainly relating to a deposit guarantee paid under the lease agreement for the laboratory and offices of the Company.
- The current part of restricted cash related to an escrow account opened under an agreement with a third party involved in the collaboration with AbbVie. In 2019, this escrow account has been partially released to the Company and partially to the third party, as the work plan of the related collaboration agreement with AbbVie has been almost completed.

9. Trade and other receivables

The trade and other receivables are composed of receivables which are detailed below:

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
VAT receivable	1,121	496	317
Trade receivables	22,580	214	845
Other receivables	1,378	455	750
Interest receivable	2,081	556	—
VLAIO grant receivable	955	1,165	930
	28,115	2,886	2,842

The nominal amounts of all trade and other receivables approximate their respective fair values. The VAT receivable relates to VAT amounts to be recovered in the first quarter of 2020.

Trade receivables correspond to amounts invoiced to the collaborators or strategic allies of the Company. On December 31, 2019, an amount of €0.1 million was due for more than 30 days, but still considered to be collectable. The Company applied the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all receivables. To measure the expected credit losses, receivables have been grouped based on credit risk characteristics and the days past due. The provision for expected credit losses was not significant given that there have been no credit losses over the last three years and the high quality nature of our customers. As a result, no bad debt allowance was recorded nor were any trade receivables impaired on December 31, 2019 and December 31, 2018.

The Flanders Innovation and Entrepreneurship Agency grant to receive consists of earned income from government grants for which no payments have been received but for which the relating expenditures have been incurred. For more information on the Flanders Innovation and Entrepreneurship Agency grants to receive, see note 18.

10. Financial assets — current

On December 31, 2019, the current financial assets amounted to €1,004.5 million compared to €283.5 million on December 31, 2018. These current financial assets relate to:

- Financial instruments in the form of money market funds with a recommended investment horizon of 6 months. These funds are highly liquid investments and can be readily converted into a known amount of cash, but because of their historical volatility these funds cannot be classified as cash and cash equivalents. Values recognized on the balance sheet are the fair values, with changes in fair value going through profit and loss.
- USD term accounts with a maturity of six months.

Please also refer to note 27 for more information on the financial instruments.

11. Cash and cash equivalents

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Cash equivalents	252,550	217,626	25,000
Cash and bank balances	78,732	63,414	165,867
	331,282	281,040	190,867

On December 31, 2019, cash and cash equivalents amounted to €331.3 million compared to €281.0 million on December 31, 2018 and included cash equivalents and cash and bank balances held in different banks. Cash positions are invested with preferred financial partners, which are mostly considered to be high quality financial institutions with sound credit ratings.

Policies are in place that limit the amount of credit exposure to any one financial institution (see also note 27).

12. Share capital and share premium

Roll forward of number of shares outstanding:

Number of shares outstanding on January 1, 2017	20,126,479
U.S. initial public offering on Nasdaq on May 17, 2017	5,865,000
Over-allotment option exercised by underwriters on May 19, 2017	879,750
Exercise of options in August 2017	5,000
Exercise of options in September 2017	15,000
Exercise of options in October 2017	1,400
Exercise of options in November 2017	106,782
U.S. second public offering on Nasdaq on December 13, 2017	4,440,000
Over-allotment option exercised by underwriters on December 14, 2017	666,000
Exercise of options in December 2017	75,230
Number of shares outstanding on December 31, 2017	32,180,641
Exercise of options in January 2018	111,727
Exercise of options in March 2018	113,075
Exercise of options in April 2018	34,039
Exercise of options in May 2018	5,900
Exercise of options in June 2018	5,393
Exercise of options in July 2018	469
Exercise of options in August 2018	2,300
Exercise of options in September 2018	5,913
U.S. third public offering on Nasdaq on September 18, 2018	3,475,000
Exercise of options in October 2018	556
Exercise of options in November 2018	9,768
Exercise of options in December 2018	30,531
Number of shares outstanding on december 31,2018	35,975,312

Exercise of options in January 2019	163,170
Share subscription from Johnson & Johnson Innovation Inc.	1,766,899
Exercise of options in February 2019	13,393
Exercise of options in March 2019	73,005
Exercise of options in April 2019	13,729
Exercise of options in May 2019	35,054
Exercise of options in June 2019	66,965
Exercise of options in July 2019	56
Exercise of options in August 2019	8,710
Exercise of options in September 2019	5,730
Exercise of options in October 2019	611
Global public offering on Euronext and Nasdaq on November 7, 2019	4,000,000
Over-allotment option exercised by underwriters on November 8, 2019	600,000
Exercise of options in November 2019	16,714
Exercise of options in December 2019	22,180
Number of shares outstanding on december 31,2019	42,761,528

New shares issued during 2017

On May 17, 2017, argenx SE offered 5,865,000 of its ordinary shares through an initial public offering in the United States in the form of ADSs at a price to the public of \$17.00 per ADS, before underwriting discounts and commissions and offering expenses. On May 19, 2017, the underwriters of the offering exercised their over-allotment option to purchase 879,750 additional ADSs in full. As a result, argenx SE received €102.1 million of total gross proceeds from the offering, decreased by €9.6 million of underwriter discounts and commissions, and offering expenses, of which €8.9 million has been deducted from equity. The total net cash proceeds from this offering amounted to €92.5 million.

On December 14, 2017, argenx SE offered 4,440,000 of its ordinary shares through a public offering in the United States in the form of ADSs at a price to the public of \$52.00 per ADS, before underwriting discounts and commissions and offering expenses. On December 15, 2017, the underwriters of the offering exercised their over-allotment option to purchase 666,000 additional ADSs in full. As a result, argenx SE received €225.6 million of gross proceeds from this offering, decreased by €14.3 million of underwriter discounts and commissions, and offering expenses, of which €14.1 million has been deducted from equity. The total net cash proceeds from the Offering amounted to €211.3 million.

For both offerings completed in 2017, the ADSs are evidenced by American Depositary Receipts (ADRs), and each ADS represents the right to receive one ordinary share. These ADSs are listed on the NASDAQ Global Select Market under the symbol "ARGX".

203,412 new shares were also issued in 2017 as a result of the exercise of stock options under the argenx Employee Stock Option Plan.

These issuances of shares resulted in a total of 32,180,641 ordinary shares with a nominal value of €0.1 per share on December 31, 2017. The extraordinary general meeting of the Company of November 7, 2017 had authorized the board of directors to issue up to a maximum of 20% of the then outstanding share capital for a period of 18 months, or up to a capital increase of €537,852.60 represented by 5,378,526 shares. The board of directors has issued 5,106,000 shares on the occasion of the U.S. public offering in December 2017 and as of December 31, 2017, the existing authorization allowed the issuance of up to 272,526 shares.

New shares issued during 2018

On September 18, 2018, argenx SE offered 3,475,000 of its ordinary shares through a public offering in the United States in the form of ADSs at a price to the public of \$86.50 per ADS, before underwriting discounts and commissions and offering expenses. As a result, argenx SE received €255.7 million of gross proceeds from this offering, decreased by €14.8 million of underwriter discounts and commissions, and offering expenses, of which €14.7 million has been deducted from equity. The total net cash proceeds from the offering amounted to €240.9 million.

As a result of the exercise of options under the argenx Employee Stock Option Plan, 319,671 new shares were created in 2018.

These issuances of shares resulted in a total of 35,975,312 ordinary shares, with a nominal value of €0.1 per share, on December 31, 2018. The annual general meeting of the Company on May 8, 2018 had authorized the board of directors to issue up to a maximum of 20% of the then outstanding share capital for a period of 18 months, or up to a capital increase of €648,790 represented by 6,487,896 shares. The board of directors has issued 3,475,000 shares on the occasion of the follow-on U.S. public offering in September 2018, and as of December 31, 2018, the existing authorization allowed the issuance of up to 3,012,896 shares.

New shares issued during 2019

1,766,899 new shares were issued to Johnson & Johnson Innovation Inc., following the closing of the exclusive, global collaboration and license agreement for cusatuzumab (ARGX-110) with Cilag GmbH International, an affiliate of the Janssen Pharmaceutical Companies of Johnson & Johnson. The Company concluded that the share premium that Janssen paid above the closing price on the day of entering into the investment agreement (equal to an amount of €24.9 million) was paid because of the existing obligations to deliver development services under the terms of the collaboration agreement, and is therefore to be allocated to the single performance obligation (see also note 17).

On November 7, 2019, argenx SE offered 4,000,000 of its ordinary shares through a global offering which consisted of (i) a public offering of 1,410,057 ADSs in the U.S. and certain other countries outside the European Economic Area (EEA) at a price of \$121.00 per ADS, before underwriting discounts and commissions and offering expenses; and (ii) a concurrent private placement of 2,589,943 of ordinary shares in the EEA at an offering price of €109.18 per share, before underwriting discounts and commissions and offering expenses. On November 8, 2019, the underwriters of the offering exercised their over-allotment option to purchase 600,000 additional ADSs in full. As a result, argenx SE received €502.2 million of gross proceeds from this offering, decreased by €23.2 million of underwriter discounts and commissions, and offering expenses, of which €23.0 million has been deducted from equity. The total net cash proceeds from the offering amounted to €479.0 million.

As a result of the exercise of options under the argenx Employee Stock Option Plan, 419,317 new shares were created in 2019.

These issuances of shares resulted in a total of 42,761,528 ordinary shares, with a nominal value of €0.1 per share, on December 31, 2019. The annual general meeting of the Company on May 9, 2019 had authorized the board of directors to issue up to a maximum of 20% of the then outstanding share capital for a period of 18 months, or up to a capital increase of €760,110 represented by 7,601,101 shares. The board of directors has issued 4,600,000 shares on the occasion of the follow-on global offering in November 2019, and as of December 31, 2019, the existing authorization allows the issuance of up to 3,001,101 shares.

13. Share-based payments

The Company has a stock options scheme for the employees of the Company and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders, employees may be granted options to purchase ordinary shares at an exercise price as mentioned below per ordinary share.

The Company has granted on June 28, 2019 a total of 423,487 stock options, on November 1, 2019 a total of 19,800 stock options and on December 20, 2019 a total of 921,885 stock options to its employees, Board members and consultants. The total number of stock options outstanding on December 31, 2019 totaled 4,358,069 compared to 3,536,651 on December 31, 2018 and 2,862,216 on December 31, 2017. No stock options were expired in the years ended December 31, 2019, 2018 and 2017. 419,317 stock options have been exercised in the year ended December 31, 2019 compared to 319,671 in the year ended December 31, 2018 and 203,412 in the year ended December 31, 2017. A total of 124,437 stock options have been forfeited in the year ended December 31, 2019 compared to 46,369 in the year ended December 31, 2018 and 2,369 in the year ended December 31, 2017.

The stock options are granted to employees, consultants or directors of the Company and its subsidiaries. The stock options have been granted free of charge. Each employee's stock option converts into one ordinary share of the Company upon exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The stock options granted vest, in principle, as follows:

- 1/3rd of the stock options granted will vest on the first anniversary of the granting of the stock options, and
- 1/24th of the remaining 2/3rd of the stock options granted will vest on the last day of each of the 24 months following the month of the first anniversary of the granting of the stock options.

On November 25, 2019, at the extraordinary general meeting, the shareholders of the Company approved the amended stock option plan. The amended stock option plan authorizes the Board to also grant sign-on stock options, which vest as follows:

- 1/4th of the stock options granted will vest on the first anniversary of the granting of the stock options, and
- 1/36th of the remaining 3/4th of the stock options granted will vest on the last day of each of the 36 months following the month of the first anniversary of the granting of the stock options.

No other conditions are attached to the stock options.

The following share-based payment arrangements were in existence during the current and prior years and which are exercisable at the end of each period presented:

EXPIRY DATE	EXERCISE PRICE PER STOCK OPTIONS (IN €)	OUTSTANDING STOCK OPTIONS ON DECEMBER 31, 2019	OUTSTANDING STOCK OPTIONS ON DECEMBER 31, 2018	OUTSTANDING STOCK OPTIONS ON DECEMBER 31, 2017
2020	3.95	7,210	18,200	36,960
2021	3.95	—	—	2,850
2023	2.44	211,769	294,400	314,593
2024	2.44	96,696	117,733	135,890
2024	3.95	6,238	6,895	15,692
2024	7.17	335,067	407,061	516,100
2024	2.44	6,000	26,970	83,820
2025	11.44	39,000	39,000	39,000
2025	10.34	3,000	3,000	3,000
2025	9.47	185,832	226,323	235,514
2026	11.38	45,000	50,415	60,000
2026	11.47	219,791	257,616	282,310
2026	14.13	258,746	315,102	362,126
2027	18.41	108,613	114,019	120,536
2027	21.17	565,798	628,292	653,825
2023	80.82	94,100	94,600	—
2028	80.82	73,100	75,450	—
2023	86.32	366,260	369,760	—
2028	86.32	402,714	491,815	—
2024	113.49	111,690	—	—
2029	113.49	279,760	—	—
2029	113.49	19,800	—	—
2024/2029 ⁽¹⁾	135.75	921,885	—	—
		4,358,069	3,536,651	2,862,216

(1) On December 20, 2019, the Company granted options for which the beneficiaries had a 60-day period to choose between a contractual term of five or ten years.

	2019		2018		2017	
	NUMBER OF STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at January 1	3,536,651	33.42	2,862,216	11.54	2,293,636	7.72
Granted	1,365,172	128.52	1,040,475	85.37	774,361	20.74
Exercised	(419,317)	11.35	(319,671)	7.02	(203,412)	3.46
Forfeited	(124,437)	88.92	(46,369)	30.44	(2,369)	12.52
Outstanding at December 31,	4,358,069	63.75	3,536,651	33.42	2,862,216	11.54
Exercisable at December 31,	2,203,476	22.59	1,859,315	9.62	1,598,829	6.80

The weighted average share price at the date of exercise of options exercised during the year ended December 31, 2019 was €110.99, compared to €66.93 during the year ended December 31, 2018 and €23.53 during the year ended December 31, 2017. The weighted average remaining contractual life of the stock options outstanding amounted to 7.27 years on December 31, 2019 compared to 7.82 years on December 31, 2018 and 8.03 years on December 31, 2017. The table below shows the weighted average remaining contractual life for each range of exercise price:

EXERCISE PRICE (IN €)	OUTSTANDING ON DECEMBER 31, 2019	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (IN YEARS)
2.44-3.95	327,913	3.95
7.17-9.47	520,899	5.32
10.34-14.13	565,537	6.59
18.41-21.17	674,411	7.88
80.82-86.32	936,174	6.43
113.49-135.75	1,333,135	9.41

The fair market value of the stock options has been determined based on the Black and Scholes model using the following assumptions:

- The expected volatility corresponds to the calculated annual volatility of our shares since our initial public offering on Euronext Brussels on July 10, 2014 until the date of grant of the options.
- The average expected option life is determined as a weighted average of the time from grant date to date of becoming exercisable and from grant date to expiry of the warrants.
- Risk free interest rate equals the Belgium 10Year Bond Yield at the date of grant.
- Expected dividends is considered 0% as we have no plan for distributing dividends and have no history of distributing dividends to shareholders.

Below is an overview of the parameters used in relation to the determination of the fair value of the grants during 2019:

STOCK OPTIONS GRANTED IN	JUNE 2019	NOV 2019	DEC 2019
Number of options granted	423,487	19,800	921,885
Average fair value of options (in EUR)	63.45	57.69	65.72
Share price (in EUR)	123.20	126.40	146.40
Exercise price (in EUR)	113.49	113.49	135.75
Expected volatility	45.25 %	44.14 %	44.18 %
Average expected option life (in years)	8.59	6.50	6.50 ⁽¹⁾
Risk-free interest rate	0.07 %	(0.05) %	0.03 %
Expected dividends	— %	— %	— %

(1) On December 20, 2019, the Company granted a total of 921,885 stock options. The beneficiary can choose between a contractual term of five or ten years. The average expected option life is currently estimated at six and a half years. This estimate will be reassessed once the acceptance period of 60 days has passed and the beneficiaries will have made a choice between a contractual term of five or ten years. The total fair value of the grant would range from €49.5 million (100% of the stock options at an expected option life of four years) to €60.6 million (100% of the stock options at an expected option life of six and a half years).

Below is an overview of the parameters used in relation to the determination of the fair value of grants during 2018:

STOCK OPTIONS GRANTED IN	JUNE 2018	DEC 2018
Number of options granted	178,900	861,575
Average fair value of options (in EUR)	32.12	39.85
Share price (in EUR)	72.00	82.20
Exercise price (in EUR)	80.82	86.32
Expected volatility	45.50 %	46.19 %
Average expected option life (in years)	7.36	7.83
Risk-free interest rate	0.72 %	0.77 %
Expected dividends	— %	— %

Below in an overview of the parameter used in relation to the determination of the fair value of grants during 2017:

STOCK OPTIONS GRANTED IN	JUNE 2017	DEC 2017
Number of options granted	120,536	653,825
Average fair value of options (in EUR)	7.90	37.10
Share price (in EUR)	17.76	53.50
Exercise price (in EUR)	18.41	21.17
Expected volatility	36.6 %	36.1 %
Average expected option life (in years)	10	10
Risk-free interest rate	0.61 %	0.53 %
Expected dividends	— %	— %

The total share-based payment expense recognized in the consolidated statement of comprehensive income totaled €39.6 million for the year ended December 31, 2019, compared to €19.2 million for the year ended December 31, 2018 and €4.3 million for the year ended December 31, 2017.

14. Provisions for employee benefits

Our personnel in Belgium participated in a defined contribution plan (extra-legal pension). The Belgian defined contribution pension plans were by law subject to minimum guaranteed rates of return, 3.25% on employer contributions and 3.75% on employee contributions. These rates, which apply as an average over the entire career, may be modified by Royal Decree. Therefore, those plans were basically accounted for as defined contribution plans.

As a consequence of the law of December 18, 2015, minimum returns were guaranteed by the employer as follows: (a) for the contributions paid as from January 1, 2016, a new variable minimum return based on OLO rates, with a minimum of 1.75% and a maximum of 3.75%. In review of the low rates of the OLO in the last years, the return has been initially set to 1.75%; (b) for the contributions paid until end of December 2015, the previously applied legal returns as mentioned above, continue to apply until the leaving of the employees.

In view of the minimum returns guarantees, the Belgian defined contribution plans classify as defined benefit plans as from end December 2015.

The amounts recognized in the balance sheet are as follows:

(IN THOUSANDS OF €)	2019	2018	2017
Defined benefit obligation	1,789	1,277	1,007
Fair value of plan assets	1,725	1,270	982
Deficit / surplus (-) of funded obligations	64	7	25
Net liability (asset)	64	7	25

The movement in the defined benefit obligation, plan assets, net liability and asset over the year is as follows:

(IN THOUSANDS OF €)	2019	2018	2017
Defined benefit obligation at January 1	1,277	1,007	670
Service cost	379	336	352
Interest expense	19	15	11
Contributions by plan participants	(167)	(116)	(148)
Actuarial gains (-) / losses (+)	281	35	124
Benefits paid / transfers out	—	—	(2)
Defined benefit obligation at December 31	1,789	1,277	1,007

(IN THOUSANDS OF €)	2019	2018	2017
Fair value of plan assets at January 1	1,270	982	669
Interest income	19	16	10
Administrative costs & taxes	(47)	(32)	(46)
Contributions by company & participants	475	328	423
Contributions by plan participants	(168)	(116)	(148)
Actuarial gains (+) / losses (-)	176	92	76
Benefits paid / transfers out	—	—	(2)
Fair value of plan assets at December 31	1,725	1,270	982

In the income statement, current service cost and interest expense or income are included in the operating loss.

The Company's estimated employer contributions for 2019 amount to €0.3 million compared to €0.2 million in 2018 and €0.3 million in 2017. Plan assets on December 31, 2019, 2018 and 2017 consisted fully of insurance contracts and did not include direct positions in the Company's shares or bonds, nor do they include any property used by the Company.

The principal actuarial assumption on the balance sheet date (weighted averages based on outstanding defined benefit obligation) was:

ACTUARIAL ASSUMPTION	2019	2018	2017
Discount rate	1.0 %	1.3 %	1.3 %

The weighted average duration of the benefit obligations equals 19,32 years. Sensitivity analyses show the following effects:

SENSITIVITY ANALYSIS (IN THOUSANDS OF €)	CHANGE IN ASSUMPTION	IMPACT ON DEFINED-BENEFIT OBLIGATION	%
Discount rate	-0.25 %	Increase by 45.5	2.54 %
Discount rate	0.25 %	Decrease by (33.7)	1.88 %

The above analyses were done on a mutually exclusive basis, and holding all other assumptions constant. Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Salary risk

The majority of the plan's benefit obligations are calculated by reference to the future salaries of plan members. As such, a salary increase of plan members higher than expected will lead to higher liabilities.

Longevity risk

Belgian pension plans provide for lump sum payments upon retirement. As such there is limited or no longevity risk.

The weighted average age of the plan participants equals 46.2 years on December 31, 2019, compared to 43.8 years on December 31, 2018 and 46 years on December 31, 2017.

15. Trade and other payables

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Trade payables	9,360	6,007	4,395
Accruals for invoices to be received	49,069	18,145	4,046
Short-term employee benefits	26,872	12,920	6,844
	85,301	37,072	15,285

Trade payables correspond primarily to clinical and manufacturing activities. The fair value of trade payables approximates their carrying amount.

The accruals for invoices to be received amount to €49.1 million for the year ended December 31, 2019, of which €44.0 million relate to invoices to be received from clinical manufacturing organizations for the manufacturing of drug products and from clinical research organizations.

Short term employee benefits include payables and accruals for salaries and bonuses to be paid to the employees of the Company.

16. Tax liabilities

The current tax liability amounts to €0.3 million for the year ended December 31, 2019 and corresponds primarily to the tax payable on the result of argenx US, Inc. in view of the transfer price agreements set up between argenx BV and argenx US, Inc.

As part of its business restructuring, the Company transferred the legal ownership of its intellectual property rights from the Dutch argenx SE to its wholly owned Belgian subsidiary, argenx BV effective as of January 1, 2017, for an amount of €79.9 million. In 2019, the Company has obtained a tax ruling in Belgium which allows for a treatment of the aforementioned amount as a tax deductible cost in the Belgian subsidiary.

17. Revenue

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Upfront payments	22,360	8,635	20,137
Milestone payments	28,085	11,440	9,677
Research and development service fees	19,338	1,407	6,601
	69,783	21,482	36,415

For the years ended December 31, 2019 and 2018, the majority of the revenue was generated under the agreements with Janssen and AbbVie, each as described below. These agreements comprise elements of upfront payments, milestone payments based on development criteria and research and development fees.

For the year ended December 31, 2019, €27.3 million related to the collaboration and license agreement with AbbVie was recognized in revenue on the basis of costs incurred for this program. Revenue recognized consisted of (i) €0.8 million related to the upfront payment received, (ii) €0.4 million related to development milestone payments received in previous years and (iii) €26.1 million related to a milestone achieved in 2019. The outstanding balance of deferred revenue amounts to €1.4 million of which €1.2 million is recognized as deferred revenue — current and €0.2 million as deferred revenue — non-current.

For the year ended December 31, 2019, €21.6 million related to the collaboration and license agreement with Janssen was recognized in revenue on the basis of costs incurred for this program. Revenue recognized consisted of (i) €18.3 million related to the upfront payment received, (ii) €1.7 million related to the revenue recognition of deferred income triggered by the accounting treatment of the share subscription agreement at the time of signing of the agreement in December 2018 and (iii) €1.6 million related to a milestone achieved in 2019. The outstanding balance of deferred revenue amounts to €289.0 million of which €71.1 million is recognized as deferred revenue — current and €217.9 million as deferred revenue — non-current.

In total, the Company recognized €1.2 million of revenue that was included in the deferred revenue balance at the beginning of the year. As of December 31, 2019, the unsatisfied performance obligations resulting from out-licensing agreements amounted to €290.4 million (compared to €2.2 million as of December 31, 2018). Management expects that 25% of the transaction price allocated to the unsatisfied performance obligations will be recognized as revenue during the next reporting period. The remaining 75% will be recognized in financial years 2021 until 2027. The amount disclosed above does not include variable consideration which is constrained.

Research and development service fees increased by €17.9 million to €19.3 million for the year ended December 31, 2019 due to the research and development service fees recognized under the Janssen collaboration and license agreement.

Below are summaries of the key collaborations.

AbbVie

In April 2016, the Company entered into a collaboration agreement with AbbVie S.À.R.L. (AbbVie) to develop and commercialize ARGX-115 (ABBV-151). Under the terms of the collaboration agreement, the Company was responsible for conducting and funding all ARGX 115 (ABBV-151) research and development activities up to completion of IND enabling studies.

The Company granted AbbVie an exclusive option, for a specified period following completion of IND enabling studies, to obtain a worldwide, exclusive license to the ARGX 115 (ABBV-151) program to develop and commercialize products. The Company received an upfront, nonrefundable, non-creditable payment of \$40 million (€35.1 million as of the date the payment was received) from AbbVie for the exclusive option to license ARGX 115 (ABBV-151). The Company achieved two preclinical milestones, each of which triggered a \$10.0 million payment (€8.9 million based on the exchange rate in effect as of the date the first milestone payment was received, and €8.7 million based on the exchange rate in effect as of the date the second milestone payment was received).

In August 2018, AbbVie exercised its option and has assumed certain development obligations, being solely responsible for all research, development and regulatory costs relating to ARGX-115 based products. In March 2019, the Company achieved the first development milestone upon initiation of a first-in-human clinical trial, triggering a \$30.0 million payment. Subject to the continuing progress of ARGX-115 (ABBV-151) by AbbVie, the Company is eligible to receive development, regulatory and commercial milestone payments in aggregate amounts of up to \$110 million, \$190 million and \$325 million, respectively, as well as tiered royalties on sales at percentages ranging from the mid single digits to the lower teens, subject to customary reductions.

The Company has the right, on a product by product basis to co promote ARGX 115 (ABBV-151) based products in the European Economic Area and Switzerland and to combine the product with the Company's own future immuno oncology programs. The co promotion effort would be governed by a co promotion agreement negotiated in good faith by the parties. AbbVie will fund further GARP related research by the Company for an initial period of two years. AbbVie will have the right to license additional therapeutic programs emerging from this research, for which the Company could receive associated milestone and royalty payments.

With regard to its collaboration with AbbVie, the Company concluded as follows:

- There is one single performance obligation under IFRS 15, that being the transfer of a license combined with performance of research and development activities. The Company concluded that the license is not distinct in the context of the contract.
- The transaction price of these two agreements is currently composed of a fixed part, that being an upfront license fee, and a variable part, that being milestone payments and cost reimbursements of research and development activities delivered. Milestone payments are only included in the transaction price as from the moment the achievement of the related milestone event is highly probable (usually at the time of achievement of the milestone event). Sales-based milestones and sales-based royalties are a part of the Company's arrangements but are not yet included in its revenues, as its programs with AbbVie is still in the development phase.
- The transaction price has been allocated to the single performance obligation, and revenues have been recognized over the estimated service period based on a pattern that reflects the transfer of the license and progress to complete satisfaction of the research and development activities. This is because the transfer of the license is considered to be combined with the performance of research and development activities. Therefore, research and development milestone payments are variable considerations that are entirely allocated to the single performance obligation.
- The Company has chosen an input model to measure the satisfaction of the single performance obligation that considers percentage of costs incurred for these programs (percentage of completion method).
- Cost reimbursements received could be recognized in revenues when costs are incurred and agreed by the parties, as the Company is acting as a principal in the scope of its stake of the research and development activities of its ongoing license and collaboration agreements.

Janssen

In December 2018, the Company entered into a collaboration agreement with Cilag GmbH International, an affiliate of Janssen, to jointly develop and commercialize cusatuzumab. The Company has granted Janssen a license to the cusatuzumab program to develop, manufacture and commercialize products. For the U.S., the granted commercialization license is co-exclusive with argenx, while outside the U.S., the granted license is exclusive. Janssen and argenx will assume certain development obligations, and will be jointly responsible for all research, development and regulatory costs relating to the products. argenx will be eligible to receive potentially up to \$1.3 billion in development, regulatory and sales milestones, in addition to tiered royalties, ranging from the low double digits to the high teens. Janssen will be responsible for commercialization worldwide. argenx retains the option to participate in commercialization efforts in the US, where the companies have agreed to share royalties on a 50/50 basis, and outside the U.S., Janssen will pay sales royalties ranging from the low double digits to the high teens to argenx.

Under the terms of the agreement, Janssen committed to an upfront payment of \$500 million consisting of a license payment of \$300 million and a \$200 million equity investment in the Company by subscribing to 1,766,899 new shares at a price of €100.02 per share, including an issuance premium. The agreement became effective in January 2019 following expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act. In December 2019, the Company achieved the first development milestone, triggering a \$25.0 million payment.

With regard to this collaboration with Janssen, the Company concluded as follows:

- There is one single performance obligation under IFRS 15, that being the transfer of a license combined with performance of research and development activities. The Company concluded that the license is not distinct in the context of the contract. Moreover, the Company concluded that the share premium that Janssen paid above the closing price on the day of entering into the investment agreement (being December 2, 2018) was paid because of the existing obligations to deliver development services under the terms of the collaboration agreement, and is therefore to be allocated to the single performance obligation.
- The transaction price of this agreement is currently composed of a fixed part, that being an upfront license fee and the share premium, and a variable part, that being milestone payments and cost reimbursements of research and development activities delivered. Milestone payments are only included in the transaction price as from the moment the achievement of the related milestone event is highly probable (usually at the time of achievement of the milestone event). Sales-based milestones and sales-based royalties are a part of the Company's arrangements but are not yet included in its revenues, as its program with Janssen are still in the development phase.

- The transaction price has been allocated to the single performance obligation, and revenues have been recognized over the estimated service period based on a pattern that reflects the transfer of the license and progress to complete satisfaction of the research and development activities. This is because the transfer of the license is considered to be combined with the performance of research and development activities. Therefore, research and development milestone payments are variable considerations that are entirely allocated to the single performance obligation.
- The Company has chosen an input model to measure the satisfaction of the single performance obligation that considers percentage of costs incurred for these programs (percentage of completion method).
- Cost reimbursements received are recognized in revenues when costs are incurred and agreed by the parties, as the Company is acting as a principal in the scope of its stake of the research and development activities of its ongoing license and collaboration agreements.

18. Other operating income

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Grants	2,289	1,842	422
Research and development incentives	4,818	2,151	983
Payroll tax rebates	5,694	3,756	3,436
	12,801	7,749	4,841

Grants

The Flanders Innovation and Entrepreneurship Agency provided the Company with several grants.

On December 31, 2019, the situation of the grants received by the Company reflected the expenses incurred by the Company in the various research and development projects sponsored by Flanders Innovation and Entrepreneurship Agency. On December 31, 2019, the Company had two ongoing grant research projects:

(AMOUNTS PRESENTED IN THOUSANDS OF €)	
Flanders Innovation & Entrepreneurship - VLAIO 1	
Grantor: Flanders Innovation & Entrepreneurship Agency	
Start date:	01/11/2017
End date:	31/10/2020
Amount granted and approved:	2,527
Amount recognized:	845
Flanders Innovation & Entrepreneurship - VLAIO 2	
Grantor: Flanders Innovation & Entrepreneurship Agency	
Start date:	01/05/2018
End date:	31/10/2020
Amount granted and approved:	2,634
Amount recognized:	1,411

No conditions related to the above government grants were unfulfilled, nor were there any contingencies related thereon at the date of the approval of these consolidated financial statements, except for those described in note 29 of this report.

Other Incentives

Research and development incentives

The Company has accounted for a tax receivable of €4.8 million in the year ended December 31, 2019, compared to €2.2 million in the year ended December 31, 2018, following a research and development tax incentive scheme in Belgium according to which the incentive will be refunded after a five year period, if not offset against the current tax payable over the period (see also note 7).

Payroll tax rebates

The Company accounted for €5.7 million payroll tax rebates in the year ended December 31, 2019, compared to €3.8 million in the year ended December 31, 2018, as a reduction in withholding income taxes for its highly qualified personnel employed in its research and development department.

19. Segment reporting

The Company operates from the Netherlands, Belgium, the United States of America and Japan. Revenues are invoiced by the subsidiary in Belgium and are generated by clients geographically located as shown in the table below.

(IN THOUSANDS OF €)	REVENUE FROM EXTERNAL CUSTOMERS		
	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Netherlands		470	628
Belgium	1,498	—	—
Denmark	436	1,136	6,240
Switzerland	40,593	912	2,486
United States	—	—	1
Luxembourg	27,256	18,964	27,060
Total	69,783	21,482	36,415

Information about major clients:

The Company received €69.8 million of revenue from its external customers in the year ended December 31, 2019 compared to €21.5 million over the same period in 2018, of which €40.6 million came from the Company's largest client, €27.3 million from its second largest client and €1.5 million from its third largest client, compared to respectively €19.0 million, €1.1 million and €0.9 million in the year ended December 31, 2018. For a detailed description of our key collaborations, see note 17.

The non-current assets of the Company are geographically located as shown in the table below:

(IN THOUSANDS OF €)	NON-CURRENT ASSETS		
	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Netherlands	1	1	1
Belgium	56,777	5,967	4,103
United States	3,058	47	—
Japan	284	—	—
Total	60,120	6,015	4,104

20. Research and development expenses

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Personnel expense	45,733	26,519	16,473
External research and development expenses	137,050	48,859	27,893
Materials and consumables	2,027	1,464	1,562
Depreciation and amortization	1,641	494	446
Other expenses	11,214	6,273	5,366
	197,665	83,609	51,740

21. Selling, general and administrative expenses

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Personnel expense	40,082	18,292	6,745
Consulting fees	5,624	3,646	3,289
Marketing costs	10,719	1,826	—
Supervisory board	2,792	1,088	621
Office costs	5,352	2,619	1,793
	64,569	27,471	12,448

22. Personnel expenses

The personnel expenses mentioned in note 20 and 21 above are as follows:

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Short-term employee benefits—Salaries	32,866	18,617	12,149
Short-term employee benefits—Social Security	3,555	2,213	1,504
Post-employment benefits	748	441	291
Termination benefits	644	96	8
Share-based payment	37,208	18,527	3,985
Employer social security contributions stock options	10,794	4,918	5,281
	85,815	44,812	23,218

The post employment benefits relate to the pension plans the Company has in place for its employees.

The number of full time equivalents (FTE) employees by department is presented below:

NUMBER OF FTE	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Research and development	116.9	74.4	56.8
Selling, general and administrative	69.2	29.5	14.7
	186.1	103.9	71.5

These FTE's are working outside the Netherlands.

23. Leases

The statement of financial position shows the following amounts relating to leases:

(IN THOUSANDS OF €)	AS ON DECEMBER 31, 2019	AS ON JANUARY 1, 2019
Right-of-use assets		
Buildings	5,576	2,338
Vehicles	744	525
Equipment	243	242
	6,564	3,105
Lease liabilities		
Current	1,974	1,078
Non-current	4,540	1,712
	6,514	2,790

Additions to the right-of-use assets amounted to €5.1 million for the year ended December 31, 2019.

The table below shows a maturity analysis of the lease liabilities as on December 31, 2019:

(IN THOUSANDS OF €)	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT
Lease liabilities	2,205	3,137	1,251	432	7,025	6,514

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Depreciation charges			
Buildings	1,315	—	—
Vehicles	233	—	—
Equipment	28	11	—
	1,576	11	—
Interest expense (included in finance cost)	105	—	—
Expense relating to short-term leases	123	—	—
Expense relating to leases of low-value assets that are not shown above as short-term leases	5	—	—

The total cash outflow for leases in 2019 was €1.6 million. The Company's new accounting policy for leases is described in note 2.6.

The Company did not enter into any lease agreement with variable lease payments or residual value guarantees. The Company has leases that include extension options. These options provide flexibility in managing the leased assets and align with the Company's business needs. The Company exercises judgement in deciding whether it is reasonably certain that the extension options will be exercised. The Company leases offices and laboratory space in Zwijnaarde, Belgium. The contract contains an extension option for three years. The Company also leases office space in Boston, Massachusetts. The contract contains an extension option for five years.

The Company has entered into an additional lease for office space in Tokyo, Japan in January 2020. The minimum lease term of three years and two months results in a contractually agreed cash outflow of ¥ 233.5 million (€1.9 million).

24. Financial result and exchange gains/(losses)

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Interest income on bank deposits	7,874	1,371	165
Net gains on current financial assets at FVTPL	6,525	2,323	210
Realized gain on non-current financial assets	—	—	875
Financial income	14,399	3,694	1,250
Financial expense	(124)	—	—
Realized exchange gains/(losses)	(338)	1,355	—
Unrealized exchange gains/(losses)	6,404	10,953	(5,797)
Exchange gains/(losses)	6,066	12,308	(5,797)

The exchange gains of €6.1 million for the year ended December 31, 2019 were primarily attributable to unrealized exchange rate gains on our cash and cash equivalents and current financial assets position in USD due to the favorable fluctuation of the USD exchange rate over the period.

25. Income tax expense

The income tax expense for the year can be reconciled to the accounting loss as follows:

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Loss before taxes	(158,213)	(65,847)	(27,479)
Income tax calculated at 25%	39,553	16,462	6,870
Effect of expenses that are not deductible in determining taxable results	(7,701)	(3,934)	(1,141)
Effect of stock issue expenses that are not deductible in determining taxable results	5,750	3,716	5,754
Effect of concessions (R&D incentives and grants)	572	430	453
Effect of tax losses carried forward not recognized (Netherlands)	(356)	—	—
Effect of usage of tax losses carried forward not previously recognized (Netherlands)	—	—	19,378
Effect of tax losses carried forward not recognized (Belgium)	(11,314)	(5,511)	(27,413)
Effect of adjustments for current tax of prior periods (Belgium)	(3,876)	—	—
Effect of change in corporate tax rate on deferred tax asset not previously recognized (Belgium)	—	—	373
Effect of different tax rates in jurisdictions in which the company operates	(52)	(15)	(517)
Deferred tax asset other than loss carryforwards not recognized	(27,341)	(11,968)	(4,363)
Other	13	26	9
Income tax expense recognized in the consolidated statement of profit and loss	(4,752)	(794)	(597)

The tax rate used for the 2019, 2018 and 2017 reconciliations above is the corporate income tax rate of 25% payable by corporate entities in the Netherlands.

The unrecognized deferred tax asset on deductible temporary differences and unused tax losses amounts to €40.0 million on December 31, 2019, compared to €29.3 million on December 31, 2018. Deferred tax have been measured using the effective rate that will apply in Belgium (25%). The Company has unused tax losses carried forward for an amount of €160.0 million on December 31, 2019 (compared to €117.1 million on December 31, 2018), of which €1.4 million will expire in 2028. This, combined with other temporary differences, resulted in a net deferred tax asset position. Due to the uncertainty surrounding the Company's ability to realize taxable profits in the near future, the Company did not recognize any deferred tax assets.

As part of its business restructuring, the Company transferred the legal ownership of its intellectual property rights from the Dutch argenx SE to its wholly owned Belgian subsidiary, argenx BV, effective as of January 1, 2017, for an amount of €79.9 million. In 2019, the Company has obtained a tax ruling in Belgium which allows for a treatment of the aforementioned amount as a tax deductible cost in the Belgian subsidiary.

26. Loss per share

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Loss of the year	(162,965)	(66,641)	(28,076)
Weighted average number of shares outstanding	38,619,121	33,419,356	24,609,536
Basic and diluted loss per share (in €)	(4.22)	(1.99)	(1.14)

Earnings/losses per ordinary share are calculated by dividing the loss for the period by the weighted average number of ordinary shares during the year.

As the Company is suffering operating losses, options have an anti dilutive effect. As such, there is no difference between basic and diluted earnings/losses per ordinary share. There are no other instruments that could potentially dilute earnings per ordinary share in the future.

27. Financial instruments and financial risk management

Overview of financial instruments

This note provides information about the Company's financial instruments, including:

- an overview of all financial instruments by category
- specific information about each type of financial instrument
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.
- information on the financial risk management and capital management.

(IN THOUSANDS OF €)	MEASUREMENT CATEGORY	CARRYING AMOUNT		
		YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017 ⁽¹⁾
Financial assets — non-current	FVTPL	2,596	1	1
Research and development incentive receivables — non-current	Amortised cost	8,566	4,883	3,033
Restricted cash — non-current	Amortised cost	630	251	256
Trade and other receivables	Amortised cost	28,115	2,886	2,842
Prepaid expenses	Amortised cost	9,022	2,995	2,338
Financial assets—current	FVTPL	1,004,539	283,529	168,907
Research and development incentive receivables — current	Amortised cost	261	301	158
Restricted cash — current	Amortised cost	—	1,692	1,692
Cash and cash equivalents	Amortised cost	331,282	281,040	190,867
Trade and other payables	Amortised cost	85,301	37,072	15,285

(1) The Company adopted IFRS 9 on January 1, 2018. Under IAS 39, non-current financial assets were measured as "Available for sale".

Current financial assets included collective investment funds nominated in € and \$ that are not considered as cash equivalents and of which the underlying investments include bonds and other international debt securities. The average credit rating of the underlying instruments is BBB or higher. The maximum exposure to credit risk is the carrying value at reporting date. These investment funds are recognized at fair value in the Company's consolidated financial statements (level 1). The fair value corresponds to the quoted market price and can therefore be classified as a level 1 fair value measurement. The net asset value (NAV) of the funds is available on a daily basis. Any difference between amounts invested and fair value at reporting date is booked in Profit & Loss.

Due to the current nature of the financial liabilities, the nominal value of all financial liabilities presented above approximates their fair value.

The Company carried the following assets at fair value on December 31, 2019, 2018 and 2017 respectively:

AT DECEMBER 31, 2019

(IN THOUSANDS OF €)	LEVEL 1	LEVEL 2	LEVEL 3
Non-current financial assets			2,596
Current financial assets	1,004,539		
Assets carried at fair value	1,004,539	—	2,596

AT DECEMBER 31, 2018

(IN THOUSANDS OF €)	LEVEL 1	LEVEL 2	LEVEL 3
Non-current financial assets			1
Current financial assets	283,529		
Assets carried at fair value	283,529	—	1

AT DECEMBER 31, 2017

(IN THOUSANDS OF €)	LEVEL 1	LEVEL 2	LEVEL 3
Non-current financial assets			1
Current financial assets	168,907		
Assets carried at fair value	168,907	—	1

During the disclosed calendar year no transfers occurred between the applicable categories.

In March 2019, the Company entered into a license agreement with AgomAb Therapeutics NV for the use of HGF-mimetic SIMPLE Antibodies™, developed under the Company's Innovative Access Program. In exchange for granting this license, the Company received a profit share in AgomAb Therapeutics NV. The profit share has been designated as a non-current financial asset held at fair value through profit or loss. Since AgomAb Therapeutics NV is a private company, the valuation of the profit share is based on level 3 assumptions.

Capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Company consists of equity attributed to the holders of equity instruments of the Company, such as capital, reserves and accumulated losses as mentioned in the consolidated statement of changes in equity. The Company makes the necessary adjustments in the light of changes in the economic circumstances, risks associated to the different assets and the projected cash needs of the current and projected research activities. On December 31, 2019, cash and cash equivalents amounted to €331.3 million and total capital

amounted to €1,312.8 million. The current cash situation and the anticipated cash generation are the most important parameters in assessing the capital structure. The Company's objective is to maintain the capital structure at a level to be able to finance its activities for at least twelve months. Cash income from existing and new partnerships is taken into account and, if needed and possible, the Company can issue new shares or enter into financing agreements.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Concentrations in credit risk are determined based on an analysis of counterparties and their importance on the overall outstanding contractual obligations at year end.

The Company has a limited number of collaboration partners and therefore has a significant concentration of credit risk. However, it has policies in place to ensure that credit exposure is kept to a minimum and significant concentrations of credit exposure are only granted for short periods of time to high credit quality collaboration partners.

Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

Cash and cash equivalents and short term deposits are invested with several highly reputable banks and financial institutions. The Company holds its cash and cash equivalents mainly with different banks which are independently rated with a minimum rating of 'A-'.

The Company also holds short term investment funds in the form of money market funds with a recommended investment horizon of 6 months or shorter but with a low historical volatility. These money market funds are highly liquid investments, can be readily convertible into a known amount of cash. Since they are a basket of funds there is no individual credit risk involved.

The average credit rating of the underlying instruments for the investment funds is BBB or higher.

The maximum credit risk, to which the Company is theoretically exposed as at the balance sheet date, is the carrying amount of the financial assets.

At the end of the reporting period no financial assets were past due, consequently no financial assets were subject to impairment.

Liquidity risk

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company's main sources of cash inflows are obtained through capital increases and collaboration agreements. This cash is invested in savings accounts, term accounts and short term investment funds in the form of money market funds. These money market funds represent the majority of the Company's available sources of liquidity however since all of these are immediately tradable and convertible in cash they have a limited impact on the liquidity risk.

All financial liabilities (principally trade and other payables as disclosed in note 27) have a maturity within 3 months unless otherwise disclosed in these consolidated financial statements.

Interest rate risk

The only interest bearing financial assets are cash at banks on deposit and term accounts. For the year ended December 31, 2019, if applicable interest rates would increase/decrease by 25 basis points, this would have a positive/negative impact of €2.0 million (compared to €0.3 million for the year ended December 31, 2018 and €0.3 million for the year ended December 31, 2017).

Foreign exchange risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company is mainly exposed to the U.S. Dollar, Japanese yen, British pound and Swiss franc. To limit this risk, the Company attempts to align incoming and outgoing cash flows in currencies other than EUR.

The net exposure to exchange differences of the monetary assets (being cash, cash equivalents and current financial assets) of the Company at the end of the reporting period are as follows:

(IN THOUSANDS OF €)	AT DECEMBER 31, 2019	AT DECEMBER 31, 2018	AT DECEMBER 31, 2017
USD	821,916	312,831	147,169
JPY	488	—	—
GBP	4	2	406
CHF	1	4	25

On December 31, 2019, if the USD/EUR exchange rate would have increased/decreased by 10%, this would have had a negative/positive impact of €74.72 million (compared to €28.44 million on December 31, 2018). On December 31, 2019, if the exchange rate for other currencies would have increased/decreased by 10% , this would have had no significant impact.

28. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. There were no significant transactions with related parties during the period, other than compensation of key management personnel.

Compensation of key management personnel

Key management personnel of the Company is composed of the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Scientific Officer, the Chief Medical Officer, the Vice President of Corporate Development & Strategy and the General Counsel.

The remuneration of the key management personnel during the year was as follows:

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Short term employee benefits	4,437	4,236	3,126
Post employment benefits	144	153	115
Termination benefits	470	—	—
Share-based payment ⁽¹⁾	21,847	13,363	12,041
Employer social security contributions stock options ⁽²⁾	9,160	2,792	3,073
	36,058	20,544	18,355

(1) Amount shown represents the expenses with respect to the option awards granted in the year, measured using the Black Scholes formula. The share-based payment expense recognized in the consolidated statement of comprehensive income totaled €14.4 million for the year ended December 31, 2019, compared to €10.7 million for the year ended December 31, 2018 and €2.3 million for the year ended December 31, 2017

(2) The Company incurs employer social security costs with respect to the option awards granted to certain members of the executive management. The amount of employer social security costs depends on the actual economic value realized and therefore varies based on our stock price. At each reporting date, the Company makes a calculation of the exposure.

Remuneration of the executive directors

The tables below show the remuneration received by executive directors for the years ended December 31, 2019, 2018 and 2017 (in €). Eric Castaldi served as a member of our board until April 26, 2017. A scenario analysis based on best practice clause II.2.1. of the Dutch Corporate Governance Code was made. Executive directors have met each of their bonus targets previously established by the non-executive directors during the years ended December 31, 2019, 2018 and 2017 and the full bonus was granted in the same year.

2017	BASE SALARY	BONUS	PENSION CONTRIBUTIONS	SOCIAL SECURITY COSTS	ESOP ⁽¹⁾	OTHER ⁽²⁾	TOTAL
Tim Van Hauwermeiren	303,941	301,635	14,315	9,459	2,968,195	9,601	3,607,146
Eric Castaldi	271,344	173,284	62,335	254,732	4,089,209	14,979	4,865,883
Total	575,285	474,919	76,650	264,191	7,057,404	24,580	8,473,029

2018	BASE SALARY	BONUS	PENSION CONTRIBUTIONS	SOCIAL SECURITY COSTS	ESOP ⁽¹⁾	OTHER ⁽²⁾	TOTAL
Tim Van Hauwermeiren	500,000	284,600	15,102	10,011	3,559,200	33,855	4,402,768
Total	500,000	284,600	15,102	10,011	3,559,200	33,855	4,402,768

2019	BASE SALARY	BONUS	PENSION CONTRIBUTIONS	SOCIAL SECURITY COSTS	ESOP ⁽¹⁾	OTHER ⁽²⁾	TOTAL
Tim Van Hauwermeiren	525,000	326,288	21,532	10,587	5,257,360	11,558	6,152,325
Total	525,000	326,288	21,532	10,587	5,257,360	11,558	6,152,325

- (1) Amount shown represents the expenses with respect to the option awards granted in the year, measured using the Black Scholes formula, and the employer social security costs with respect to the option awards granted to certain members of the executive management. The amount of employer social security costs depends on the actual economic value realized and therefore varies based on our stock price. At each reporting date, the Company makes a calculation of the exposure.
- (2) Consists of rent paid by the Company, costs attributable to the lease of a company car and employer-paid medical insurance premiums.

The table below shows the number of stock options granted to the executive directors during the years ended December 31, 2019, 2018 and 2017 and their exercise price equal to the fair market value upon date of grant, and the stock options exercised during 2019, 2018 and 2017.

2017	ESOPS	TERM	EXERCISE PRICE	EXERCISED
Tim Van Hauwermeiren	80,000	10 years	21.17	
			2.44	65,380
Eric Castaldi	43,200	10 years	21.17	
Total	123,200			65,380

2018	ESOPS	TERM	EXERCISE PRICE	EXERCISED
Tim Van Hauwermeiren	80,000	10 years	86.32	
			7.17	40,000
Total	80,000			40,000

2019	ESOPS	TERM	EXERCISE PRICE	EXERCISED
Tim Van Hauwermeiren	80,000	10 years	135.75	
			7.17	30,000
Total	80,000			30,000



The table below shows the stock options held at the start of the year ended December 31, 2019, the stock options granted to executive directors which have vested during the year ended December 31, 2019 and the stock options to vest in the years until 2022.

NAME	TOTAL OPTIONS HELD ON JANUARY 1, 2019	OPTIONS GRANTED IN 2019	OPTIONS EXERCISED IN 2019	TOTAL OPTIONS HELD ON DECEMBER 31, 2019	OPTIONS VESTED UNTIL 2018	EXERCISE PRICE
Tim Van Hauwermeiren	336,200	80,000	(30,000)	386,200	35,000	7.17
					30,600	9.47
					43,056	11.47
					20,400	14.13
					26,667	21.17

The table below shows the remaining term of the options held by the executive directors on December 31, 2019.

NAME	NUMBER OF OPTIONS	REMAINING TERM AT DECEMBER 31, 2019 (ROUNDED UP)
Tim Van Hauwermeiren	35,000	5.0 years
	30,600	6.0 years
	50,000	6.5 years
	30,600	7.0 years
	80,000	8.0 years
	80,000	9.0 years
	80,000	10.0 years

Stock options are granted to the executive directors by the Board based on the recommendation of the Remuneration and Nomination Committee and the option allocation scheme established by the Board pursuant to the argenx Employee Stock Option Plan.

Remuneration of non-executive directors

The following table sets forth the information regarding the compensation earned by our non executive directors during the years ended December 31, 2019, 2018 and 2017:

(IN €)	2019	2018	2017
Peter Verhaeghe	77,500	77,500	77,500
David L Lacey	50,000	50,000	50,000
Werner Lanthaler	55,000	55,000	55,000
Pamela Klein	42,500	42,500	42,500
Don Debethizy	52,500	52,500	52,500
A.A. Rosenberg	50,000	42,500	42,500
James M. Daly	50,000	35,000	—
Total	377,500	355,000	320,000

	OPTIONS VESTED IN 2019	EXERCISE PRICE	OPTIONS TO VEST 2020	EXERCISE PRICE	OPTIONS TO VEST 2021	EXERCISE PRICE	OPTIONS TO VEST 2022	EXERCISE PRICE
		9.47						
	6,944	11.47		11.47				
	10,200	14.13		14.13				
	26,666	21.17	26,667	21.17		21.17		
	26,667	86.32	26,666	86.32	26,667	86.32		
			26,667	135.75	26,666	135.75	26,667	135.75



The table below shows the number of stock options granted to the non-executive directors during the years ended December 31, 2019, 2018 and 2017 and their exercise price, based on the 30 day average stock price prior to their date of grant, and the stock options exercised during the years ended December 31, 2019, 2018 and 2017.

2017	ESOPS	TERM	EXERCISE PRICE	EXERCISED
David L Lacey	15,000	10 years	21.37	
Total	15,000			—

2018	ESOPS	TERM	EXERCISE PRICE	EXERCISED
James M. Daly	15,000	10 years	80.82	
Peter Verhaeghe	10,000	10 years	86.32	
David L Lacey	10,000	10 years	86.32	
Werner Lanthaler	10,000	10 years	86.32	
			2.44	3,566
			7.17	5,000
			2.44	10,850
			11.38	5,556
Don Debethizy	10,000	10 years	86.32	
Pamela Klein	10,000	10 years	86.32	
A.A. Rosenberg	10,000	10 years	86.32	
James M. Daly	10,000	10 years	86.32	
Total	85,000			24,972

2019	ESOPS	TERM	EXERCISE PRICE	EXERCISED
Peter Verhaeghe	10,000	10 years	135.75	
David L Lacey	10,000	10 years	135.75	
Werner Lanthaler	10,000	10 years	135.75	
			11.38	4,444
Pamela Klein	10,000	10 years	135.75	
Don Debethizy	10,000	10 years	135.75	
A.A. Rosenberg	10,000	10 years	135.75	
James M. Daly	10,000	10 years	135.75	
Total	70,000			4,444

The table below shows the stock options held at the start of the year ended December 31, 2019 and the stock options granted to the non executive directors which have vested during the year ended December 31, 2019, as well as the stock options to vest in the years ending December 31, 2020, December 31, 2021 and December 31, 2022 (in number of stock options), and the respective exercise price of such stock options:

NAME	TOTAL OPTIONS HELD ON JANUARY 1, 2019	OPTIONS GRANTED IN 2019	OPTIONS EXERCISED IN 2019	TOTAL OPTIONS HELD ON DECEMBER 31, 2019	OPTIONS VESTED UNTIL 2018
Peter Verhaeghe	44,585	10,000		54,585	11,626
					7,959
					5,000
					8,333
David L. Lacey	54,443	10,000		64,443	6,643
					12,800
					8,333
					5,000
Werner Lanthaler	14,444	10,000	(4,444)	20,000	—
					—
					—
J. Donald deBethizy	35,000	10,000		45,000	15,000
					8,333
Pamela Klein	35,000	10,000		45,000	15,000
					8,333
A.A. Rosenberg	25,000	10,000		35,000	10,000
James M. Daly	25,000	10,000		35,000	

	EXERCISE PRICE	OPTIONS VESTED IN 2019	EXERCISE PRICE	OPTIONS TO VEST IN 2020	EXERCISE PRICE	OPTIONS TO VEST IN 2021	EXERCISE PRICE	OPTIONS TO VEST IN 2022	EXERCISE PRICE
	2.44								
	3.95								
	7.17								
	11.38	1,667	11.38						
		3,333	86.32	3,334	86.32	3,333	86.32		
				3,333	135.75	3,334	135.75	3,333	135.75
	2.44								
	7.17								
	11.38	1,667	11.38						
	21.17	5,000	21.17	5,000	21.17				
		3,333	86.32	3,334	86.32	3,333	86.32		
				3,333	135.75	3,334	135.75	3,333	135.75
	2.44								
	7.17								
	11.38	—	11.38						
		3,333	86.32	3,334	86.32	3,333	86.32		
				3,333	135.75	3,334	135.75	3,333	135.75
	11.44								
	11.38	1,667	11.38						
		3,333	86.32	3,334	86.32	3,333	86.32		
				3,333	135.75	3,334	135.75	3,333	135.75
	11.44								
	11.38	1,667	11.38						
		3,333	86.32	3,334	86.32	3,333	86.32		
				3,333	135.75	3,334	135.75	3,333	135.75
	14.13	5,000	14.13						
		3,333	86.32	3,334	86.32	3,333	86.32		
				3,333	135.75	3,334	135.75	3,333	135.75
		7,500	80.82	5,000	80.82	2,500	80.82		
		3,333	86.32	3,334	86.32	3,333	86.32		
				3,333	135.75	3,334	135.75	3,333	135.75

The table below shows the remaining term of the stock options held by the non-executive directors on December 31, 2019.

NAME	NUMBER OF STOCK OPTIONS	REMAINING TERM ON DECEMBER 31, 2019 (ROUNDED UP)
Peter K.M. Verhaeghe	3,650	0.5 years
	2,340	1.0 years
	5,560	3.5 years
	3,181	4.0 years
	9,854	5.0 years
	10,000	6.5 years
	10,000	9.0 years
	10,000	10.0 years
David L. Lacey	3,180	3.5 years
	1,818	4.0 years
	14,445	5.0 years
	10,000	6.5 years
	15,000	8.0 years
	10,000	9.0 years
	10,000	10.0 years
Werner Lanthaler	10,000	9.0 years
	10,000	10.0 years
J. Donald deBethizy	15,000	5.5 years
	10,000	6.5 years
	10,000	9.0 years
	10,000	10.0 years
Pamela Klein	15,000	5.5 years
	10,000	6.5 years
	10,000	9.0 years
	10,000	10.0 years
A.A. Rosenberg	15,000	7.0 years
	10,000	9.0 years
	10,000	10.0 years
James M. Daly	15,000	8.5 years
	10,000	9.0 years
	10,000	10.0 years

Stock options are granted to the non-executive directors by the Board based on the recommendation of the Remuneration and Nomination Committee, and the option allocation scheme established by the board pursuant to the argenx Employee Stock Option Plan.

29. Contingencies

The Company is currently not facing any outstanding claims or litigations that may have a significant adverse impact on the Company's financial position.

As described in note 18 the Company has received several types of government grants which are granted subject to a certain number of conditions that need to be met at grant date and in the future. The Company recognizes grant income from Belgian and Flemish grant bodies when all contractual conditions are met. These government institutions may however subsequently perform an audit which may result in a (partial) claw back of the grant. The Company deems that the claw back risk is remote in view of the continuous monitoring of the contractual conditions. The Company has fulfilled all existing conditions relating to the recognition of its grant income.

Contracts with these grant bodies also typically include clauses that define the need for future validation of the project results after completion of the initial grant term during which the subsidized expenses or investments have been incurred and for which the grant was earned. Should this validation not occur or be deemed inadequate, the grant bodies have the right to reclaim funds previously granted.

As described in note 8, in 2019, the Company granted a total of 1,365,172 stock options to certain of its employees, Board members and consultants. As part of the grant of these stock options, the Company has undertaken to compensate Belgian taxes that are paid upon the grant of these stock options if and when at the end of the exercise period, the stock price would be lower than the exercise price, as increased with these taxes. The Company has applied for a tax ruling on this subject that would cover the stock option grants as from June 28, 2018. The exposure that the Company could face at the end of the exercise period for the stock options granted in 2018 and 2019 ranges from €7.6 million to €8.6 million.

30. Commitments

At balance sheet date, there were no commitments signed for the acquisition of property, plant and equipment. In February 2019, the Company entered into a global collaboration and license agreement with Halozyme Therapeutics, Inc. Under the terms of the agreement, the Company will pay \$10.0 million per target for future target nominations and potential future payments of up to \$160.0 million per selected target subject to achievement of specified development, regulatory and sales-based milestones and up to \$40.0 million subject to the achievement of additional, specified sales-based milestones. This amount represents the maximum amount that would be paid if all milestones would be achieved but excludes variable royalty payments based on unit sales. For the year ended December 31, 2019, the Company exercised the option to nominate an additional target (triggering a \$10 million development milestone payment) and initiated a Phase 1 clinical trial using Halozyme's proprietary ENHANZE® drug delivery technology (triggering a \$5 million development milestone payment).

The Company's manufacturing commitments with its drug substance manufacturing contractor Lonza relate to the ongoing execution of the BLA services for efgartigimod and the ongoing manufacturing activities related to the start-up of Lonza Singapore as a potential future commercial manufacturing site. In December 2018, the Company signed its first commercial supply agreement with Lonza related to the reservation of commercial drug substance supply capacity for efgartigimod. The total commitment under this commercial supply agreement amounts to a minimum commitment of £25.3 million over a period of five years starting from 2020. In the aggregate, the Company has outstanding commitments for efgartigimod of approximately €53.4 million. In addition to the obligations for efgartigimod, the Company also has contractual obligations for cusatuzumab of approximately €34.4 million and for ARGX-117 of approximately €3.6 million.

31. Audit fees

The following auditors' fees were expensed in the income statement:

FEES (IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
Audit fees ⁽¹⁾	730	648	179
Audit-related fees	159	143	724
Tax and other services ⁽⁴⁾	—	—	—
Total	889	791	903

(1) Audit services performed by Deloitte Accountants B.V. as the external auditor referred to in Section 1 of the Dutch Accounting Firms Oversight Act (Wta) as well as by the Deloitte network.

(2) Tax and other services performed by the Deloitte network.

32. Overview of consolidation scope

The parent company argenx SE is domiciled in the Netherlands. The Company, argenx SE, has one subsidiary, argenx BV, based in Belgium. argenx BV has two subsidiary, argenx US, Inc., based in the United States of America and argenx Japan KK, based in Japan. Details of the Company's consolidated entities at the end of the reporting period are as follows:

NAME	REGISTRATION NUMBER	COUNTRY	PARTICIPATION	MAIN ACTIVITY
argenx SE	COC 24435214	The Netherlands	100.00 %	Holding company
argenx BV	0818292196	Belgium	100.00 %	Biotechnical research on drugs and pharma processes
argenx US, Inc.	36-4880497	USA	100.00 %	Pharmaceuticals and pharmacy supplies merchant wholesalers
argenx Japan KK	0104-01-145183	Japan	100.00 %	Pharmaceuticals and pharmacy supplies merchant wholesalers

33. Events after the balance sheet date

The recent outbreak of COVID-19 originated in Wuhan, China, in December 2019 and has since spread to multiple countries, including the United States and several European countries. On March 11, 2020, the World Health Organization declared the outbreak a pandemic. The spread of COVID-19 has impacted the global economy and may impact our operations, including the potential interruption of our clinical trial activities and our supply chain. For example, the COVID-19 outbreak may delay enrollment in our clinical trials due to prioritization of hospital resources toward the outbreak, and some patients may be unwilling to enroll in our trials or be unable to comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services, which would delay our ability to conduct clinical trials or release clinical trial results. The spread of an infectious disease, including COVID-19, may also result in the inability of our suppliers to deliver clinical drug supplies on a timely basis or at all. In addition, hospitals may reduce staffing and reduce or postpone certain treatments in response to the spread of an infectious disease. Such events may result in a period of business disruption, and in reduced operations, or doctors and medical providers may be unwilling to participate in our clinical trials, any of which could materially affect our business, financial condition and results of operations. The extent to which the recent global COVID-19 pandemic impacts our business will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19 and the actions to contain or treat its impact, among others. Any significant infectious disease outbreak, including the COVID-19 pandemic, could result in a widespread health crisis that could adversely affect the economies and financial markets worldwide, resulting in an economic downturn that could impact our business, financial condition and results of operations, including our ability to obtain additional funding, if needed. The Company is proactively executing risk mitigation strategies to attenuate the impact of COVID-19.



Company Financial Statements

FOR ARGENX SE – FOR THE YEAR ENDED DECEMBER 31, 2018

Signatures of Executive and Non-executive Directors	266
Company Balance Sheet on December 31, 2019 Argenx SE.....	267
Company Profit and Loss Account for the Year ended December 31, 2019 Argenx SE	268
Notes to the Company Financial Statements of Argenx SE	269
Other information	273
Independent Auditor's Report.....	274

Signatures of Executive and Non-executive Directors

In accordance with article 2:101 of the Dutch Civil Code, the annual accounts were signed by all executive and non-executive directors on March 31, 2020.

Company Balance Sheet on December 31, 2019 argenx SE

ASSETS (IN THOUSANDS OF €)	NOTE	AT DECEMBER 31, 2019	AT DECEMBER 31, 2018
Non-current assets			
Financial fixed assets	2		
Investments in group companies		935,185	419,407
Other financial assets		1	1
Total financial fixed assets		935,186	419,408
Total non-current assets		935,186	419,408
Current assets			
Receivables	3	522	1,262
Financial assets — current	4	20,571	0
Cash and cash equivalents	5	97,206	119,322
Total current assets		118,299	120,584
TOTAL ASSETS		1,053,485	539,992
EQUITY AND LIABILITIES			
(IN THOUSANDS OF €)	NOTE	AT DECEMBER 31, 2019	AT DECEMBER 31, 2018
Equity	6		
Share capital		4,276	3,597
Share premium		1,308,539	673,454
Accumulated losses		(332,568)	(169,603)
Reserve for share-based payments		70,499	30,947
Total equity		1,050,746	538,395
Current liabilities			
Current liabilities	7		
Accounts payable		372	92
Intercompany payables		472	432
Taxes payable		598	597
Accrued expenses		1,297	476
Total current liabilities		2,739	1,597
TOTAL EQUITY & LIABILITIES		1,053,485	539,992

Company Profit and Loss Account for the Year ended December 31, 2019 argenx SE

(IN THOUSANDS OF €)	NOTE	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018
G&A Expenses		(7,452)	(4,451)
Total operating expenses		(7,452)	(4,451)
Operating result		(7,452)	(4,451)
Financial income and expense	8	3,087	5,665
Share in result of subsidiaries	9	(158,608)	(67,305)
Result before taxation		(162,972)	(66,091)
Taxation on result of ordinary activities		7	(549)
Result after taxation		(162,965)	(66,640)

Notes to the Company Financial Statements of argenx SE

1. Accounting Information and Policies

BASIS OF PREPARATION

The company financial statements of argenx SE (hereafter: the company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with article 362 sub8, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated IFRS financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In case no other policies are mentioned, refer to the accounting policies as described in the summary of significant accounting policies in the consolidated IFRS financial statements. For an appropriate interpretation, the company financial statements of argenx SE should be read in conjunction with the consolidated IFRS financial statements.

Participating interests in group companies

Participating interests in group companies are valued using the equity method, applying the IFRS accounting policies endorsed by the European Union. Following the adoption of IFRS 9 by the group, and our interpretation of the Dutch Accounting Standard 100.107A, the company shall, upon identification of a credit loss on an intercompany loan and/or receivable, eliminate the carrying amount of the intercompany loan and/or receivable for the value of the identified credit loss.

Result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealized, they have not been recognized.

All amounts are presented in thousands of euro, unless stated otherwise. The balance sheet and income statement references have been included. These refer to the notes.

Correction of an immaterial error

Subsequent to the issuance of the company's financial statements for the year ended December 31, 2018, the company determined that the intercompany recharges resulting from a cross-charge of transaction costs incurred in a follow-on offering in September 2018 to the subsidiary argenx BV should not have been presented as "Intercompany Recharges", thereby impacting the company profit and loss account. Management evaluated the materiality of the errors from a quantitative and qualitative perspective and concluded that this adjustment was not material to the company's previously issued financial statements. The company has elected to revise the historical financial information presented herein in the company profit and loss account to reflect the correction of this error for the prior period presented and to confirm to current year presentation. Since the revisions were not material, no amendments to previously filed reports were required. The revision had the effect of decreasing "Intercompany Recharges" and increasing "Share in result of subsidiaries" with €14.9 million as of December 31, 2018.

2. Financial Fixed Assets

The Company has one Belgian subsidiary, argenx BV, which carries out the research and development activities of the Group. argenx BV has one US subsidiary, argenx US Inc and one Japanese subsidiary, argenx Japan KK. The financial fixed assets consist of the 100% participation in argenx BV, registered at Industriepark 7, Zwijnaarde, Belgium.

The movement in financial fixed assets is as follows:

(IN THOUSANDS OF €)	AT DECEMBER 31, 2019	AT DECEMBER 31, 2018
Investments in Group Companies		
Opening Balance	378,531	(23,554)
Adjustment of opening balance upon adoption of IFRS 15	0	(2,394)
Share of loss of investments	158,608	(82,171)
Share-based payment expenses of investments	36,613	18,102
Capital increase argenx BVBA	673,636	468,548
Closing balance	930,172	378,531
Receivable on Group companies	5,013	40,876
Investments in Group companies	935,185	419,407
Other financial assets		
Opening Balance	1	1
Balance as at year-end	1	1
Total financial fixed assets	935,186	419,408

3. Receivables

(IN THOUSANDS OF €)	AT DECEMBER 31, 2019	AT DECEMBER 31, 2018
Interest receivables	25	90
Other receivables	487	390
Prepaid expenses	10	782
Total receivables	522	1,262

Receivables fall due in less than one year. The fair value of the receivables approximates the nominal value, due to their short-term character.

4. Financial Assets

(IN THOUSANDS OF €)	AT DECEMBER 31, 2019	AT DECEMBER 31, 2018
Money market funds	8,999	0
Term account	11,572	0
Total financial assets	20,571	0

5. Cash and Cash Equivalents

(IN THOUSANDS OF €)	AT DECEMBER 31, 2019	AT DECEMBER 31, 2018
Term deposits	76,354	67,717
Current bank accounts	20,852	51,605
Total cash in banks	97,206	119,322

6. Equity

For the details on Equity we refer to note 12 of the consolidated IFRS financial statements.

For the details on Share Based Payments we refer to note 13 of the consolidated IFRS financial statements. The company holds no legal reserves as part of the equity.

7. Current Liabilities

(IN THOUSANDS OF €)	AT DECEMBER 31, 2019	AT DECEMBER 31, 2018
Accounts payable	372	92
Intercompany payables	472	432
Taxes payable	598	597
Accrued expenses	1,297	476
Total current liabilities	2,739	1,597

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the nominal value, due to their short-term character.

8. Financial Result and Exchange Gains/(Losses)

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018
Interest income on bank deposits	1,263	824
Net gains on investments at FVTPL	0	865
Fees collected from ADS holders	357	422
Interest on I/C current account	0	53
Financial income	1,620	2,164
Financial expenses	(27)	(4)
Exchange gains/(losses)	1,494	3,505
Financial income and expense	3,087	5,665

9. Share in Result of Subsidiaries

As of December 31, 2019, the Company had one Belgian subsidiary, argenx BV, which carries out the research and development activities of the Group.

(IN THOUSANDS OF €)	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018
argenx BVBA	(158,608)	(67,305)
	(158,608)	(67,305)

10. Other Disclosures

CONTINGENT LIABILITIES

The contingent liabilities of the Company consist of a rental agreement for office space at DocWork Breda for an amount of KEUR 6 per annum. The lease can be terminated annually.

RELATED-PARTY TRANSACTIONS

All legal entities that can be controlled, jointly controlled or significantly influenced are considered as a related party. Also, entities which can control the company are considered a related party. In addition, directors, other key management of argenx SE and close relatives are regarded as related parties. Other than the intercompany cross-charges, there were no related party transactions.

REMUNERATION

See note 28 of the notes to the consolidated IFRS financial statements.

INFORMATION RELATING TO EMPLOYEES

During the year 2019, the Company had an average of 0.2 FTE (2018: 0.2 FTE).

AUDITOR'S FEES

See note 31 of the notes to the consolidated IFRS financial statements.

PROPOSAL FOR APPROPRIATION OF THE RESULT

The Company reported a net loss of €163.0 million for the year ended on December 31, 2019. The Board of Directors proposes to carry forward the net loss of the year 2019 to the accumulated losses. Anticipating the approval of the financial statements by the shareholders at the annual general meeting of shareholders, this proposal has already been reflected in the 2019 financial statements.

EVENTS AFTER THE BALANCE SHEET DATE

For the events after balance sheet date, we refer to note 33 of the consolidated IFRS financial statements.

Breda, March 31, 2020
The Director
Tim Van Hauwermeiren, CEO

Other information

Provision in the Articles of Association Governing the Appropriation of Results

1. The company shall have a policy on reserves and dividends which shall be determined and may be amended by the board of directors. The adoption and thereafter each material change of the policy on reserves and dividends shall be discussed at the general meeting under a separate agenda item.
2. From the profits, shown in the annual accounts, as adopted, the board of directors shall determine which part shall be reserved. Any profits remaining thereafter shall be at the disposal of the general meeting. The board of directors shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the general meeting.
3. Distribution of dividends on the shares shall be made in proportion to the nominal value of each share.
4. Distributions may be made only insofar as the company's equity exceeds the amount of the paid in and called up part of the issued capital, increased by the reserves which must be kept by virtue of the law.
5. If a loss was suffered during any one year, the board of directors may resolve to offset such loss by writing it off against a reserve which the company is not required to keep by virtue of the law.
6. The distribution of profits shall be made after the adoption of the annual accounts, from which it appears that the same is permitted.
7. The board of directors may, subject to due observance of the policy of the company on reserves and dividends, resolve to make an interim distribution, provided the requirement of paragraph 4 of this article has been complied with, as shown by interim accounts. Such interim accounts shall show the financial position of the company not earlier than on the first day of the third month before the month in which the resolution to make the interim distribution is announced. Such interim accounts shall be signed by all members of the board of directors. If the signature of one or more of them is missing, this shall be stated and reasons for this omission shall be given. The interim accounts shall be deposited in the offices of the trade register within eight days after the day on which the resolution to make the interim distribution has been announced.
8. At the proposal of the board of directors, the general meeting may resolve to make a distribution on shares wholly or partly not in cash but in shares.
9. The board of directors may, subject to due observance of the policy of the company on reserves and dividends, resolve that distributions to holders of shares shall be made out of one or more reserves.
10. A claim of a shareholder for payment of a distribution shall be barred after five years have elapsed.

Independent Auditor's Report

To the shareholders and the Board of Directors of argenx SE

Report on the Audit of the Financial Statements for the year ended December 31, 2019 included in the Annual Report

OUR OPINION

We have audited the accompanying financial statements for the year ended December 31, 2019 of argenx SE, based in Breda, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of argenx SE as at December 31, 2019, and of its result and its cash flows for for the year ended December 31, 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of argenx SE as at December 31, 2019, and of its result for for the year ended December 31, 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at December 31, 2019.
2. The following statements for the year ended December 31, 2019: the consolidated statement of profit and loss and other comprehensive income, cash flows and changes in equity.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at December 31, 2019.
2. The company profit and loss account for for the year ended December 31, 2019.
3. The notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of argenx SE in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 7.800.000. The materiality is based on 3% of operating expenses. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of € 390.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF THE GROUP AUDIT

argenx SE is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of argenx SE.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. The audit procedures on all group entities have been performed by the group engagement team. By performing these procedures, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

EMPHASIS OF A MATTER

As discussed in Note 33 to the financial statements, the Company has described the potential effects of the coronavirus disease 2019 (COVID-19) on the operations of the business. Our opinion is not modified in respect of this matter.

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue and Deferred Revenue - Determination of appropriate accounting of the global collaboration and license agreement - Refer to Note 17 to the financial statements

DESCRIPTION	OUR RESPONSE
<p>The Company recognized revenue of EUR 21.6 million on the basis of costs incurred and deferred revenue of EUR 289 million related to a global collaboration and license agreement entered into with Cilag AG, an affiliate of Johnson & Johnson as of and for the year ended December 31, 2019. The Company received USD 500 million as upfront payment for this collaboration and license agreement, consisting of USD 300 million upfront cash payment for the collaboration and license agreement and USD 200 million as equity investment in the Company.</p> <p>The Company's collaboration and license agreement has been determined as representing a single distinct performance obligation, due to the highly interdependent and interrelated nature of the development, manufacturing, and commercialization of the Licensed Compounds and Licensed Products.</p> <p>Fulfillment of the performance obligation occurs throughout the development, manufacturing, and commercialization phases of the Licensed Compounds and Licensed Products.</p> <p>The Company recognizes the consideration received as deferred revenue and subsequently recognizes revenue over the contract term ("over time") based on a research and development ("R&D") cost input model using a percentage-of-completion method, whereby actual R&D cost incurred as part of the Company's performance obligation is compared to the total expected R&D cost needed to satisfy the performance obligation at measurement date.</p> <p>In determining the appropriate accounting treatment, the Company identified multiple performance obligations and concluded the license is not distinct from the promise to provide R&D services in the context of the contract. Given the subjective nature of this judgement and the potential impact on the revenue to be recognized, we identified the evaluation as to whether any promises or services described in the collaboration agreement should be considered as a distinct performance obligation in the context of the contract as a key audit matter.</p>	<p>Our audit procedures for the accounting of the collaboration and license agreement included the following, among others:</p> <ul style="list-style-type: none"> • We tested the controls over the appropriateness of the accounting of the global collaboration and license agreement, including the review by management of the appropriate accounting treatment. • We read the global collaboration and license agreement and evaluated whether management's accounting position considered all relevant facts and terms included in the agreement. • We further evaluated management's accounting position paper and evaluated management's conclusions to determine whether they had appropriately considered and applied the guidance and interpretation within IFRS 15. • We have consulted with financial reporting experts on the critical judgements and the accounting treatment of the global collaboration and license agreement. • We tested the mathematical accuracy of the deferred revenue position based on the revenue recognized and the total deferred revenue at inception of the contract. <p>OBSERVATIONS</p> <p>The scope and nature of the audit procedures we performed was sufficient and appropriate to address the risks of material misstatement resulting from the global collaboration and license agreements.</p>

Trade and Other Payables - Research and development cost accruals — Refer to Note 15 to the financial statements

DESCRIPTION	OUR RESPONSE
<p>The Company recognizes costs of EUR 44.0 million, as specified in Note 15 to the financial statements, incurred for clinical trial activities as research and development expenses based on evaluation of its vendors' progress toward completion of specific tasks. Payment timing may differ significantly from the period in which the costs are recognized as expense, resulting in Research and development cost accruals recognized within Trade and Other Payables in the Statement of Financial Position.</p> <p>Quantification of the research progress and the translation of the progress to the Research and development cost accruals requires judgment, because the progress is not directly observable. In estimating the vendors' progress toward completion of specific tasks, the Company therefore uses data such as patient enrollment, clinical site activations and vendor information of actual costs incurred. This data is obtained through reports from or discussions with Company personnel and outside service providers as to the progress or state of completion of trials, or the completion of services. Costs are expensed over the service period the services are provided. Costs for services provided that have not yet been paid are recognized as accruals. R&D cost accruals directly impact the revenue recognized, given the Company records revenue based on the percentage of completion method.</p> <p>We identified the Research and development cost accruals as a key audit matter due to the number of ongoing clinical trial activities and the subjectivity involved in estimating Research and development cost accruals and as auditing the Research and development cost accruals involves judgement in evaluating the progress of the research and development activities relative to the costs incurred.</p>	<p>Our audit procedures related to the Research and development cost accruals included the following, among others:</p> <ul style="list-style-type: none"> • We tested controls over the appropriateness of the recording of the R&D accruals reflecting the progress of the clinical trials, including the monthly review meetings between the finance department and clinical research personnel. • We read selected research and collaboration agreements, as well as amendments thereto, to evaluate whether the progress of the clinical trials reflects all relevant contractual elements. • We considered publicly available information (such as press releases and investor presentations) and board of directors' materials regarding the status of clinical trial activities and compared this information to the judgements applied in recording the accruals and prepaid expenses. • For a selection of contracts, we compared the amount of accrual at the end of the prior period to current year activity and evaluated the accuracy of the Company's estimation methodology. • We performed confirmation procedures related to the progress of the projects for significant vendors to test the R&D cost input model. • We made selections of specific amounts recognized as R&D expense as well as those recognized as accrued expenses and performed the following procedures: <ul style="list-style-type: none"> • Evaluated management's estimate of the vendor's progress based on inquiries with Company clinical operations personnel. • Reconciled the related statement of work, purchase order, or other supporting documentation to management's estimate (such as communications between the Company and vendors).
	<p>OBSERVATIONS</p> <p>The scope and nature of the audit procedures we performed was sufficient and appropriate to address the risks of material misstatement related to the Research and development cost accruals.</p>

Report on the Other Information Included in the Annual Report

In addition to the financial statements and our auditor's report thereon, the annual report contain other information that is included in the Universal Registration Document, including but not limited to:

- The Business section.
- The Corporate Governance section, including the Remuneration Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on Other Legal and Regulatory Requirements

ENGAGEMENT

We were engaged by the Board of Directors as auditor of argenx SE on May 13, 2015, as of the audit for the year 2015 and have operated as statutory auditor ever since that financial year.

NO PROHIBITED NON-AUDIT SERVICES

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of Responsibilities Regarding the Financial Statements

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, but was not limited to, the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraudsters generally try to hide the implications of their fraud. Committing fraud and the hiding thereof may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. In identifying potential risks of material misstatement due to fraud, we evaluated the group's risk assessment, had inquiries with management, those charged with governance and other within the group, including but not limited to, general counsel, global quality assurance and financial control & corporate accounting. We involved a forensic specialist in our identification of fraud risk factors. Following these procedures, and the presumed risks under the prevailing auditing standards, we considered the fraud risks in relation to management override of controls. As part of our audit procedures to respond to these fraud risks, we evaluated the internal controls relevant to mitigate these risks and performed supplementary substantive audit procedures, including detailed testing of journal entries and supporting documentation in relation to post-closing adjustments. Data analytics, including testing journal entries based on certain risk-based characteristics, is part of our audit approach to address fraud risks.

We obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

- Identifying and assessing the relevant risks and effects from non-compliance with laws and regulations as SEC regulations, Dutch Stock exchange regulations, FDA regulations, EMA regulations, financial reporting regulations, corporate tax law and the requirements under part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements to the extent material for the financial statements of The Company. Apart from these, The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance through imposing fines or litigation. As a response to relevant non-compliance risks, we evaluated the related internal controls to identify non-compliance with the relevant laws and regulations and performed audit procedures that address these non-compliance risks. Our procedures included inquiries of management, those charged with governance and other within the group and we inspected board minutes, correspondence with relevant authorities and lawyers' letters. We also remained alert to indications of (suspected) non-compliance throughout the audit. We obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, March 31, 2020

Deloitte Accountants B.V.

P.J. Seegers



argenx 

The word "argenx" is written in a lowercase, dark green, sans-serif font. To its right is a logo icon consisting of a white pill shape with a dark green cap and a small white dot below it.