Financial report 2015

argenx

Consolidated financial statements

FOR THE PERIOD ENDED DECEMBER 31, 2015

Responsibility statement

We hereby certify that, to the best of our knowledge, the consolidated financial statements of arGEN-X N.V. as of December 31, 2015, 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 9, 2016

Eric Castaldi, CFO

General information

arGEN-X N.V. is the parent company of a clinical-stage biopharmaceutical group focused on creating and developing differentiated antibody therapeutics for the treatment of cancer and severe autoimmune diseases with unmet medical needs (the Group). The Group has internally generated a preclinical and clinical product pipeline. argenx's proprietary product portfolio currently consists of three clinical stage antibody products: ARGX-113 for targeting severe auto-immune diseases, ARGX-110 for targeting blood and solid tumors and ARGX-111 for targeting tumor metastases. In addition, argenx's product portfolio also comprises ARGX-115, a novel therapeutic antibody for cancer immunotherapy, currently in the preclinical development stage, and various undisclosed discovery programs. The Group has also entered into selective antibody discovery industrial partnerships using its proprietary technology platform in collaboration with pharmaceutical and biotechnology companies on a non-exclusive basis, providing multiple sources of potential revenue. The Group has no products with market approval and has not generated any revenues from product sales.

The Group was incorporated in 2008. From inception through December 31, 2015, the Group's operations have been primarily funded through:

- EUR 46.0 million in equity investments from venture capital investors;
- EUR 41.8 million of gross proceeds from the Group Initial Public Offering completed in July 2014 on Euronext Brussels;
- EUR 20.3 million in upfront payments, milestone payments, and research and development funding from industrial partnerships; and
- EUR 9.3 million of grants and tax incentives received.

The Group has never been profitable and has incurred net losses each year since incorporation. The Group's net losses were EUR 15.3 million and EUR 10.3 million for the years ended 31 December 2015, and 2014 respectively. On 31 December 2015, the Group had an accumulated deficit of EUR 51.1 million. Its losses resulted principally from operating expenses incurred in connection with the development of its product portfolio, its research activities and general and administrative costs associated with its operations.

With EUR 42.3 million in cash and cash equivalents and current financial assets, as of December 31, 2015, the Board is of the opinion that it can submit the annual accounts on a going concern basis. The Group expects its expenses to continue to increase, in line with its strategy of advancing the clinical development of its most advanced products.

The Group employs a business model that relies significantly on outsourcing its research and development activities through external collaborations. The Group believes that this business model allows a minimal infrastructure and an efficient and flexible control of spending that is closely linked to the progress of its development projects.

Consolidated financial statements

Consolidated statement of financial position

Assets (in thousand of euros)	Note	At December 31, 2015	At December 31, 2014
Non-current assets		**1,825**	**1,134**
Intangible assets	4.1	7	7
Property, plant and equipment	4.2	249	166
Financial assets	4.3	1	1
R&D incentive receivables	4.4	1,568	960
Current assets		**44,137**	**57,377**
Trade and other receivables	4.5	1,356	1,312
Prepaid expenses	4.6	454	92
Financial assets	4.7	6,813	23,793
Cash and cash equivalents	4.8	35,514	32,180
Total assets		**45,962**	**58,510**

Equity and liabilities (in thousand of euros)	Note	At December 31, 2015	At December 31, 2014
Equity	4.9		
Equity attributable to owners of the parent			
Share capital		1,580	1,571
Share premium		82,169	81,940
Accumulated deficits		(51,118)	(35,806)
Other reserves	4.12	4,647	2,377
Total equity		**37,278**	**50,082**
Non-current liabilities		**0**	**0**
Current liabilities		**8,684**	**8,428**
Trade and other payables	4.10	4,543	4,977
Deferred revenue	4.11	4,141	3,451
Total liabilities		8,684	8,428
Total equity and liabilities		**45,962**	**58,510**

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

Consolidated statement of profit and loss and other comprehensive income

Consolidated statement of profit and loss and other comprehensive income (in thousand of euros)	Note	Year ended December 31, 2015	Year ended December 31, 2014
Revenue	5.1	6,854	3,756
Other operating income	5.2	3,101	1,621
Total operating income		9,955	5,377
Research and development expenses	5.3	(20,635)	(12,641)
General and administrative expenses	5.4	(4,925)	(3,479)
Operating loss		**(15,605)**	**(10,743)**
Financial income	5.7	112	137
Financial expenses		0	(3)
Exchange gains/(losses)		181	295
Loss before taxes		**(15,312)**	**(10,314)**
Income tax (income/expense)	5.9	0	0
Total comprehensive loss of the period		**(15,312)**	**(10,314)**
Earnings per share	5.10		
Weighted average number of shares outstanding		15,734,007	7,551,576
Basic and diluted loss per share (in €)		(0.97)	(1.37)

There are no non-controlling interests in the Group.

The income statement in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

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

Consolidated statement of cash flows

Consolidated statement of cash flows (in thousand of euros)	Note	Year ended December 31, 2015	Year ended December 31, 2014
Cash flows from operating activities			
Operating result		**(15,605)**	**(10,743)**
Adjustments for non-cash items			
Amortisation of intangible assets		5	4
Depreciation of property, plant and equipment		191	128
Expense recognized in respect of share-based payments		2,270	952
		(13,139)	(9,659)
Movements in working capital			
(Increase)/decrease in trade and other receivables	4.5	(651)	(706)
(Increase)/decrease in other current assets	4.6	(362)	14
Increase/(decrease) in trade and other payables	4.10	(434)	2,124
Increase/(decrease) in deferred revenue	4.11	689	2,995
Cash used in operating activities		**(13,897)**	**(5,232)**
Interests paid		0	(3)
Net cash flows used in operating activities		**(13,897)**	**(5,235)**
Cash flows from investing activities			
Purchase of intangible assets	4.1	(5)	(11)
Purchase of property, plant and equipment	4.2	(274)	(174)
(Increase)/decrease in current financial assets	4.7	16,979	(23,293)
Interest received	5.7	112	137
Net cash flows from investing activities		**16,812**	**(23,341)**
Cash flows from financing activities			
Proceeds from issue of shares	4.9	238	41,691
Transaction costs for equity issue	4.9	0	(3,950)
Net cash flows from financing activities		**238**	**37,741**
Net increase (decrease) in cash & cash equivalents		**3,153**	**9,165**
Cash and cash equivalents at the beginning of the period		**32,180**	**22,720**
Exchange gains/(losses) on cash & cash equivalents	5.7	181	295
Cash and cash equivalents at the end of the period		35,514	32,180

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

Consolidated statement of changes in equity

(in thousand of euros)	Attributable to owners of the parent					Total equity
	Share capital	Share premium	Retained earnings	Other reserves Equity-settled share-based payment reserve	Total equity attributable to owners of the parent	
Balance Year ended January 1, 2014	**466**	**45,304**	**(25,491)**	**1,426**	**21,704**	**21,704**
Total comprehensive income of the period			(10,314)		(10,314)	**(10,314)**
Issue of share capital	1,105	40,586			41,691	**41,691**
Transaction costs for equity issue		(3,950)			(3,950)	**(3,950)**
Share-based payment				952	952	**952**
Balance Year ended December 31, 2014	**1,571**	**81,940**	**(35,806)**	**2,378**	**50,082**	**50,082**
Total comprehensive income of the period			(15,312)		(15,312)	**(15,312)**
Issue of share capital	9	229			238	**238**
Transaction costs for equity issue					0	**0**
Share-based payment				2,270	2,270	**2,270**
Balance Year ended December 31, 2015	**1,580**	**82,169**	**(51,118)**	**4,648**	**37,278**	**37,278**

Please refer to note 4.9 for more information on the share capital and evolution in number of shares.

See also note 4.12 for more information on the share based payments.

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

Notes to the consolidated financial statement for the year 2015

1. General information about the company

arGEN-X NV (the Company) is a public company with limited liability incorporated under the laws of the Netherlands. The Company's official seat is in Rotterdam, the Netherlands, and its registered office is at Willemstraat 5, 4811 AH, Breda, the Netherlands. The principal activities of the Company are described in the General Information section. An overview of the Company and its subsidiaries (the Group) are described in note 7.4.

arGEN-X NV is listed on Euronext Brussel since July 2014.

The following financial statements were reviewed and approved by the Board of Directors meeting on March 9, 2016.

2. Summary of significant accounting policies

2.1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated financial statements have been prepared in compliance with IFRS as adopted by the European Union. The accounting policies described in Note 2 to our consolidated financial statements have been applied in preparing the consolidated financial statements for the year ended December 31, 2015 and for the comparative information for the year ended December 31, 2014.

The consolidated financial statements have been prepared under the assumption that the Group is in a state of going concern.

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

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2015:

- IFRIC 21 'Levies', effective for annual periods beginning on or after 17 June 2014. IFRIC 21 sets out the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain.

- 'Annual improvements (2011-2013 cycle)' in response to four issues addressed during the 2011-2013 cycle, effective for annual periods beginning on or after 1 January 2015. The amendments include IFRS 1 'Meaning of effective IFRSs', IFRS 3 'Scope exceptions for joint ventures', IFRS 13 'Scope of paragraph 52 (portfolio exception)' and IAS 40 'Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property'.

The above-mentioned Standards and Interpretations do not have a significant impact on the financial statements of the Company.

The following new interpretation and amendments to standards have been issued and have been endorsed by the European Union, but are not mandatory for the first time for the financial year beginning 1 January 2015:

- 'Annual improvements (2010-2012 cycle)' with minor amendments to eight standards, effective for annual periods beginning on or after 1 February 2015. The amendments relate to IFRS 2 'Definition of vesting condition', IFRS 3 'Accounting for contingent consideration in a business combination', IFRS 8 'Aggregation of operating segments', 'IFRS 8 'Reconciliation of the total of the reportable segments' assets to the entity's assets', IFRS 13 'Short-term receivables and payables', IAS 7 'Interest paid that is capitalised', IAS 16/IAS 38 'Revaluation method—proportionate restatement of accumulated depreciation' and IAS 24 'Key management personnel'.

- Amendment to IAS 19 'Defined benefit plans', effective for annual periods beginning on or after 1 February 2015. The amendment seeks clarification for the accounting of employee contributions set out in the formal terms of a defined benefit plan.

- Amendments to IAS 1 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2016. The amendments to IAS 1 are part of the initiative of the IASB to improve presentation and disclosure in financial reports and are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

- 'Annual Improvements (2012–2014 cycle)' with amendments to 4 standards, effective for annual periods beginning on or after 1 January 2016. The amendments include IFRS 5, 'Non-current assets held for sale and discontinued operations', IAS 19, 'Employee benefits', IFRS 7, 'Financial instruments: disclosures' and IAS 34, 'Interim financial reporting'.

- Amendment to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' on depreciation and amortisation, effective for annual periods beginning on or after 1 January 2016. In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- Amendment to IAS 16 'Property, plant and equipment' and IAS 41 'Agriculture' on bearer plants, effective for annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing.

- Amendments to IAS 27 'Separate financial statements' on the equity method, effective for annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate 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 1 January 2015 and have not been endorsed by the European Union:

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective for annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- IFRS 15 'Revenue from contracts with customers'. The IASB and FASB have jointly issued a converged standard on the recognition of revenue from contracts with customers. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. Companies using IFRS will be required to apply the revenue standard for annual periods beginning on or after 1 January 2018, subject to EU endorsement.

- IFRS 9 'Financial instruments', effective for annual periods beginning on or after 1 January 2018. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.

- Amendments to IFRS 10 'Consolidated financial statements', IFRS 12 'Disclosure of interests in other entities' and IAS 28, 'Investments in associates and joint ventures', effective for annual periods beginning on or after 1 January 2016. These narrow-scope amendments introduce clarifications to the requirements when accounting for investment entities.

- IFRS 16 'Leases', effective for annual periods beginning on or after 1 January 2019 which provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The Group anticipates that the above-mentioned Standards and Interpretations will not have a significant impact on the financial statements of the Company in the period of initial application except for IFRS 15 and IFRS 16 for which the impact needs to be investigated.

2.2 SEGMENT REPORTING

The Group manages its activities and operates as one business unit which is reflected in its organizational structure and internal reporting. The Group does not distinguish in its internal reporting different segments, neither business nor geographical segments. The chief operating decision-maker is the Board of Directors.

The Group operates from Belgium and the Netherlands. Revenues are invoiced by the holding company in the Netherlands and are generated by clients geographically located as shown in the table below. In the table next to this, it is indicated where the non-current assets from the group are situated.

(in thousand of euros)	Revenue from external customers		Non-current assets	
	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
Netherlands	275	5	1	1
Belgium			1,824	1,133
Germany	2,190	754		
Denmark	827	0		
Switzerland	3,127	2,198		
United States	435	799		
Total	**6,854**	**3,756**	**1,825**	**1,134**

Information about major clients:
From the KEUR 6,854 (KEUR 3,756 in 2014) received from license fees, milestone payments and R&D fees, KEUR 3,127 (KEUR 2,198 in 2014) come from the Group's largest client, KEUR 2,191 (KEUR 753 in 2014) from its second largest client and KEUR 827 (nil in 2014) from its third largest client.

2.3 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 where the Company is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

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. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. 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 intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 – *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2.4 FOREIGN CURRENCY TRANSACTIONS

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (*functional currency*). The financial statements are presented in Euro, which is the Group's functional and presentation 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 income statement part of 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.

2.5 INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

Intangible assets related to software are amortised over 3 years.

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, research 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 capitalisation are not met until the regulatory procedures required by such healthcare authorities have been finalised. The Company currently does not own products that have been approved by the relevant healthcare authorities. As

such, research expenditures not satisfying the above criteria and expenditures in the research phase of internal projects are recognized in the statement of profit and loss and other comprehensive income as they are incurred.

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

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.

2.6 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 at acquisition date (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.

2.7 LEASES

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.8 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

2.9 FINANCIAL ASSETS

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.
Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Available-for-sale financial assets (AFS) are non-derivatives that are either designated as AFS or are not classified as loans and receivables, at FVTPL or held-to-maturity' investments. AFS financial assets are measured at fair value with changes recognized in other comprehensive income under the heading "available-for-sale" financial assets". When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the other comprehensive income is reclassified to profit & loss.
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after

the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For AFS financial assets, a significant or prolonged decline in fair value of the investment below its cost is considered to be objective indicator of impairment.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

A financial asset and a financial liability are offset if there is a legally enforceable right to set off the recognized amounts and if the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The company has no derivative financial instruments to hedge interest rate and foreign currency risk.

2.11 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and are subsequently carried at amortised cost using the effective interest method. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.12 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.

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), net of bank overdrafts.

2.13 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.

Where the Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's equity holders.

2.14 TRADE PAYABLES

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

2.15 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.

2.16 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 organisations 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, currently 3.25% on employer contributions and 3.75% on employee contributions. These rates have been modified by the law of 18 December 2015 and effective for contribution paid as from 2016 to a new variable minimum return based on the OLO rates, with a minimum of 1.75% and a maximum of 3.75%.

In theory these plans qualify as defined benefit plans. However, when taken into account the historical discussions on how to account for these specific type of plans where the contributions paid are subject to a minimum guaranteed return at the level of IFRIC, the Company believes the application of the projected unit credit method to these plans is troublesome and will not provide a faithful representation of the liability with respect to these promises.

The Group adopted a retrospective approach whereby the net liability recognized in the statement of financial position was based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date.

2.17 SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits include salaries and social security taxes, paid vacation and bonuses. They are recognized as expenses for the period in which employees perform the corresponding services. Outstanding payments at the end of the period are shown as other current liabilities.

2.18 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 4.12.

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 Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group 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.

2.19 FINANCIAL LIABILITIES

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified as either "financial liabilities at fair value through profit or loss" or "other financial liabilities".

The Company does not hold any financial liabilities at fair value through profit or loss.
Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.20 GOVERNMENT GRANTS

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Grants related to research projects received from governmental agencies are recognized at their fair value over the period necessary to match them with the costs that they are intended to compensate, and when there is reasonable assurance the Group will comply with the conditions attached to the grants, but not prior to the formal grant approval. These grants are presented in the income statement as a separate category of other operating income.

2.21 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 financial statements and the corresponding tax bases used in the computation of taxable profit (e.g. differences between carrying amounts under IFRS and the statutory tax bases). 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 utilised. 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 realised, based on tax rates (and tax laws) that have been enacted or substantively 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 realised simultaneously.

2.22 REVENUE RECOGNITION

The Group generates revenue from Industrial partnerships.

Revenue is recognized when it is probable that future economic benefits will flow to the group and these benefits can be measured reliably. Further, revenue recognition requires that all significant risks and rewards of ownership of the goods included in the transaction have been transferred to the buyer or when the related services are performed and specific criteria have been met for each of the Group's activities as described below.

Industrial Partnerships

Industrial partnerships typically contain license fees, non-refundable up-front fees, research and development service fees and milestone payments and may involve multiple elements. The Group evaluates whether the elements under these arrangements have value to its collaboration partner or client on a stand-alone basis. If the Group determines that multiple deliverables exist, the consideration is allocated to one or more units of accounting based upon the best estimate of the selling price of each deliverable. Deliverables that do not meet these criteria are not evaluated separately for the purpose of revenue recognition.

The Group receives from these industrial partnerships upfront, milestone and other similar payments related to the sale or out-licensing of products. Revenue associated with performance milestones is recognized based upon the achievement of the milestone event if the event is substantive, objectively determinable and represents an important point in the development life cycle of the product. Upfront payments and license fees for which there are subsequent deliverables are initially reported as deferred income and are recognized as revenue when earned over the period of the development collaboration or the manufacturing obligation. Research and development service fees are recognized as revenue over the life of the research agreement as the required services are provided and costs are incurred. These services are usually in the form of a defined number of full-time equivalents (FTE) at a specified rate per FTE.

Commercial collaborations resulting in a reimbursement of research and development (R&D) costs are recognized as revenue as the related costs are incurred. The corresponding research and development expenses are included in research and development expenses in the consolidated financial statements.

Deferred income reflects the part of revenue that has not been recognized as income immediately on receipt of payment and which concerns agreements with multiple components which cannot be separated. Deferred income is measured at nominal value.

2.23 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.

2.24 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.25 FAIR VALUE MEASUREMENTS

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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 judgements, 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 area 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:

Going concern

The Group has incurred net losses since its inception and on December 31, 2015, its consolidated statement of profit and loss and other comprehensive income reflects a net loss, and its consolidated statement of financial position includes a loss carried forward. On March 9, 2016, the Board has reviewed and approved the consolidated financial statements and accounting standards. Taking into account the cash position of EUR 42.3 million on December 31, 2015 and the EUR 16.0 million of proceeds from the subsequent increase of capital in January 2016, the Board is of the opinion that it can submit the annual accounts prepared for the Group on a going concern basis.
Whilst the current cash position is sufficient for the Group's immediate and mid-term needs, the Board pointed out that if the R&D activities continue to deliver added value, argenx may seek additional funding to support the continuing development of its portfolio of products or to be able to execute other business opportunities.

Revenue recognition

For revenue recognition, the significant estimates relate to allocation of value to the separate elements in multiple-element arrangements. With respect to the allocation of value to the separate elements, the Company is using the stand-alone selling prices or management's best estimates of selling prices to estimate the fair value of the elements and account for them separately. Revenue is allocated to each deliverable based on the fair value of each individual element and is recognized when the revenue recognition criteria described above are met.
Upfront fees under collaboration or licensing agreements are recognized over the expected duration of the performance obligations, unless there is no continuous involvement required. Management estimates this period at the start of the collaboration and validates the remaining estimated collaboration term at each closing date.

Measurement of share-based payments

In accordance with IFRS 2 – *Share-based Payment*, the fair value of the options at grant date is recognized as an expense in the statement of profit and loss and other comprehensive income over the vesting period, the period of delivery of work. Subsequently, the fair value equity-settled is not re-measured.
The fair value of each warrant granted during the year is calculated using the Black-Scholes pricing model. This pricing model requires the input of subjective assumptions, which are detailed in note 4.12.

Recognition of deferred tax assets

Deferred tax assets are recognized only if management assesses that these tax assets can be offset against positive taxable income within a foreseeable future.
This judgment is made on an ongoing basis and is based on budgets and business plans for the coming years, including planned commercial initiatives.
Since inception, the Company has reported losses, and as a consequence, the Company have unused tax losses. Therefore, management has concluded that deferred tax assets should not be recognized as of December 31, 2015. The deferred tax assets are currently not deemed to meet the criteria for recognition as management is not able to provide any convincing positive evidence that deferred tax assets should be recognized.

4. Notes relating to the consolidated statement of financial position

4.1 INTANGIBLE ASSETS

(in thousand of euros)	
Opening balance as on January 1, 2014	
Purchase price	56
Accumulated depreciation	(56)
Bookvalue at the beginning of the year	**0**
Movements	
Investments	11
Depreciation	(4)
Closing balance as on December 31, 2014	
Purchase price	67
Accumulated depreciation	(60)
Bookvalue at year end	**7**
Opening balance as on January 1, 2015	
Purchase price	67
Accumulated depreciation	(60)
Bookvalue at the beginning of the year	**7**
Movements	
Investments	5
Depreciation	(5)
Balance as on December 31, 2015	
Purchase price	72
Accumulated depreciation	(65)
Bookvalue at year end	**7**

The intangible assets correspond to software. There are no commitments to acquire additional intangible assets.

No intangible assets are pledged as security for liabilities nor are there any intangible assets whose title is restricted.

Amortisation expenses related to intangible assets of KEUR 5 in 2015 and KEUR 4 in 2014 have been recorded in the statement of profit and loss and other comprehensive income.

4.2 PROPERTY, PLANT AND EQUIPMENT

(in thousand of euros)	IT equipment	Office and lab equipment	Total
Opening balance as on January 1, 2014			
Purchase price	42	782	824
Accumulated depreciation	(37)	(667)	(704)
Bookvalue at the beginning of the year	**5**	**115**	**120**
Movements			
Investments	21	153	174
Depreciation	(11)	(117)	(128)
Closing balance as on December 31, 2014			
Purchase price	63	935	998
Accumulated depreciation	(48)	(784)	(832)
Bookvalue at year end	**15**	**151**	**166**
Opening balance as on January 1, 2015			
Purchase price	63	935	998
Accumulated depreciation	(48)	(784)	(832)
Bookvalue at the beginning of the year	**15**	**151**	**166**
Movements			
Investments	30	244	274
Depreciation	(18)	(173)	(191)
Closing balance as on December 31, 2015			
Purchase price	92	1,179	1,272
Accumulated depreciation	(66)	(957)	(1,023)
Bookvalue at year end	**27**	**222**	**249**

There are no commitments to acquire property, plant and equipment.
Furthermore, no items of property, plant and equipment are pledged.

4.3 NON-CURRENT FINANCIAL ASSETS

In 2012, as part of a partnership agreement signed with Bird Rock Bio Inc (formerly RuiYi Inc.), 750,000 shares of Bird Rock Bio were received by argenx in exchange of the out-licensing of the Group's product ARGX-109. The nominal value of these shares (i.e. 0,001 USD per share, or 750 EUR in total) is considered, at the end of 2015, as the best indication of the fair value of this holding and is recorded as non-current financial assets.

In 2013, another partnership was signed with Fair Journey LDA (an external service provider used by the Group). As part of this transaction, the Group received 150 shares of Fair Journey LDA. Fair Journey LDA is accounted for at fair value as an available for sale financial asset. Fair Journey LDA does not have a quoted market price and fair value can currently not be reliably measured. As such, the fair value of this investment is estimated at its cost.

4.4 R&D INCENTIVE RECEIVABLES

(in thousand of euros)	At December 31, 2015	At December 31, 2014
R&D incentive related to research and development expenditure	1,568	960

On December 31, 2015, the Group has recorded a tax receivable of KEUR 1,568, compared to KEUR 960 on December 31, 2014, in relation with a research and development incentive tax scheme in Belgium under which the R&D incentives can be refunded after five years if not offset against future income tax expense. The R&D incentives are recorded in other operating income (see note 5.2) in the consolidated statement of profit and loss and other comprehensive income. These amounts are expected to be gradually reimbursed in cash as from 2017 onwards.

4.5 TRADE AND OTHER RECEIVABLES

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

(in thousand of euros)	At December 31, 2015	At December 31, 2014
VAT receivable	175	61
Trade receivables	719	791
Interest receivable	17	33
IWT grants to receive	445	427
	1,356	**1,312**

The nominal amounts of all trade and other receivables approximates their respective fair values.

The VAT receivable related to VAT amounts to be recovered in the first quarter of 2016.
Trade receivables correspond to amounts invoiced to the industrial partners of the Group. No trade receivables were past due on December 31, 2015. The IWT 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 government grants to receive from IWT see note 5.2.

4.6 PREPAID EXPENSES

The prepaid expenses on December 31, 2015 amount to KEUR 454 compared to KEUR 92 on December 31, 2014 and relates primarily to a success fee paid to a third party involved in the license agreement signed with LEO Pharma. The amount will be recognized as expense in the profit and loss statement over the period of the agreement.

4.7 CURRENT FINANCIAL ASSETS

On December 31, 2015, the current financial assets amounted to KEUR 6,813 and corresponded to financial instruments in the form of money market funds with a recommended maturity of 6 months. These funds are highly liquid investments and can be readily convertible into a known amount of cash. 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.

On December 31, 2014, the current financial assets amounted to KEUR 23,793.

Please also refer to note 6.1 for more information on the financial instruments.

4.8 CASH AND CASH EQUIVALENTS

(in thousand of euros)	At December 31, 2015	At December 31, 2014
Cash equivalents	11,006	10,202
Cash and bank balances	24,508	21,978
	35,514	**32,180**

On December 31, 2015, cash and cash equivalents amounted to KEUR 35,514 compared to KEUR 32,180 on December 31, 2014 and included (i) cash on hand and (ii) current and savings accounts in different banks and (iii) on December 31, 2014 short term investment funds in the form of money market funds with a recommended maturity of less than 3 months and with a low historical volatility which allows such money market funds to be classified as cash equivalents. These money market funds are highly liquid investments, can be readily convertible into a known amount of cash and subject to an insignificant risk of changes in value. There were no money market funds on December 31, 2015.

4.9 SHAREHOLDERS' CAPITAL

On December 31, 2013, the share capital of the company was divided in ordinary shares, preferred shares and cumulative convertible preferred shares. Following the Initial Public Offering (IPO) of the Group in July 2014, all shares have been converted into ordinary shares as follows:

Roll forward of number of shares outstanding:	
Number of shares outstanding on 01/01/2014	465,597
1:10 stock split 09/07/2014	4,655,970
share reshuffling 09/07/2014	6,134,535
IPO 10/07/14	4,705,882
over allotment 10/08/14	208,725
Number of shares outstanding on 31/12/2014	15,705,112
Exercise of stock options on 01/09/15	97,655
Number of shares outstanding on 31/12/2015	15,802,767

Stock split

On December 31, 2013, the issued share capital of the Company consisted of 18,000 ordinary shares and 447,597 preferred shares with a nominal value of EUR 1 per share. A stock split of 1:10 was approved by the shareholders in July 2014, resulting in 4,655,970 ordinary shares with a nominal value of EUR 0.1 per share.

Share reshuffling – Conversion of the preference shares into one common class of shares

A capital increase took place against the freely distributable reserves. 6,134,535 new ordinary shares with a nominal value of EUR 0.1 were issued to the original group of investors (on a pre-defined schedule which distributed proportionally more shares to the preference shareholders as compensation for giving up their preference rights). Hence, the total amount of shares outstanding prior to the IPO was 10,790,505 ordinary shares.

New shares pursuant to the IPO

A total of 4,914,607 new ordinary shares (including the over allotted shares pursuant to which the over-allotment option was exercised) was offered in the IPO.

New shares created during 2015

As result of the exercise of stock options under the company's Employee Stock Option Plan 97,655 new shares were created in September 2015.

This results in a total of 15,802,767 ordinary shares with a nominal value of EUR 0.1 per share on December 31, 2015.

The authorised unissued share capital of the Company amounts to KEUR 4.500 divided into 45 million ordinary shares.

4.10 TRADE AND OTHER PAYABLES

(in thousand of euros)	At December 31, 2015	At December 31, 2014
Trade payables	1,886	1,649
Accruals for invoices to be received	825	1,726
Short-term employee benefits	1,418	1,434
Accrued expenses	414	168
	4,543	**4,977**

Trade payables correspond primarily to clinical and manufacturing activities. The fair value of trade payables approximate their carrying amount, no trade payables were overdue.

The accruals for invoices to be received correspond mainly to invoices not yet received from suppliers. The total amount of KEUR 825 includes (i) an amount of KEUR 100 related to invoices to be received from a clinical manufacturing organization for the manufacturing of drug products to be used in clinical trials (ii) an amount of KEUR 550 related to invoices to be received from a clinical research organisation for the pass-through expenses incurred by clinical sites used in relation with the ongoing clinical trials of ARGX110 and ARGX113 and not yet recharged to the Group.

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

4.11 DEFERRED REVENUE

Deferred revenue relates to cash received from industrial partnerships prior to completion of the earnings process. In 2015, deferred revenue increased to KEUR 4,141 compared to KEUR 3,451 in 2014. The increase in 2015 is explained principally by the payments received from the industrial partnership signed with LEO Pharma in May 2015. These payments are recognized as revenue over the estimated duration of argenx' involvement in the research and development programs provided for under the terms of the agreements.

4.12 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 Group has granted on June 18, 2015 at total of 56,500 stock options, on September 3, 2015 a total of 3,000 stock options and on December 15, 2015 a total of 243,400 stock options to employees and consultants. The total number of stock options outstanding at December 31, 2015 totals 1,752,926 (December 31, 2014: 1,595,015). No stock options are expired and 97,656 stock options have been exercised as of December 31, 2015. A total of 47,333 stock options have been forfeited as of December 31, 2015.

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.

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 closing of each period presented:

		Outstanding stock options	
Expiry date	Exercise price per stock options (in EUR)	At December 31, 2015	At December 31, 2014
2019	3.95	103,370	103,370
2020	3.95	62,460	62,460
2021	3.95	3,800	3,800
2021	2.44	275,520	305,740
2021	2.44	157,530	174,810
2021	2.44	83,820	109,820
2021	3.95	55,747	55,747
2021	2.44	169,862	194,018
2024	7.17	537,917	585,250
2025	11.44	56,500	0
2025	10.34	3,000	0
2025	9.47	243,400	0
		1,752,926	**1,595,015**

The table above has been adjusted to reflect the 1 to 10 stock-split effected in July 2014.

	2015		2014	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding at 1 January	**1,595,015**	**4.39**	**650,180**	**2.83**
Granted	302,900	9.84	944,835	5.46
Exercised	-97,656	2.44		
Forfeited	-47,333	7.17		
Outstanding at De cember 31	**1,752,926**	**5.37**	**1,595,015**	**4.39**
Exercisable at December 31	**1,366,703**	**4.41**	**1,290,978**	**4.09**

The weighted average remaining contractual life of the stock options outstanding amounts to 7,28 years as of December 31, 2015 (December 31, 2014: 7,75 years). The table below shows the weighted average remaining contractual life for each range of exercise price:

Exercise price	Outstanding at December 31, 2015	Weighted average remaining contractual life
2.44-3.95	912,109	5.43
7.17-11.44	840,817	9.29

The fair market value of the stock options has been determined based on the Black and Scholes model. The expected volatility in the model is based on the historical volatility of peer companies and historical volatility of the Group since its initial public offering.

Below is an overview of the parameters used in relation to the new grant during 2015:

Stock options granted in	June 2015	Sept 2015	Dec 2015
Number of options granted	56,500	3,000	243,400
Average fair value of options (in EUR)	7.79	6.79	6.25
Share price (in EUR)	11.58	10.24	9.85
Exercise price (in EUR)	11.44	10.34	9.47
Expected volatility	59%	59%	58%
Average expected option life (in years)	10	10	10
Risk-free interest rate	1,21%	1.08%	0.98%
Expected dividends	0%	0%	0%

Below is an overview of the parameters used in relation to the grants during 2014:

Stock options granted in	June 2014	Sep 2014	Sep 2014	Dec 2014
Number of options granted	109,820	55,747	194,018	585,450
Average fair value of options (in EUR)	4.51	6.11	6.86	5.65
Share price (in EUR)	8.5	8.5	8.5	7.55
Exercise price (in EUR)	2.44	3.95	2.44	7.17
Expected volatility	69%	69%	69%	69%
Average expected option life (in years)	7	6	7	10
Risk-free interest rate	1.48%	1.48%	1.48%	1.48%
Expected dividends	0%	0%	0%	0

The total share-based payment expense recognized in the consolidated statement of comprehensive income totals 2,270 KEUR for the year ended December 31, 2015 (December 31, 2014: 370 KEUR).

5. Notes to consolidated statement of profit and loss and other comprehensive income

5.1 REVENUE

(in thousand of euros)	Year ended December 31, 2015	Year ended December 31, 2014
License fees	2,194	775
Milestone payments	343	1,286
Research and development service fees (FTE)	4,317	1,695
	6,854	**3,756**

The increase in license fees in 2015 corresponds principally to the partial recognition in revenue over the period of the upfront payments received following the signatures of a collaboration agreement with Bayer and a strategic alliance with Shire respectively in May and June 2014 and a new alliance with LEO Pharma in May 2015. These payments are recognized as revenue over the estimated period of argenx' continuing involvement in the research and development activities provided for under the terms of these agreements.

The increase in research and development service fees (FTE) is due to FTE-payments related to the signature of a collaboration agreement with Bayer, a Strategic Alliance with Shire and a new alliance with LEO Pharma as indicated above.

The Group leverages its suite of antibody technology platforms and know-how in strategic alliances with pharmaceutical companies, where the focus is on antibody drug discovery targeting complex and novel targets across multiple therapeutic areas. The most significant active collaborations are explained below.

Shire

In February 2012 the Group entered into a research collaboration and exclusive product license option agreement with Shire International GmbH (Shire). Pursuant to the agreement the Group is using its SIMPLE Antibody™ Technology to create novel human therapeutic antibodies addressing diverse rare and unmet diseases being pursued by Shire. Shire has the option to license the most promising antibody leads from each collaborative program for further developments and commercialization worldwide, in return for milestone and royalty payments. Under the terms of the license, the Group has already received technology access fees and research funding and is eligible to receive discovery milestone payments. In September 2013, the Group received a first technical success milestone payment from Shire, and in January 2014, the Group received two extra discovery milestone payments from Shire. In January 2013 the scope of the agreement was expanded by the parties with no change to the agreement structure.

On 30 May 2014 the collaboration between Shire and the Group was expanded to include in addition to the use of the Group's entire suite of human antibody discovery technologies for an expanded set of disease targets. Pursuant to the amended agreement (which is in addition to the existing collaboration), the Group shall apply during multiple years these technologies for the generation and development of human mAbs against multiple targets selected by Shire in line with its therapeutic focus.

Shire has the option to license the most promising antibody leads for further developments and commercialization worldwide, in return for fees, clinical, regulatory and sales milestones, as well as single digit royalties on therapeutic product sales. As of the reporting date, this is considered contingent revenue. Shire will be responsible for clinical development and commercialization of products, with the Group having the right to license any programs not pursued by Shire into its own development pipeline. Under the amended agreement, Shire made an upfront cash payment of EUR 3 million. At the same time as expanding the collaboration, Shire made an equity investment during the Group's IPO in July 2014 of EUR 12 million.

The upfront cash payment is recognized based on the principle of percentage of completion of the work plan. Research funding based on an agreed FTE-rate, is recognized on a monthly basis in the income statement.

Bayer

In May 2014 the Group entered into a research collaboration and exclusive product license option agreement with Bayer AG. Pursuant to the agreement the Group is using its SIMPLE Antibody™ Technology to create novel human therapeutic antibodies addressing complex targets from various therapeutic areas. Bayer has the option to license the most promising antibody leads from each collaborative program for further developments and commercialization worldwide, in return for milestone payments. Under the terms of the license, the Group has already received technology access fees and research funding and is eligible to receive preclinical success payments, which are, as of the reporting date, considered contingent revenue.

Technology access fees are recognized based on the principle of percentage of completion of the work plan. Research funding based on an agreed FTE-rate, is recognized on a monthly basis in the income statement.

Leo Pharma

In May 2015 the Group and LEO Pharma A/S, a global healthcare company dedicated to helping people achieve healthy skin, entered into an alliance in which they will collaborate to develop innovative antibody-based solutions for the treatment of chronic inflammation underlying many skin conditions.

Under the terms of the agreement, LEO Pharma received exclusive access to an existing argenx antibody currently in preclinical development for inflammation-related skin diseases. The Group receives pre-IND payments of EUR 4.5 million, including an upfront payment. The companies will co-fund product development costs up to clinical trial application (CTA) filing.

The Group will also receive clinical, regulatory, and sales milestone payments, as well as tiered, potentially double digit royalties on resulting products, which are, as of the reporting date, considered contingent revenue.

Access fee to the existing argenx antibody is recognized based on the principle of percentage of completion of the work plan. Development and management funding based on an agreed FTE-rate, is recognized on a monthly basis in the income statement.

5.2 OTHER OPERATING INCOME

(in thousand of euros)	Year ended December 31, 2015	Year ended December 31, 2014
IWT government grants	1,598	595
Grants on employment	895	532
R&D incentives	608	494
	3,101	**1,621**

IWT government grants

The agency for Innovation by Science and Technology of the Flemish government (IWT), provided argenx with several grants.
On December 31, 2015, the situation of the grants received by argenx reflects the expenses incurred by the Group in the various R&D projects sponsored by IWT and is as follows:

IWT - TGO	
Grantor: IWT	
Start date:	01/01/2013
End date:	31/12/2016
Amount granted and approved by IWT:	KEUR 2,697
Amount received:	KEUR 2,429

IWT - Baekelandt	
Grantor: IWT	
Start date:	01/01/2014
End date:	31/12/2017
Amount granted and approved by IWT:	KEUR 277
Amount received:	KEUR 150

IWT 4	
Grantor: IWT	
Start date:	01/01/2015
End date:	31/12/2017
Amount granted and approved by IWT:	KEUR 1,568
Amount received:	KEUR 885

No conditions related to the above government grants are unfulfilled, nor are there any contingencies related thereon at the date of the approval of these financial statements, except for those described in note 7.2 of this report.

Other incentives

- argenx received KEUR 894 in 2015 (compared to KEUR 532 in 2014) as a reduction in withholding income taxes for its highly-qualified personnel employed in its R&D department.
- argenx has accounted for a tax receivable of KEUR 608 in 2015 (compared to KEUR 494 in 2014) following an R&D tax incentive scheme in Belgium according to which the incentive will be refunded after a 5 year period, if not off-set against the taxable basis over the period. (see also note 4.4).

5.3 RESEARCH AND DEVELOPMENT EXPENSES

(in thousand of euros)	Year ended December 31, 2015	Year ended December 31, 2014
Personnel expenses	6,665	4,039
R&D expenses	11,653	7,481
Materials and consumables	1,050	639
Depreciation and amortisation	196	134
Other expenses	1,071	348
	20,635	**12,641**

The significant increase in R&D personnel expenses in 2015 is explained for KEUR 1,775 by the recruitment of new R&D personnel and clinical consultants and for KEUR 700 by the share based payment costs recognized in compensation for the grant of stock options to the R&D employees of the Group (see note 4.12).

The R&D expenses which correspond to the manufacturing and clinical trials costs have increased significantly in 2015 as a result of the progression of ARGX-110, ARGX-111 and ARGX-113 into their respective clinical development plans. These studies required notably the production of drug material in large scale production batches.

Due to the increased activities in R&D in 2015, expenses for materials and consumables totalled KEUR 1,050 in 2015 compared to KEUR 639 in 2014 and other expenses (sublicenses and patent expenses) reached KEUR 1,071 in 2015 compared to KEUR 348 in 2014.

5.4 GENERAL AND ADMINISTRATIVE EXPENSES

(in thousand of euros)	Year ended December 31, 2015	Year ended December 31, 2014
Personnel expenses	1,607	904
Consulting fees	2,395	1,648
Supervisory board	165	84
Office costs	758	843
	4,925	**3,479**

On December 31, 2015, G&A personnel expenses amounted to KEUR 1,607 compared to KEUR 904 on December 31, 2014. This significant increase is explained by (i) the recruitment of new employees to strengthen the Group's G&A activities and (ii) the share based payment costs recognized in compensation for the grant of stock options to the G&A employees.

The higher amount of consulting fees in 2015 results from (i) increased expenses incurred for supporting activities as a public company such as investor relations, legal and audit fees and (ii) the share based payment costs recognized in expenses for the grant of stock options to certain consultants of the Group.

5.5 PERSONNEL EXPENSES

The personnel expenses which excludes consultants mentioned above are as follows:

(in thousand of euros)	Year ended December 31, 2015	Year ended December 31, 2014
Short-term employee benefits - Salaries	5,316	3,476
Short-term employee benefits - Social Security	802	550
Post-employment benefits	207	93
Share-based payment	1,945	824
	8,270	**4,943**

The significant increase of the short-term employee benefits recorded in 2015 is explained by the new recruitments in both the R&D and G&A departments.

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

The share-based payment increase in 2015 is due to the additional stock options granted to employees, directors and consultants during the period (see note 4.12).

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

Number of FTE	Year ended December 31, 2015	Year ended December 31, 2014
Research and development	31.4	27.5
General and administrative	5.8	3.0
	37.2	**30.5**

These FTE's are working outside the Netherlands.

5.6 OPERATING LEASES

Operating lease payments recognized as an expense in the statement of profit and loss and other comprehensive income amount to KEUR 200 in 2015 versus KEUR 139 in 2014. The Group's future operating lease commitments are as follows:

Operating lease commitments (in thousand of euros)	At December 31, 2015	At December 31, 2014
Not later than 1 year	630	225
Later than 1 year and not later than 5 years	1,272	1,713
Later than 5 years	0	0
	1,902	**1,938**

The Group has a lease plan for the company's cars with maturity dates up to 4 years.

For the laboratory and office space, the Group has a lease agreement in Zwijnaarde Belgium with maturity date in 2016, for which a termination notice was given in 2014 and that will expire in April 2016.

In 2015 the Group has signed a binding term sheet for a new lease for new laboratory and office spaces in Ghent. The new lease agreement will be for a period of 9 years starting from April 1st 2016, with the possibility to terminate the lease by giving a notice of at least twelve (12) months in advance at the occasion of the third and sixth anniversary of the agreement.

For its offices in the Netherlands the Company has a lease agreement renewable on an annual base.
No purchase options are in effect under the lease agreements described above.

5.7 FINANCIAL RESULT AND EXCHANGE GAINS/(LOSSES)

(in thousand of euros)	Year ended December 31, 2015	Year ended December 31, 2014
Interest income on bank deposits	76	137
Net gains on investments at FVTPL	36	0
Financial income	**112**	**137**
Net losses on investments at FVTPL		
Other financial expenses	0	(3)
Financial expenses	**0**	**(3)**
Exchange gains/(losses)	181	295
	293	**429**

Financial income, which corresponds to the return on the financial investments of the Group's cash and cash equivalents and financial instruments, decreased in 2015 compared to 2014, due to the decrease of interest rates paid by the market in 2014. Net gains on investments at FVTPL relate to the money market funds with a maturity more than 3 months.

The exchange gains of KEUR 181 in December 2015 were realized by converting USD accounts into EUR at a favourable conversion rate.

5.8 RETIREMENT BENEFIT OBLIGATIONS.

The post-employment benefits of the Belgian employees of the Group are defined contribution plans for which a minimum return is guaranteed until retirement (type 'branche 21/tak21'). The Group funds the plan by paying a fixed percentage of the monthly salary of the employee to the external insurance company in addition to an employee contribution. There is a risk that the Company may have to pay additional contributions related to past service. Any such

additional contributions will depend on the actual investment returns as well as the future evolution of the minimum guaranteed rates of return.

As a consequence of the law of 18 December 2015, minimum returns are guaranteed by the employer as follows :

- for the contributions paid as from 1 January 2016, a new variable minimum return based on OLO rates, with a minimum of 1.75% and a maximum of 3.75%. In view of the low rates of the OLO in the last years, the return has been initially set to 1.75%
- for the contributions paid until end December 2015, the previously applicable legal returns (3.25% and 3.75% respectively on the employer and employee contributions) continue to apply until retirement date of the participants.

In 2014, under the previous legal framework, the application of the PUC method was considered problematic, and there was uncertainty with respect to the future evolution of the minimum guaranteed rates of return. As a consequence, the Group adopted a retrospective approach whereby the net liability recognized in the statement of financial position was based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date.

At 31 December 2015 a liability of KEUR 12 (2014: nil) was recognized in the balance sheet as the sum of the positive difference per plan participant between the minimum guaranteed reserves of KEUR 323 and the accumulated reserves of KEUR 315. The impact in the consolidated income statement is a past service cost recognized in personnel expenses. The total expense recognized in the consolidated income statement for contributions made under these defined contribution plans amount to KEUR 195 in 2015 (2014: KEUR 93).

The expected 2016 employer contributions amount to approximately KEUR 240. The weighted average age of the plan participants equals 46 years at 31 December 2015.

5.9 INCOME TAXES

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

(in thousand of euros)	Year ended December 31, 2015	Year ended December 31, 2014
Current income taxes	0	0
Total	**0**	**0**
Loss of the year	(15,312)	(10,314)
R&D capitalization	(676)	(508)
IWT Grants	(1,557)	(595)
Stock issuance costs	0	(3,950)
Share-based payments	2,270	952
Other	(15)	(141)
Total taxable result	**(15,290)**	**(14,556)**

Corporate tax is calculated at 25% (same in 2014), which is the tax rate applicable in the Netherlands, of the estimated assessable profit of the year. Current group result before tax is a loss before tax as well as last year. The applied tax rate for the other territorial jurisdiction (Belgium) is the tax rate applicable in that jurisdiction (33.99%). For the purposes of the above overview the effect of difference is tax rate between both jurisdictions in considered not to be material.
The unrecognized deferred tax asset on deductible temporary differences, unused tax losses and unused tax credits amount to KEUR 15,566 on December 31, 2015 compared to KEUR 11,663 on December 31, 2014.

The Group has unused tax losses carry forward. This, combined with other temporary differences, results in a net deferred tax asset position.

Due the uncertainty surrounding the Group's ability to realise taxable profits in the near future, the Company did not recognise any deferred tax assets.

5.10 LOSS PER SHARE

(in thousand of euros)	Year ended December 31, 2015	Year ended December 31, 2014
Loss of the year	(15,312)	(10,314)
Weighted average number of shares outstanding	15,734,007	7,551,576
Basic and diluted loss per share (in €)	**(.97)**	**(1.37)**

Earnings/losses per ordinary share are calculated by dividing the net result attributable to shareholders by the weighted average number of ordinary shares during the year.

As the Group 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.

6. Financial instruments and financial risk management

6.1 OVERVIEW OF FINANCIAL INSTRUMENTS

	At December 31, 2015		At December 31, 2014	
(in thousands of euros)	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets	1	1	1	1
Financial assets available for sale	**1**	**1**	**1**	**1**
Current financial assets	6,813	6,813	23,793	23,793
Financial assets at fair value through P/L	**6,813**	**6,813**	**23,793**	**23,793**
Trade and other receivables	1,356	1,356	1,312	1,312
Cash and bank balances	35,514	35,514	32,180	32,180
Loans and receivables	**36,869**	**36,869**	**33,492**	**33,492**
Total financial assets	**43,684**	**43,684**	**57,286**	**57,286**
Trade and other payables	4,543	4,543	4,977	4,977
Financial liabilities at amortised cost	**4,543**	**4,543**	**4,977**	**4,977**
Total financial liabilities	**4,543**	**4,543**	**4,977**	**4,977**

Financial assets at fair value through P/L:

- non-current financial assets: we refer to note 4.3 for more information (level 3).
- current financial assets: these concern collective investment funds in EUR that are not considered as cash equivalents and of which the underlying investments concern bonds and other international debt securities. The average credit rating of the underlying instruments ranges from BBB to BBB+. The maximum exposure to credit risk is the carrying value at reporting date. These investment funds are recognized at fair value in the Group's 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 NAV (net asset value) of the funds is available on a daily basis. Any difference between amounts invested and fair value at reporting date is taken in P/L.

Loans and receivables:

- trade and other receivables: please refer to note 4.5 for more information and to note 6.3 below for the credit risk
- cash and cash equivalents: please refer to note 4.8 for more information and to note 6.3 below for the credit risk

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

Fair value hierarchy:
The Group carried the following assets at fair value on 31 December 2015 and 2014 respectively:

	At December 31, 2015		
(in thousands of euros)	Level 1	Level 2	Level 3
Non-current financial assets			1
Current financial assets	6,813		
Assets carried at fair value	**6,813**		**1**

	At December 31, 2014		
(in thousands of euros)	Level 1	Level 2	Level 3
Non-current financial assets			1
Current financial assets	23,793		
Assets carried at fair value	**23,793**	**-**	**1**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

During the calendar year no transfers occurred between the applicable categories. Given the insignificant value of the Group's assets categorised as Level 3 the additional Level 3 disclosures have been omitted.

6.2 CAPITAL RISK

The Group manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Group consists of limited or no financial debt and equity attributed to the holders of equity instruments of the Group, such as capital, reserves and retained earnings as mentioned in the consolidated statement of changes in equity. The Group 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. The current cash situation of KEUR 42,327 at December 31, 2015. The total capital amounts to KEUR 83,749 at December 31, 2015. The Group'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 Group can issue new shares or enter into financing agreements.

6.3 CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group 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 Group 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 highly reputable banks and financial institutions. The Group holds its cash and cash equivalents with different banks which are independently rated with a minimum rating of 'A'.

The Group also holds short term investment funds in the form of money market funds with a recommended maturity of 6 months maximum 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 fund with a recommended maturity period of 6 months is BBB+.

The maximum credit risk, to which the Group 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.

6.4 LIQUIDITY RISK

The Group 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 Group's main sources of cash inflows are obtained through capital increases and collaboration agreements. This cash is invested in savings accounts and short term investment funds in the form of money market funds. These money market funds represent the majority of the Group'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 have a maturity within 3 months unless otherwise disclosed in these financial statements.

6.5 INTEREST RATE RISK

The Group is exposed to interest rate risk through its investments in money market funds as described in note 6.1.

Given the short term nature of these investments the sensitivity towards interest rate fluctuations is deemed not to be significant. If applicable interest rates would increase/decrease with 25 basis points this would have a positive/negative impact of KEUR 56 (compared to KEUR 46 in 2014).

6.6 FOREIGN EXCHANGE RISK

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The Group is mainly exposed to the US Dollar and GBP.

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

(in thousand of euros)	At December 31, 2015	At December 31, 2014
USD	345	663
GBP	0	2

If the USD/EUR exchange rate would increase/decrease with 10%, this would have a negative/positive impact of KEUR 31 (compared to KEUR 60 in 2014). If the GBP/EUR exchange rate would increase/decrease with 10%, this would have no significant impact.

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

7. Other disclosures

7.1 RELATED PARTY TRANSACTIONS

Amongst the shareholders of the Company, there are several minority investors and venture capitalist funds which individually do not hold a significant influence on the Company. 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 Scientific Officer, the Chief Development Officer, the Chief Medical Officer, the Vice President of Business Development.

The remuneration of the independent directors and other members of key management personnel during the year was as follows:

(in thousand of euros)	Year ended December 31, 2015	Year ended December 31, 2014
Short term employee benefits	1,482	1,864
Post employment benefits	59	60
Termination benefits	124	0
Share-based payment	1,761	616
	3,426	**2,540**

Remuneration of the executive directors

The tables below show the cash remuneration received by Executive Directors for the year ended December 31, 2015 and 2014 (in euro). A scenario analysis based on best practice clause II.2.1. of the Dutch Corporate Governance Code was made. Both Executive Directors have met all of their previously established bonus targets during the years ended December 31, 2015 and 2014 and their full bonus was granted in the same year.

2015	Base salary	Bonus*	Pension contributions	Social security costs	ESOP**	Total
Tim Van Hauwermeiren	217,260	103,298	8,690	8,760	401,151	**739,159**
Eric Castaldi	222,159	75,075	62,097	133,621	250,174	**743,126**
Total	**439,419**	**178,373**	**70,787**	**142,381**	**651,325**	**1,482,285**

2014	Base salary	Bonus*	Pension contributions	Social security costs	ESOP**	Total
Tim Van Hauwermeiren	198,000	164,000	8,600	9,500	110,130	**490,230**
Eric Castaldi	140,000	136,000	25,000	46,000	187,016	**534,016**
Total	**338,000**	**300,000**	**33,600**	**55,500**	**297,146**	**1,024,246**

* In respect of the bonus, an Executive Director can choose between a cash payment and a bonus converted in "over the counter"-options on a European Stock Index. Under Belgian social security legislation this implicates a favourable tax regime and lower social security costs, which enables the Executive Director employee to receive a higher gross bonus amount.

** This relates to share-based payment costs in the form of stock options, as further set out in the tables below.

The table below shows the stock options granted to the Executive Directors during the year ended December 31, 2015 and 2014 (in number of Options) and their exercise price, based on the 30 day average stock price prior to their date of grant, and the Options exercised during 2014 and 2015.

2015	ESOPs	Term	Exercise price	Exercised
Tim Van Hauwermeiren	30,600	10 years	€ 9.468	0
Eric Castaldi	28,200	10 years	€ 9.468	0
Total	**58,800**			**0**

2015	ESOPs	Term	Exercise price	Exercised
Tim Van Hauwermeiren	53,092	10 years	€3.95	0
	137,580	10 years	€2.44	0
	105,000	10 years	€7,171	0
Eric Castaldi	81,007	10 years	€2.44	0
	65,000	10 years	€7,171	0
Total	**441,679**			**0**

The table below shows the Options held at the start of the year ended December 31, 2015, the Options granted to executive directors which have vested during the year ended December 31, 2015 and the Options to vest in the years until 2018.

Name	Total Options held on 1 January 2015	Options vested in 2015	Exercise Price	Options to vest in 2016	Exercise Price	Options to vest in 2017	Exercise Price	Options to vest in 2018	Exercise Price
Tim Van Hauwermeiren	295,674	35,000	€ 7.17	34,992	€ 7.17	35,016	€ 7.17		
				10,200	€ 9.468	10,200	€ 9.468	10,200	€ 9.468
Eric Castaldi	146,007	47,254	€ 2.44	27,002	€ 2.44	6,751	€ 2.44		
		21,667	€ 7.17	21,667	€ 7.17	21,667	€ 7.17		
				9,400	€ 9.468	9,396	€9.468	9,404	€ 9.468

The table below shows the remaining term of the options held by the Executive Directors.

Name	Number of options	Remaining term at December 31, 2015 (rounded up)
Tim Van Hauwermeiren	190,674	8.5 years
	105,000	9 years
Eric Castaldi	30,600	10 years
	81,007	8.5 years
	65,000	9 years
	28,200	10 years

Options are granted to the Executive Directors by the Board on a recommendation of the Remuneration and Nomination Committee, which is based on an option allocation scheme established by the board pursuant to the argenx Employee Stock Option Plan. The conditions of the argenx Stock Option Plan (as set out in section 'remuneration under board structure' below) apply.

No Options were exercised by Executive Directors during the year ended 31 December, 2015, and no corresponding Shares were issued in relation thereto.

Remuneration of Non-Executive Directors

The table below shows the remuneration paid to the Non-Executive Directors for the year ended December 31, 2015 and 2014 (in euro).

Name	2015	2014
Peter Verhaeghe	35,000	20,000
Christina Takke	N/A	N/A
John de Koning	N/A	N/A
David L. Lacey	45,651	38,000
Werner Lanthaler	35,000	26,000
Don DeBethizy*	27,617	N/A
Total	**143,268**	**84,000**

*Don DeBethizy joined the board on 13 May 2015.

The table below shows the stock options granted to the Non-Executive Directors during the years ended December 31, 2015 and 2014 (in number of options) and their exercise price, based on the 30 day average stock price prior to their date of grant, and the options exercised during the years ended December 31, 2015 and 2014.

2015	ESOPs	Term	Exercise price	Exercised
Don DeBethizy	15,000	10 years	€11.441	0
Total	**15,000**			**0**

2014	ESOPs	Term	Exercise price	Exercised
Peter Verhaeghe	7,959	10 years	€3.95	0
	11,626	10 years	€2.44	0
	5,000	10 years	€7.171	0

David L. Lacey	6,643	10 years	€2.44	0
	12,800	10 years	€7.171	0
Werner Lanthaler	14,416	10 years	€2.44	0
	5,000	10 years	€7.171	0
Total	**63,444**	**10 years**		**0**

The table below shows the Options held at the start of the year ended December 31, 2015 and the Options granted to Non-Executive Directors which have vested during the year ended December 31, 2015.

Name	Total Options held on 1 January 2015	Options vested in 2015	Exercise Price	Options to vest in 2016	Exercise Price	Options to vest in 2017	Exercise Price	Options to vest in 2018	Exercise Price
Peter Verhaeghe	24,584	1,666	€7.171	1,656	€7.171	1,678	€7.171		
		2,653	€3.95	2,652	€3.95	2,654	€3.95		
		3,875	€2.44	3,864	€2.44	3,886	€2.44		
Don Debethizy				5,000	€11.441	4,992	€11.441	4,992	€11.441
David Lacey	19,443	2,214	€2.44	2,208	€2.44	2,221	€2.44		
		4,266	€7.171	4,260	€7.171	4,274	€7.171		
Werner Lanthaler	19,416	1,666	€7.171	1,656	€7.171	1,678	€7.171		
		4,805	€2.44	4,800	€2.44	4,814	€2.44		

The table below shows the remaining term of the options held by the Non-Executive Directors.

Name	Number of options	Remaining term at December 31, 2015 (rounded up)
Peter Verhaeghe	19,584	8.5 years
	5,000	9 years
Don Debethizy	5,000	9.5 years
David Lacey	6,643	8.5 years
	12,800	9 years
Werner Lanthaler	14,416	8.5 years
	5,000	9 years

Options are granted to the Non-Executive Directors by the Board on a recommendation of the Remuneration and Nomination Committee, which is based on an option allocation scheme established by the board pursuant to the argenx Employee Stock Option Plan. The conditions of the argenx Stock Option Plan apply (as set out in section 'remuneration under board structure' in the 2015 annual report).

No Options were exercised by Non-Executive Directors during the year ended 31 December, 2015, and no corresponding Shares were issued in relation thereto.

7.2 CONTINGENCIES

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

As described in note 5.2 the Group 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 Group 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 Group deems that the claw back risk is remote in view of the continuous monitoring of the contractual conditions. Currently the Group has fulfilled all the 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 subsidised 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.

7.3 COMMITMENTS

At closing date, there were no commitments signed for the acquisition of property, plant and equipment or intangible assets.

For information on the operating leases see note 5.6.

7.4 AUDIT FEES

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

Fees in thousands of euros	2015	2014
Audit fees	70	55
Audit related fees	35	228
Tax and other services (1)	3	4
Total (2)	**108**	**287**

(1) The tax and other services performed in 2015 are conducted by the Deloitte network.
(2) In 2015, the services are performed by Deloitte Accountants B.V. (for 2014: PriceWaterhouseCoopers Accountants N.V.) as the external auditor referred to in Section 1 (1) of the Dutch Accounting Firms oversight Act (Wta) as well as by the Deloitte network (for 2014: PWC network).

7.5 OVERVIEW OF CONSOLIDATION SCOPE

The parent company arGEN-X NV is domiciled in the Netherlands.
Details of the Group's subsidiaries at the end of the reporting period are as follows.

Overview of subsidiaries

Name	Registration number	Country	Participation	Main activity
argenx110BV	853245496	Netherlands	100%	Biotechnical research on drug and pharma processes
argenx111BV	853245332	Netherlands	100%	Biotechnical research on drug and pharma processes
argenx113BV	854976954	Netherlands	100%	Biotechnical research on drug and pharma processes
argenx115BV	855638059	Netherlands	100%	Biotechnical research on drug and pharma processes
argenxBVBA	0818292196	Belgium	100%	Biotechnical research on drug and pharma processes

7.6 EVENTS AFTER THE BALANCE SHEET DATE

- Announced initial results from a Phase 1 single ascending dose study of ARGX-113, a potential breakthrough therapy for the treatment of autoimmune crisis. Results showed compound to be safe and well-tolerated across all doses in healthy volunteers and promising pharmacodynamics effect were seen relating to speed, depth and duration of IgG reduction.
- Opened three clinical trial sites in South Korea for the recruitment of MET-amplified cancer patients for the Phase 1 safety expansion cohort of ARGX-111.
- Received milestone payment from LEO Pharma collaboration to develop antibody-based treatments for skin conditions. The collaboration was initiated in May 2015.
- Received € 16 M investment by US funds advised by subsidiaries of Federated Investors. They entered into a subscription agreement with argenx to purchase 1,480,420 shares at a price of €10.79.
- Appointed Nicolas Leupin, MD, MBA, as Chief Medical Officer (CMO). Dr Nicolas Leupin will lead the Company's global clinical development activities.

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 9 March 2016.

Company financial statements

FOR ARGEN-X NV
FOR THE PERIOD ENDED 31 DECEMBER 2015

Company balance sheet as at December 31, 2015 arGEN-X NV

(after appropriation of result)
(In thousands of Euros)

Assets	Note	At December 31, 2015	At December 31, 2014
Non-current Assets			
Tangible Fixed Assets	2		
Computer equipment		0	1
Financial Fixed Assets	3		
Investments in Group Companies		7,254	5,440
Equity investments		1	1
Total Non-Current Assets		**7,255**	**5,442**
Current assets			
Receivables	4	1,190	1,220
Financial assets	5	6,814	23,793
Cash and cash equivalents	6	32,452	29,361
Total Current Assets		**40,456**	**54,374**
Total Assets		**47,711**	**59,816**

Equity and liabilities	Note	At December 31, 2015	At December 31, 2014
Equity	7		
Share Capital		1,580	1,571
Share Premium		82,169	81,940
Retained earnings		(51,118)	(35,806)
Reserve for Share-Based payments		4,647	2,377
Total Equity		**37,278**	**50,082**
Current liabilities	8		
Accounts Payable		214	321
Intercompany payables		4,607	5,001
Taxes payable		9	7
Accrued expenses		1,462	953
Deferred revenue		4,141	3,452
Total Current Liabilities		**10,433**	**9,734**
Total Equity & Liabilities		**47,711**	**59,816**

Company profit and loss account for the year ended December 31, 2015 arGEN-X NV

(in thousand of euros)	Note	Year ended December 31, 2015	Year ended December 31, 2014
Loss after tax		**(4,114)**	**(6,604)**
Share of loss of investments after taxes	9	(11,198)	(3,711)
Company loss of the year		**(15,312)**	**(10,315)**

Notes to the company financial statements of arGEN-X NV

1. Accounting information and policies

Basis of preparation

The company financial statements of arGEN-X NV (hereafter: the company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, 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 financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

As the financial data of the company are included in the consolidated financial statements, the income statement in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

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

Investments in group companies

Investments in consolidated subsidiaries are measured at equity method. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

When an acquisition of an investment in a consolidated subsidiary is achieved in stages, any previously held equity interest is remeasured to fair value on the date of acquisition. The remeasurement against the book value is accounted for in the income statement.

When the company ceases to have control over a subsidiary, any retained interest is remeasured to its fair value, with the change in carrying amount to be accounted for in the income statement.

When parts of investments in consolidated subsidiaries are bought or sold, and such transaction does not result in the loss of control, the difference between the consideration paid or received and the carrying amount of the net assets acquired or sold, is directly recognized in equity.

Amounts due from investments are stated initially at fair value and subsequently at amortized cost. Amortized cost is determined using the effective interest rate.

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.

2. Tangible fixed assets

The movement of the value of lab equipment and hardware can be summarized as follows:

(in thousand of euros)	Computers	Office and lab	Total
Opening balance as of January 1, 2014			
Purchase price	**11**	**24**	**35**
Accumulated depreciation	(9)	(24)	(33)
Bookvalue at the beginning of the year	**2**	**0**	**2**
Movements			
Investments	0	0	0
Depreciation	(1)	0	(1)
Closing balance as of December 31, 2014			
Purchase price	**11**	**24**	**35**
Accumulated depreciation	(10)	(24)	(34)
Bookvalue at year end	**1**	**0**	**1**
Opening balance as of January 1, 2015			
Purchase price	**11**	**24**	**35**
Accumulated depreciation	(10)	(24)	(34)
Bookvalue at the beginning of the year	**1**	**0**	**1**
Movements			
Investments	0	0	0
Depreciation	(1)	0	(1)
Closing balance as of December 31, 2015			
Purchase price	**11**	**24**	**35**
Accumulated depreciation	(11)	(24)	(35)
Bookvalue at year end	**0**	**0**	**0**

3. Financial fixed assets

The financial fixed assets consist of

- the 100% participation in arGEN-X BVBA, registered at Technologiepark 30 Zwijnaarde, Belgium,
- the 100% participation in arGEN-X 110 BV, registered at Willemstraat 5 Breda, The Netherlands,
- the 100% participation in arGEN-X 111 BV, registered at Willemstraat 5 Breda, The Netherlands,
- the 100% participation in arGEN-X 113 BV, registered at Willemstraat 5 Breda, The Netherlands,
- the 100% participation in arGEN-X 115 BV, registered at Willemstraat 5 Breda, The Netherlands.

The movement in financial fixed assets is as follows:

(in thousand of euros)	2015	2014
Investments in Group Companies		
Opening balance	(6,815)	(3,104)
Share of loss of investments	(11,198)	(3,711)
Closing balance	**(18,013)**	**(6,815)**
Receivable on group companies	25,267	12,255
Net receivable at year-end	**7,254**	**5,440**
Equity investments		
Opening balance	1	1
Investment	0	0
Balance as at year-end	1	1
	7,255	**5,441**

For equity investments, see also note 4.3 to the consolidated financial statements.

4. Receivables

(in thousand of euros)	At December 31, 2015	At December 31, 2014
Trade receivables	590	790
Interest receivable	17	33
Other receivables	129	304
Prepaid expenses	454	93
	1,190	**1,220**

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

5. Financial assets

(in thousand of euros)	At December 31, 2015	At December 31, 2014
Money market fund 6 m	6,814	6,797
Money market fund 12 m	0	16,996
	6,814	**23,793**

6. Cash and cash equivalents

(in thousand of euros)	At December 31, 2015	At December 31, 2014
Current account	1,997	2,053
Savings account	20,455	17,106
Cash equivalents	10,000	10,202
	32,452	**29,361**

7. Equity

For the details on Equity we refer to note 4.10 of the consolidated IFRS statements.
For the details on Share Based Payments we refer to note 4.12 of the consolidated IFRS statements.
The company holds no legal reserves as part of the equity.

8. Current liabilities

(in thousand of euros)	At December 31, 2015	At December 31, 2014
Payables		
Accounts payable	214	321
Payables to subsidiaries	4,607	5,001
Taxes payables	9	7
	4,830	**5,329**
Deferred revenue		
Partner income received in advance	4,141	3,452
Accrued expenses	**1,462**	**953**
	10,433	**9,734**

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.

9. Result on participations

(in thousand of euros)	Year ended December 31, 2015	Year ended December 31, 2014
argenx BVBA	1,349	1,166
argenx 110 BV	(5,127)	(3,329)
argenx 111 BV	(2,358)	(1,548)
argenx 113 BV	(5,061)	0
argenx 115 BV	(1)	0
	(11,198)	**(3,711)**

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.

Guarantees and commitments

The company is part of fiscal unities for corporate income taxes. As a consequence, the company bears joint and several liability for the debts with respect to corporate income taxes of the fiscal unity. The company settles corporate income taxes, in principle, based on the results before taxes of the subsidiaries belonging to the fiscal unity.

Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In addition, directors, other key management of arGEN-X NV and close relatives are regarded as related parties. arGEN-X NV concluded a Research & Development agreement with its wholly owned subsidiary argenx BVBA. Under this agreement argenx BVBA performs research & development activities for which it receives a reimbursement from arGEN-X NV.

For the founded product BV's ARGX110 BV, ARGX111 BV, ARGX113 BV and ARGX115 BV, R&D activities are recharged under an R&D agreement between these BV's and arGEN-X NV.

arGEN-X NV, ARGX110 BV, ARGX111 BV, ARGX113 BV and ARGX115 BV form a fiscal unity under Dutch Law.

See also note 7.1 of the notes to the consolidated financial statements.

Remuneration

See note 7.1 of the notes to the consolidated financial statements.

Information relating to employees

During the year 2015 the Company had an average of 0.2 FTE (2014: 0.2), working outside the Netherlands.

Auditor's fees

See note 7.4 of the notes to the consolidated financial statements.

Breda, March 9, 2016

The Directors

Tim Van Hauwermeiren
CEO

Eric Castaldi
CFO

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.

Proposal for appropriation of the result

It is proposed to appropriate the loss of KEUR 15,312 to the other reserves. In advance of the decision of the General Meeting of Shareholders has this proposal been processed in the annual accounts.

Events after the balance sheet date

For the events after balance sheet date we refer to note 7.6 of the consolidated financial statements.

Independent Auditor's report

Please find the independent auditor's report from Deloitte attached to this annual report.

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Independent auditor's report

To: The shareholders and Supervisory Board of arGEN-X N.V.

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of arGEN-X N.V. ("company"), based in Rotterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of arGEN-X N.V. as at December 31, 2015 and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS - EU) and with Part 9 of Book 2 of the Dutch Civil Code.

- The company financial statements give a true and fair view of the financial position of arGEN-X N.V. as at December 31, 2015, and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position at December 31, 2015.

- The following statements for 2015: the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended.

- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet at December 31, 2015.
- The company profit and loss account for 2015.
- The notes comprising a summary of the significant 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 arGEN-X N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Audit approach

As part of our audit we have determined materiality and used it to assess the risks of material misstatement. We have specifically assessed accounts where subjectivity is high because of estimates regarding uncertain future developments. We have likewise specifically focused on the risk related to management override of controls and the risk of material misstatement due to fraud. In addition, our audit expressly included the continuity and reliability of the automated information systems.

Materiality

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.

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 650,000. The materiality is based on 5% of the operating result in 2015, 2% of total operating expenses and 1% of total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of EUR 32,500, 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

arGEN-X N.V. is at the head of a group of entities. The financial information of this group is included in the financial statements of arGEN-X N.V.

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. We have performed audit procedures on all group entities. The work is performed by the group engagement team. We have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

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 Supervisory Board. 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.

First year audit

Initial audit engagements involve a number of considerations not associated with recurring audits.

Additional planning activities and considerations necessary to establish an appropriate audit strategy and audit plan include:

- Gaining an initial understanding of the group and its business including its control environment in order to make audit risk assessments and develop the audit strategy and plan.
- Obtaining sufficient appropriate audit evidence regarding the opening balances including the selection and application of accounting principles.
- Communicating with the previous auditors.

We obtained a thorough understanding of the Company's strategy, the related business risks and the way this impacts the Company's financial reporting and internal controls framework. We have had close interaction with the previous auditor, including a process of file reviews and formal hand over procedures as prescribed by our professional standards. In addition, we have held regular meetings with the Board of Directors and other employees to understand their perspectives on the business, identified risks and key observations from their reviews. Furthermore, we evaluated the internal controls implemented by arGEN-X, as well as the ongoing process of further improving and strengthening the internal control framework. We discussed and agreed our audit plan with the Company's Audit Committee in September 2015 and we reported status, progress and key findings from our audit process.

Research and development expenses

The total research and development expenses for the year 2015 amounts to EUR 20.6 million. These research and development expenses consists of payroll costs of employees as well as outsourced research and development activities with third party suppliers. The research and development activities with these suppliers are concluded in contracts and are typically performed over a period of time. Allocation of these expenses in each reporting period based on the progress of the work involves judgment. Our audit procedures included, amongst others, the review of the agreements with suppliers and the related accounting evaluation as well as the timing of expenses recognized.

Revenue recognition

Revenue for the year 2015 amount to EUR 6.9 million. Based on the (industry specific) nature and variety, the revenue agreements were an important area in the audit. Furthermore, the revenues are an indication of the success of the entity in achieving its goals. In addition, this area was important to our audit because of the relatively more complex (partnership) agreements, following the further development of the company.

Details on the revenues recognized are included in note 5.1 of the consolidated financial statements. Our audit procedures included, amongst others, discussion of the revenue agreements with the Board of Directors, which gave us insight into the level of review and scrutiny the Board of Directors give to each contract, as well as the timeliness and accuracy of the reporting. We tested the agreements by performing specific audit procedures to verify whether the company correctly applied the revenue recognition principles as defined in the applicable IFRS standard.

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS-EU and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Board of Directors' report in accordance with 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 Supervisory Board 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 have detected all errors and fraud.

For our responsibilities we refer to the appendix.

Report on other legal and regulatory requirements

Report on the Board of Directors' report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Board of Directors' report and other information):

- We have no deficiencies to report as a result of our examination whether the Board of Directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.

- We report that the Board of Directors' report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were appointed as auditor of arGEN-X N.V. by the shareholders meeting as of the audit for the year 2015.

Eindhoven, March 9, 2016

Deloitte Accountants B.V.

P.J.M.A. van de Goor

Appendix: Our responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- 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 fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 ceasing 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 Supervisory Board 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 identify during our audit.

We provide the Supervisory Board 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 Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or, in extremely rare circumstances, when non-mentioning is in the public interest.

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Annual Report 2015

Business & Corporate Governance

BUSINESS SECTION

CORPORATE GOVERNANCE

BUSINESS SECTION

INTRODUCTION

argenx is a clinical stage biopharmaceutical company creating innovative, differentiated antibody-based drug candidates for the treatment of cancer and severe auto-immune diseases. The argenx Group (the "Group") combines the diversity of the llama immune system with antibody engineering advancing a clinical pipeline to treat patients with cancer and severe autoimmune diseases. argenx platforms allow it to unlock novel and complex targets and develop antibody-based drugs designed for greater efficacy and longer duration of effect. The strength of its team, its deep understanding of the disease biology and its committed industrial partnerships with industry leaders contribute to the success of its journey.

The Group's proprietary product portfolio currently consists of three clinical stage antibody products (ARGX-110, ARGX-111 and ARGX-113) and one preclinical stage product (ARGX-115). argenx believes that those products have the potential to provide new approaches to treat cancer and severe autoimmune diseases, either as monotherapy or in combination therapy. Together with its premier pharmaceutical and academic partners, the Group selects novel or intractable disease targets based on the current understanding of their involvement in disease biology. Selected antibody products are taken through preclinical and clinical development.

The Group applies a unique suite of technologies to develop human antibody therapeutics. The SIMPLE Antibody™ discovery platform enables targeting complex or novel disease targets, which the Group believes are difficult to address by established technology platforms. The Fc engineering technologies, POTELLIGENT®, NHance® and ABDEG™ are used to further enhance the intrinsic therapeutic functionalities of argenx's antibody product candidates. These technologies are used to enhance antibody cell killing through Antibody-Dependent Cell-mediated Cytotoxicity, to prolong product residence time in the human body, and to enhance the clearance of disease targets or pathogenic antibodies. These complementary technology platforms can be applied in combination to yield differentiated therapeutic antibodies having multiple modes of action.

argenx at a glance:

11 Programmes in the R&D pipeline

4 clinical trials with 3 products (ARGX-110, ARGX-111 & ARGX-113)

13 granted & 104 pending patents

Partnerships with 3 leading pharma companies (Shire, LEO Pharma & Bayer) and 1 biotech company (Bird Rock Bio)

49 employees (37.2 FTE's), of which 48 are employed in Belgium and 1 in the Netherlands

EUR 42.3 million in cash, cash equivalents and current financial assets (December 31, 2015)

Listed on Euronext Brussels (symbol "ARGX")

2015 IN BRIEF

OPERATIONAL HIGHLIGHTS

- Completed the first human dosing of ARGX-113, a potential breakthrough therapy for the treatment of autoimmune crisis. ARGX-113 is argenx' fourth drug candidate entering human trials in 6 years of operations. Initial results from a Phase 1 single ascending dose study of ARGX-113 showed compound to be safe and well-tolerated across all doses in healthy volunteers and promising pharmacodynamics effect were seen relating to speed, depth and duration of IgG reduction.

- Presented topline Phase 1 clinical data of ARGX-110 in patients with TCL showing compelling evidence of early biologic activity and further preclinical evidence on the potential of the compound in AML (American Society of Hematology Annual meeting, Orlando, USA).

- Advanced ARGX-111, a best-in-class SIMPLE Antibody™ targeting c-MET-driven malignancies, into the safety and efficacy expansion part of its Phase 1b study. Preliminary efficacy and expanded safety data from Phase I trial of ARGX-111 presented at American Society of Clinical Oncology (ASCO) annual meeting (Chicago).

- In-licensed first program under Innovative Access Program: ARGX-115, a first-in-class SIMPLE Antibody™ targeting GARP, a novel immune checkpoint. Published preclinical proof of mechanism of ARGX-115 in *Science Translational Medicine* suggesting potential for the antibody candidate in cancer immunotherapy.

- Announced that its partner Bird Rock Bio, Inc. (formerly RuiYi), a company focused on the discovery and development of novel biologic therapies, dosed the first human with Gerilimzumab, a novel monoclonal antibody neutralizing the IL-6 cytokine, for the treatment of autoimmune disorders including rheumatoid arthritis.

- Launched Innovative Access Program, providing the SIMPLE Antibody™ platform to academic centers of excellence and emerging biotech companies.

- Entered into a multi-product commercial license agreement with Lonza for the production of argenx's therapeutic antibodies.

FINANCIAL HIGHLIGHTS

- Entered into alliance with LEO Pharma to develop antibody-based treatments for skin conditions and received pre-IND payments of EUR 4.5 million, including an upfront payment.
- Awarded EUR 1.6 million VLAIO (formerly IWT) grant to advance application of proprietary NHance® technology platform.
- Operating income of EUR 10 million (December 31, 2015: EUR 5.4 million).
- Net loss of EUR 15.3 million (December 31, 2015: EUR 10.3 million).
- Net cash burn of EUR 13.6 million, resulting in a cash position of EUR 42.3 million (cash, cash-equivalents and financial assets) allowing the Group to pursue the progress of its product portfolio as planned.

FORWARD-LOOKING STATEMENTS (DISCLAIMER)

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Certain information in this annual report is based on management estimates. Such estimates have been made in good faith and represent the current beliefs of applicable members of the board of the Company (the "**Board**"). Those Board members believe that such estimates are founded on reasonable grounds. However, by their nature, estimates may not be correct or complete. Accordingly, no representation or warranty (express or implied) is given that such estimates are correct or complete.

This annual report may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including but not limited to the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will", or "should", and include statements the Company makes concerning the intended results of its strategy. By their nature, forward-looking statements involve risks and uncertainties and readers are cautioned that any such forward-looking statements are not guarantees of future performance. The Company’s actual results may differ materially from those predicted by the forward-looking statements. The Company undertakes no obligation to publicly update or revise forward-looking statements, except as may be required by law.

MESSAGE FROM THE CEO

Dear Shareholders,

2015 was a year of considerable success for argenx as we work to build a unique biotech company based around highly differentiated antibody products for oncology and severe auto-immune diseases. We pursued our model of maximizing the potential value of our assets while spreading risk through our strategic collaborations with premier pharmaceutical companies, diversifying our shareholder base and maintaining a strong cash position to enable execution of our business plan.

We are particularly proud to advance ARGX-113 into Phase 1 clinical development, our 4th clinical stage program since start of operations in 2009. ARGX-113, a potential breakthrough therapy for the treatment of severe auto-immune diseases, has actually exceeded our expectations during the first part of this study. We also made further progress within our clinical pipeline advancing ARGX-110 and ARGX-111 towards clinical proof-of-concept in respectively T-cell lymphoma and in MET-amplified cancer patients. So far, Phase 1 studies provided highly informative safety data as well as biological activity data. Our clinical pipeline continues to progress positively and is complemented by on-going investments in early-stage discovery programs where we advanced ARGX-115 (targeting GARP), the first success in our Innovative Access Program, to the preclinical development stage. Our scientific data received increasing international recognition in the form of peer-reviewed publications and scientific conferences and yielded a string of valuable, granted patents.

It has also been a successful year in terms of business development. We further validated the attractiveness of our SIMPLE Antibody™ platform through the signature of a new collaboration with LEO Pharma to develop innovative antibody-based solutions for the treatment of chronic inflammation underlying many skin conditions. We also progress our strategic alliance with Shire, leveraging the full power of our antibody technology suite and our collaborations with Bird Rock Bio (formerly RuiYi), who started a Phase 1 trial in healthy volunteers with Gerilimzumab (ARGX-109) for treatment of auto-immune disorders, and Bayer, addressing highly complex targets. Collaborations with premier pharmaceutical companies continue to form a crucial part of our hybrid business model generating a significant non-dilutive income in support of our disciplined cash management.

From a financial perspective, we ended the year with a strong cash position of EUR 42.3 million. In the beginning of 2016, we received a EUR 16 million investment from Federated Investors (US) allowing us to accelerate and expand the development of our pipeline assets. These funds will also allow us to further develop and enhance our SIMPLE Antibody™ platform and suite of complementary antibody technologies based on which our pipeline of differentiated therapeutic antibodies have been created. We also made progress with the transition from our historic venture capitalist shareholders base to blue-chip, long-term public investors and with increasing the free float of our stock, now 43% (February 29, 2016).

In 2015, the team was also strengthened by passionate talent, especially on the clinical front. Team work is key to our remarkable productivity, quality of our work and motivation of our people. I would like to thank our employees, collaborators and Board members for their exceptional dedication to the argenx story.

Sincerely, Tim Van Hauwermeiren, CEO argenx, 10 March 2016

argenx combines the diversity of the llama immune system with antibody engineering advancing a clinical pipeline to treat patients with cancer and severe autoimmune diseases. Our platforms allow us to unlock novel and complex targets and develop antibody-based drugs designed for greater efficacy and longer duration of effect.
The Group adopts a portfolio management approach to its proprietary product pipeline, partnering some of its products at the preclinical stage, whilst progressing others to clinical proof of concept, in order to maximize shareholder value creation. Outside of the core areas, argenx enters into various forms of strategic collaborations with pharmaceutical partners in order to fully exploit the use of its platform.

The Group's platforms have generated four clinical candidates in six years of operations. ARGX-110, which targets CD70 and ARGX-111, which targets c-MET are in Phase I trials targeting hematological malignancies and solid tumors. Both monoclonal antibodies (mAbs) have demonstrated safety and signs of biological activity in tumors expressing CD70/c-MET. The Group has also developed ARGX-113, an antibody Fc fragment targeting FcRn (neonatal Fc receptor), which entered the clinic in a Phase 1 healthy volunteer study. This is the Group's first product targeting severe auto-immune diseases.

In collaboration with our partner Bird Rock Bio (formerly RuiYi), Gerilimzumab (ARGX-109) was also dosed in a Phase 1 healthy volunteer study. Gerilimzumab is a SIMPLE Antibody™ potently neutralizing the IL-6 cytokine and equipped with the NHance® technology enabling reduced dosing, for treatment of auto-immune disorders.

The Group has established multiple collaboration agreements with pharmaceutical companies like Shire, LEO Pharma, Bayer and with the Chinese biotech company Bird Rock Bio. This enables the Group to provide its expertise to its partners and develop therapeutic antibody candidates in multiple disease areas. The Group is also accessing truly novel targets through partnerships with academic research groups under our Innovative Access Program.

PRODUCTS IN CLINICAL PHASE

ARGX-113

In 2015, the Group advanced ARGX-113, a proprietary antibody fragment that modulates the process of antibody recycling as a novel approach to treating severe autoimmune diseases, into a Phase 1 clinical study assessing its pharmacokinetic (***PK***) and pharmacodynamic (***PD***) behavior in healthy volunteers. Initial results show the compound to be safe and well-tolerated across all doses. The PK profiles across the dose ranges were consistent with the Group's expectations and additionally, promising PD effects relating to speed, depth and duration of IgG reduction were observed. argenx believes that these results confirm the potential of ARGX-113 to become a breakthrough therapy for the treatment of severe IgG-mediated autoimmune diseases. The molecule is currently in the multiple ascending dose (MAD) part of the Phase 1 study.

ARGX-110

The Group analyzed ARGX-110, a proprietary monoclonal antibody targeting CD70, a novel and highly tumor specific target, in a safety expansion cohort of its open-label Phase 1b study targeting relapsed/refractory CD70 positive haematological malignancies. argenx presented top line Phase 1 clinical data in R/R T-cell lymphoma patients, showing evidence of early biologic activity, at a workshop at the American Society of Hematology Annual Meeting in December 2015. As a result, a dedicated T-cell lymphoma safety expansion cohort was initiated with the goal to enroll up to 20 R/R CD70-positive T-cell lymphomas: 10 CTCL and 10 PTCL patients. This evaluation will be conducted as an expansion arm of the ongoing Phase 1b study.

For ARGX-110, the Group is also recruiting patients, in a safety expansion cohort dedicated to NPC with 6 patients enrolled. This study is part of the TGO (*Transformationeel Geneeskundig Onderzoek*) program granted by VLAIO in 2013.

ARGX-111

For ARGX-111, the Group opened the Phase 1b safety expansion cohort in Met-amplified, end-stage cancer patients to further characterize its safety and biological activity profile in these patients. The goal is to recruit up to 15 patients across 8 clinical sites, including 3 clinics in South Korea.

PRODUCTS IN PRECLINICAL PHASE

The Group presented the potential of the CD70 pathway as a targetable mechanism in AML during a workshop at the American Society of Hematology Annual Meeting in December 2015. argenx believes that the available data illustrate the CD70/CD27 signaling pathway to be a novel, therapeutic target in AML.
Additionally, the Group expanded its preclinical pipeline with ARGX-115, a novel SIMPLE Antibody™ with potential in cancer immunotherapy. ARGX-115 has the potential to reactivate immunity to cancer by targeting GARP, a novel immune checkpoint. ARGX-115 was discovered under its Innovative Access Program with the de Duve Institute of the Université Catholique de Louvain (UCL) and the Brussels branch of the Ludwig Institute for Cancer Research (BE). The therapeutic potential of ARGX-115 in cancer immunotherapy, involving the inhibition of the immune checkpoint GARP, was published in Science Translational Medicine (Rieter et al., 2015).

COLLABORATIONS & STRATEGIC ALLIANCES

Our partner Bird Rock Bio dosed the first healthy volunteers with Gerilimzumab, a SIMPLE Antibody™ neutralizing the IL-6 cytokine for the treatment of autoimmune disorders, including rheumatoid arthritis. argenx originally generated the antibody using its SIMPLE Antibody™ platform and in late 2012, licensed worldwide development and commercialization rights to Bird Rock Bio. Gerilimzumab has been further differentiated with argenx's NHance® technology, which prolongs circulation time and improves tissue distribution of antibodies.

argenx entered into an alliance agreement with LEO Pharma to develop innovative antibody-based solutions for the treatment of chronic inflammation underlying many skin conditions. argenx received

pre-IND payments of EUR 4.5 million, including upfront payment and will also be eligle to receive clinical, regulatory, and sales milestone payments that may total upward of EUR 100 million.

Additionally, argenx entered into a new multi-product commercial license agreement with Lonza for its proprietary GS Xceed™ System for creation and development of cell lines to be utilized in the manufacture of biopharmaceuticals.

argenx also launched its Innovative Access Program providing its SIMPLE Antibody™ platform to academic centers of excellence and emerging biotech companies through collaboration. First IAP collaborations include an undisclosed biotech company active in dyslipidemia (USA) and with de Duve Institute/Université Catholique de Louvain (UCL)/WELBIO (BE) in cancer immunotherapy.

Finally argenx was awarded a EUR 1.5 million grant from VLAIO to advance the application of our proprietary NHance® technology platform to therapeutic antibodies.

argenx has an ongoing strategic alliance with Shire. The multi-year initiative aimed at helping augment the Shire development pipeline follows an initial R&D collaboration initiated in March 2012. argenx also collaborates with Bayer AG leveraging argenx's SIMPLE Antibody™ technology for the discovery and development of therapeutic antibodies addressing complex targets across multiple therapeutic areas that are often intractable by existing antibody platforms.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

OPERATING INCOME

Operating income was EUR 10 million in 2015 compared to EUR 5.4 million in 2014. The Group's operating income includes a mix of (i) revenues in the form of research and development funding and technical success milestone payments received from the Group's industrial partnerships and (ii) other operating income corresponding to government grants and tax incentive credits.

In 2015, the revenue reached EUR 6.9 million compared to EUR 3.8 million in 2014. This increase of EUR 3.1 million is explained by (i) the increase of revenue recognized in 2015 from the collaborations with Bayer and Shire, (ii) the partial recognition of an upfront payment received following the signature of a new partnership with LEO in 2015, and (iii) a milestone payment received from the partner Bird Rock Bio in August 2015.

Other operating income increased to EUR 3.1 million in 2015 compared to EUR 1.6 million in 2014. This increase is explained by (i) the recognition of new government grants received in 2015 from VLAIO and (ii) the increase of tax incentive credits received from the Belgian government following the recruitment of new highly qualified research and development personnel in 2015.

OPERATING EXPENSES

Research and Development (R&D) expenses totaled EUR 20.6 million in 2015, compared to EUR 12.6 million in 2014. The EUR 8 million increase in 2015 reflects (i) increased clinical trial and product manufacturing activities, (ii) the recruitment of additional R&D personnel and consultants, and (iii) the share based payment costs recognized in compensation for the grant of stock options to the R&D employees of the Group. In 2015, R&D costs accounted for 81% of the total operating expenses compared to 78% in 2014. The Group employed the equivalent of 31.4 full time employees in R&D on December 31, 2015 compared to the equivalent of 27.5 full time employees at December 31, 2014.

In 2015, General and Administrative (G&A) expenses were EUR 4.9 million compared to EUR 3.5 million in 2014. The EUR 1.4 million increase in 2015 is explained by (i) additional expenses incurred for supporting activities as a public company such as investor relations, legal and audit fees, (ii) the recruitment of new employees to strengthen the Company's G&A activities, and (iii) the share based payment costs recognized in compensation for the stock options granted to the G&A employees, consultants and board members of the Group. G&A costs accounted for 19% of the total operating expenses in 2015 compared to 22% in 2014. On December 31, 2015, the Group employed the equivalent of 5.8 full time employee in its G&A department compared to 3 full time employee employees on December 31, 2014.

OPERATING LOSS

The Group's operating loss before net financial income and tax was EUR 15.6 million in 2015 compared to EUR 10.7 million on December 31, 2014. This increase results primarily from the increase in operating expenses as indicated above. The Company will propose to add the losses for the year 2015 to the retained earnings of the Company.

NET FINANCIAL INCOME

The Group recorded a net financial income of EUR 0.3 million in 2015 compared to EUR 0.4 million in 2014. The net financial income generated represents essentially the returns on the financial investments of the Group's cash and cash equivalents and financial instruments, and realized foreign exchange gains and losses.

INCOME TAX

As the Group has incurred losses in all the relevant reporting periods it had no taxable income and therefore no income taxes have been paid.

PROFIT/ (LOSS) FOR THE PERIOD

In 2015, the Group generated a net loss of EUR 15.3 million compared to a net loss of EUR 10.3 million in 2014. As explained above, this increase in the net loss in 2015 results from (i) the increase of R&D expenses in relation with the progression of the clinical activities of the Group, (ii) the increase in G&A expenses incurred for supporting activities as a public company (iii) and the non-cash share based payment accrued on the stock options granted to the employees, consultants and board members of the Group.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

The Group's main current assets consist of its cash, cash equivalents and current financial assets.
On December 31, 2015, the Group's cash, cash equivalents, financial instruments and current financial assets amounted to EUR 42.3 million compared to EUR 56 million on December 31, 2014.

LIABILITIES

The Group's current liabilities relate primarily to trade and other payables and deferred revenue from its industrial agreements with pharmaceutical and biotechnology companies.

On December 31, 2015 the trade payables and other payables were EUR 4.5 million compared to EUR 5 million on December 31, 2014. These amounts include accruals and invoices received but not yet paid, mainly in relation with manufacturing and clinical development activities incurred by the Group.

Deferred revenue totalled EUR 4.1 million on December 31, 2015 compared to EUR 3.5 million at December 31, 2014. The increase in 2015 mainly relates to the upfront payment received from the industrial partnerships signed with LEO in May 2015, which will be recognized as revenue over the course of the agreement.

The Group had no loans outstanding or any long term financial lease commitments at December 31, 2015.

CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities represented a net outflow of EUR 13.9 million in 2015 compared to a net outflow of EUR 5.2 million in 2014. This increase results primarily from the significant increase in operating losses incurred in 2015 due notably to the increase of R&D expenses in relation with the progression of the clinical activities of the Group as explained above.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities represented a net inflow of EUR 16.8 million in 2015 compared to a net outflow of EUR 23.3 million in 2014. The net cash inflow in 2015 corresponds to the movements in the current financial assets resulting from the transfer of cash from money market funds to cash and cash equivalents.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities represented a net inflow of EUR 0.2 million in 2015 compared to a net inflow EUR 37.7 million in 2014. The proceeds received in 2015 correspond to the exercise of stock options by an employee who left the Group in 2015. The amount in 2014 relates to the gross proceeds of EUR 41.8 million received from the IPO.

OUTLOOK 2016

argenx continues to implement its business plan, developing its portfolio of highly differentiated antibody products ARGX-113, ARGX-110, ARGX-111 and ARGX115, forging strategic alliances with a select number of pharmaceutical companies and diversifying its shareholder base onboarding long-term, high quality investors.

argenx will progress its antibody products to clinical proof of concept, typically a key value inflection point in drug development. The Phase 1 study for ARGX-113 in healthy volunteers will be completed. The indications for the Phase 2 clinical proof of concept will be selected and start of the first Phase 2 study is planned by the end of 2016. argenx will also continue to progress ARGX-110 towards clinical proof of concept in T cell lymphoma and anticipates the start of a first clinical trial in leukemia patients based on earlier communicated, promising preclinical data highlighting the role of CD70 in leukemic stem cell biology. Likewise the Phase 1 safety expansion study of ARGX-111 focusing on Met-amplified patients is expected to be completed. In addition, argenx will continue to advance ARGX-115 through preclinical studies. argenx will also continue to add novel discovery assets to its proprietary product pipeline, thereby leveraging its Innovative Access Program.

In terms of business development activities, argenx is aiming to further leverage its suite of proprietary technologies for the creation of highly differentiated antibody products against novel and complex targets across various therapeutic areas in collaboration with both new and existing partners.

With the expected progression of its development activities, argenx anticipates that more personnel and consultants should be hired in line with the steady growth shown over the past year.

argenx will also aim to further transition its shareholders base from its historic venture capital investors to blue-chip, long-term institutional investors and increase liquidity and free float of its stock. argenx will continue its disciplined cash management in line with a runway which stretches at least until end 2017.

BUSINESS AND PRODUCT OVERVIEW

argenx is a clinical stage biopharmaceutical company creating innovative, differentiated antibody-based drug candidates for the treatment of cancer and severe auto-immune diseases. The Group creates and optimizes its product candidates using argenx's SIMPLE Antibody™ discovery platform and other proprietary technologies. argenx is focused on developing product candidates that are either best-in-class for known targets or first-in-class for novel targets. Based on its technology platform and its knowhow, the Group is especially focused on designing a rich pipeline of antibodies against novel or complex targets including targets that have historically been difficult to address. Three of argenx's wholly owned products and one of its partnered products are in active clinical trials and have shown biological proof of concept and in some cases signs of clinical efficacy. In addition the Group has established broad research collaborations with several leading pharmaceutical companies and academic partners and has outlicensed two programs.

WHOLLY OWNED PROGRAMS

ARGX-113

The Group is developing ARGX-113 initially in rare and severe autoimmune diseases for which no innovative biologic treatments have been approved. ARGX-113 is currently in a Phase 1 clinical trial in healthy volunteers in which good safety data has become available in January, 2016, and more safety data will become available in July, 2016. The Group intends to advance ARGX-113 in two parallel Phase 2 clinical trials. The Group will seek orphan drug designation in both indications from the FDA and EMA. Following the readout of the Phase 2 trial, the Group plans to make a choice between these two indications and conduct a single registration trial. Furthermore, if the results from efficacy trials warrant it, the Group will consider expanding its development plan to include other autoimmune diseases in which there is high unmet medical need. ARGX-113 targets the neonatal Fc receptor or FcRn with high affinity. Current treatments such as intravenous IgG or IVIg and plasmapheresis administered to patients with refractory disease are focused on removing auto-antibodies from circulation, alleviating the symptoms of the disease. With its approach, argenx believes that it can improve upon current treatments especially in improving the time of onset as well as the magnitude and duration of therapeutic benefit.

ARGX-110

The Group is developing ARGX-110 in various types of T-cell lymphoma or TCL, diseases with high mortality rates where physicians currently lack effective therapies. ARGX-110 is in a Phase 1 clinical trial in TCL patients and has shown proof of biological activity in four patients with cutaneous TCL including two patients with CTCL-Sézary syndrome and one patient with Cutaneous Follicular Helper T-Cell Lymphoma as well as in one patient with angioimmunoblastic T-cell lymphoma. ARGX-110 is an antibody directed against CD70, a protein that is overexpressed in hematological tumors such as T-cell lymphoma as well as certain solid tumors. argenx is planning to advance ARGX-110 to a Phase 2 proof-of-concept trial in TCL and to a Phase 1 trial in acute myeloid leukemia (AML).

ARGX-111

The Group is developing ARGX-111 as a therapy for tumors dependent on c-Met including specific solid tumors. The rationale for developing ARGX-111 is that its target, c-Met, is overexpressed in many solid tumor cells. c-Met, a member of a known class of key signaling enzymes, the receptor tyrosine kinases, is a key regulator of cellular migration and invasion. Patients with highly malignant tumors often have tumor cells that can be detected in their circulatory systems and the levels of these circulating tumor cells or CTCs correlate with poor prognoses. Discovered in the 1980s, c-Met has been an attractive target for cancer therapy for some time but the only therapies targeting c-Met that have reached the market are non-selective small-molecule kinase inhibitors. argenx believes that a biologic against c-Met could be very effective in attacking the primary tumor, reducing circulating tumor cells and decreasing the occurrence of metastasis. The Group has shown that CTCs expressing c-Met can be recognized by ARGX-111 and destroyed by antibody directed cell killing. ARGX-111 has been shown to be safe in its ongoing Phase 1 trial. Signs of biological activity with ARGX-111 have been seen in this clinical trial in treatment of relapsed and refractory patients with elevated c-Met expression in gastric and renal cancers. In some of these patients, ARGX-111 reduced tumor activity in various sites as determined by PET scanning. In some patients stabilization of the disease was achieved during a defined period of time as reported during the study.

ARGX-115

The Group is developing ARGX-115 as an immunotherapy approach to cancer. ARGX-115 is an antibody at preclinical stage that the Group discovered that blocks GARP or glycoprotein A repetitions predominant, a transmembrane protein present on the surface of stimulated regulatory T cells or Treg cells. The normal function of Treg cells is to suppress portions of the immune system, thus preventing autoimmunity. Tregs, however, also can prevent the immune system from recognizing pathogenic cells in diseases such as cancer or chronic infections. Therapeutic agents that can stimulate the immune system to attack cancer cells have recently demonstrated remarkable therapeutic benefit. argenx believes that GARP represents a novel target in immuno-oncology through a mechanism that is complimentary to current approaches that target CTLA4, PD1, or PD-L1.

PARTNERED PROGRAMS

The Group has strategic alliances with four pharmaceutical partners who recognize the potential of its technology platform and have the expertise and resources to advance products in multiple therapeutic areas. The Group's industrial partnership with Shire is focused on using its SIMPLE Antibody™ platform and other technologies to address multiple diverse rare and unmet diseases. This industrial partnership was initiated in 2012 and expanded in 2014. The Group has received licensing fees, research funding and milestone payments from this industrial partnership. The Group established a research industrial partnership with Bayer in 2014 directed toward identifying novel human therapeutic antibodies for complex targets from various therapeutic areas. The Group has received licensing fees, preclinical milestone payments and research funding from this industrial partnership.

The Group has outlicensed two preclinical assets to two other partners. The Group outlicensed ARGX-109, a potent antibody directed against the cytokine IL-6, with Bird Rock Bio. IL-6 is an important mediator in inflammatory diseases including rheumatoid arthritis. Bird Rock Bio has taken this antibody into a Phase 1 trial in healthy volunteers. The objective is to demonstrate that the combination of high potency and extended half-life will enable patients to be treated with lower doses and less frequent doses than when using current IL-6 antibodies. argenx has outlicensed a SIMPLE Antibody™ to LEO Pharma for development in dermatological indications.

ACADEMIC AND DISEASE FOUNDATION COLLABORATIONS

Collaborations with academic institutions and disease foundations are a high priority for argenx since they provide access to a wider universe of targets for its antibodies as well as non-dilutive funding. The Group has established a partnership with the Leukemia & Lymphoma Society or LLS to help advance ARGX-110 through clinical trials. LLS is a large voluntary health organization dedicated to funding research, finding cures and ensuring access to treatments for blood cancer patients (*source*: LLS). LLS brings funding, disease expertise, a large network of key opinion leaders and a large patient organization, all of which help companies bring therapies for diseases such as T-cell lymphomas to patients.

The Group has also established an Innovative Access Program with leading academic groups with the objective to develop and provide highly selective and potent antibodies to academic partners in exchange for the rights to acquire exclusive access to novel targets. Its ARGX-115 program directed against GARP is an example of the ground-breaking science that this program allows the Group to access.

TECHNOLOGY PLATFORM

The Group has deep and broad experience in the antibody field. Before argenx was incorporated, antibody technologies have traditionally struggled to overcome some inherent challenges in target selection, potency and specificity. With the limitations of prior efforts in mind, the Group invented and in-licensed technologies to give it very broad access to the universe of potential targets for monoclonal antibodies, including some targets currently considered inaccessible to or even undruggable by such therapies. The Group also pursued approaches that let it take advantage of some natural sources of improved diversity and potency. Every product candidate in its pipeline is sourced from some combination of its core technologies, an approach that argenx believes gives it a greater likelihood of generating and sustaining long-term value creation in the antibody space.

The Group's antibody discovery technologies start with its proprietary SIMPLE Antibody™ platform, which takes advantage of the potent and maximally differentiated antibodies from the llama. Deriving therapeutic antibodies from the llama offers two key benefits: First, the antibodies generated by the llama immune system are similar enough to those of humans that llama antibodies can be used as therapeutics in humans once the Group has applied the process of human germlining, meaning that the Group makes changes to certain amino acids in the llama protein sequence so that the resulting antibodies conform more closely to human germline sequences. Second, llamas are sufficiently distinct from humans so that they exhibit a broad and robust immune response to antigens from

humans such as cancer-associated proteins. Taken together, these benefits allow llamas to provide a broad range of therapeutic candidates against targets including some that were previously considered intractable. The Group augments these two benefits with a third benefit that derives from its method of generating antibodies in llamas: the Group uses only outbred llamas, that is, llamas that represent broad genetic diversity in the llama gene pool. This, too, drives the potential for greater diversity in the pool of early antibody candidates the Group isolates. By contrast, deriving antibodies from laboratory mice risks a lack of diversity due to the use of inbred strains of mice which may effectively be close genetic cousins or even twins or clones.

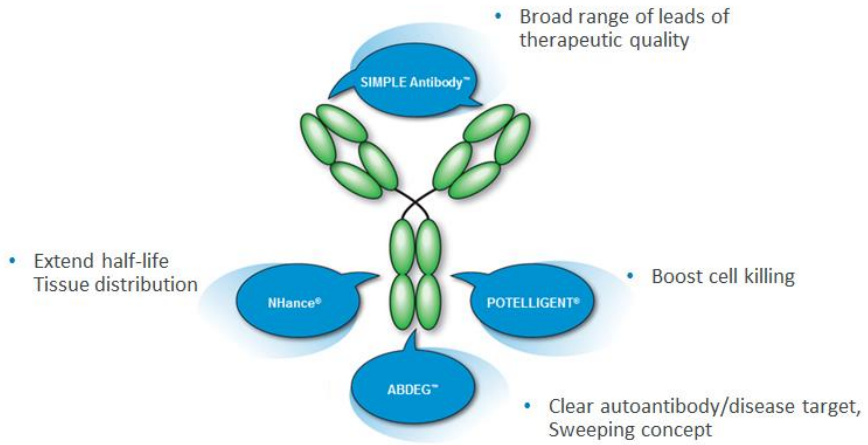


Figure 1. Impact of technology platform components on antibody function (*source*: argenx)

Once the Group has isolated an initial pool of antibodies, it enhances the activity of these early candidates by incorporating one or more technologies that either increase tissue penetration and their half-life or that enhance their ability to lead to cell killing. Increasing the tissue penetration and half-life or circulation time of antibodies in the body can lead to the ability to lower the dose and also to reduce the frequency of dosing. The Group exclusively licensed its NHance® technology from the laboratory of Sally Ward at the University of Texas Southwestern Medical Center. NHance® increases the affinity of the Fc region of an antibody for its target, FcRn, at certain pH levels. The Fc region is the region of an antibody that interacts with cell surface receptors and other elements of the part of the immune system called the complement system. It is the Fc region that allows antibodies to activate the immune system. In keeping with its name, NHance® creates a chemical change to the Fc region that enhances the longevity of the modified antibody in the bloodstream by altering its binding to its receptor, the cell surface molecule FcRn. The Group used NHance® technology, for example, in ARGX-111.

The Group licensed its ABDEG™ technology on an exclusive basis from the same laboratory. Like NHance®, ABDEG™ also increases the affinity of Fc to its receptor FcRn. Antibodies modified using ABDEG™ technology bind to the receptor so strongly at all pH levels that endogenous antibodies cannot displace it. By blocking the FcRn receptor in this way, ABDEG™ leads to the destruction of unwanted antibodies such as the antibodies found at pathological levels in patients with autoimmune diseases such as myasthenia gravis. ABDEG™ is a key component of ARGX-113. ABDEG™ has another related application. When the Group combines ABDEG™, which acts independent of the local pH level, with pH-dependent binding of a target by an antibody, argenx can actively remove that target from

circulation. This feature is particularly useful in cases in which the target is toxic or when the target occurs at pathologically high levels.

POTELLIGENT® technology, which the Group licensed non-exclusively from BioWa, provides a way to enhance the ability of antibodies to enhance the powerful cell-killing mechanism of antibody-dependent cell-mediated cytotoxicity or ADCC. This technology has been clinically validated by Kyowa Hakko Kirin's antibody product mogamulizumab (Poteligeo®), which was approved in Japan in 2014. The Group produces ARGX-110 and ARGX-111 using POTELLIGENT® technology. POTELLIGENT® technology is especially valuable for targeting circulating cells because they are easily accessible by components of the immune system.

TEAM

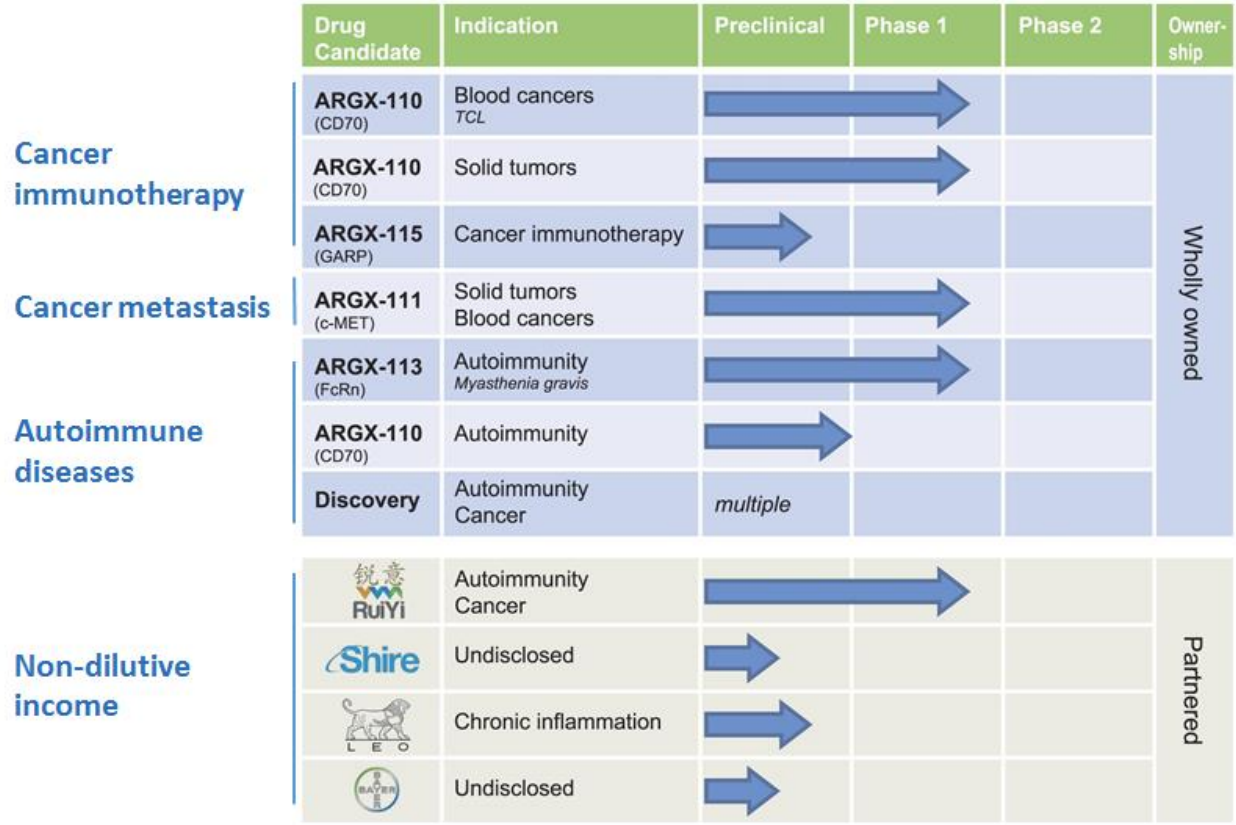
The Group's team has extensive experience in the field of antibody drug discovery and development and business development. Its executives served previously at companies including Ablynx, Micromet Inc., CAT, Galapagos NV, GlaxoSmithKline plc, Celgene Co. and Genzyme Co. Its insight and judgment drives the identification of leading diseases and targets as well as the acquisition of proprietary antibody engineering technology focused on addressing weaknesses associated with other antibody products.

STRATEGY

argenx's strategy is to progress its product portfolio as follows:

- To advance ARGX-113 through clinical proof of concept and registration trials in at least one orphan indication (currently ITP or MG)
- To advance ARGX-110 to clinical proof of concept either as monotherapy or as combination therapy in at least one orphan indication (currently TCL, could also become AML)
- To partner ARGX-111 and ARGX-115
- To add further preclinical programs to its proprietary product pipeline, originating for example from its Innovative Access Program
- To establish and grow strategic alliances with pharmaceutical industry partners
- To further expand its proprietary antibody technology suite

PIPELINE



ARGENX'S CORE TECHNOLOGIES

The key to the Group's approach is the source of all of its antibodies, the llama. argenx believes that generating therapeutic antibody candidates in llama provides a unique and powerful starting point for drug discovery. Most antibody platforms start with antibodies generated in inbred mice or synthetic antibody library systems such as phage libraries. These approaches have been shown to have limitations such as less than sufficient antibody repertoires from transgenic mice and limited diversity generated by phage libraries (*source*: Lee, 2014).

The Group's SIMPLE Antibody™ discovery platform is based on immunizing llamas against human disease targets. The llama produces highly human-like antibodies that have a high degree of diversity in their variable (V) regions. These V-regions are highly similar to those of humans but the rest of the biology of the llama, including disease targets, differs substantially from humans (*source*: Odbileg, 2005). This means that the llama immune system responds vigorously when confronted with targets of human disease but the antibodies produced do not react in most cases to the llama's own proteins. Even before optimization with its other technologies, the resulting antibodies are diverse and react strongly to human disease targets and, due to the similarity of human and llama antibodies, they are well suited to human therapeutic use (*source*: Hultberg, 2014). argenx believes that the llama and related camelids are the only species offering this combination of antibody diversity and human-like

properties (*source*: Silence, 2014). Furthermore, argenx believes that this approach is especially well-suited to generating therapeutic antibody candidates against disease targets that have proven difficult to drug by other approaches (*source*: Hultberg, 2014).

The properties of the products emerging from the SIMPLE Antibody™ platform can be further engineered by a series of modifications to the Fc portion of their structure. These modifications include POTELLIGENT®, NHance®, and ABDEG™ that can enhance the ability of these antibodies to direct cell killing, increase the residence time of the antibodies in circulation, increase tissue distribution, and drive the clearance of disease targets or pathogenic antibodies.

SIMPLE ANTIBODY™

SIMPLE Antibody™ is based on the immunization of llamas to generate potent and diverse antibodies against human disease targets. Using llamas has a number of advantages over other methods of generating antibodies. First, the llama genome encodes antibody V-region genes that are highly similar to human antibody V-region genes and cover the spectrum of human variable region gene families. Secondly, the sequence of llama proteins corresponding to potential human drug targets are significantly different, allowing the generation of a broader and more differentiated repertoire of antibodies against the human targets (*source*: Silence, 2014). Generating the antibodies in a species other than mouse also enables antibody candidates to be selected that can bind to both human and mouse target sequences. This allows the same antibody to be used in both preclinical animal models as well as in human clinical trials, providing for significant technical and time saving advantages. The third benefit of using llamas is that they are outbred. Unlike in mouse populations, in which the mice frequently are genetic clones of each other, each llama in the population the Group uses is genetically distinct and thus has a unique set of starting antibody genes that produce a diverse antibody response. Immunization in animals enables very potent and selective antibodies to be generated by somatic mutation, a process not easily replicated by other *ex vivo* methods.

The wide spectrum of diversity generated by the llama antibody system facilitates the selection of antibodies with unique properties which may include the ability to recognize novel regions or epitopes of a target. This ability to recognize novel epitopes can lead to the discovery of antibodies to previously difficult or undruggable targets. The broad spectrum of antibodies generated in the llama also allows the selection of antibodies with specific biological properties, such as the ability to neutralize targets, drive complement-dependent cytotoxicity or CDC and antibody-dependent cellular phagocytosis or ADCP. This antibody diversity also allows the selection of naturally occurring antibodies that recognize antigens in a pH-dependent binding manner facilitating more rapid clearance of antigens from circulation (*source*: Igawa, 2010).

The Group puts all SIMPLE antibody™ leads through a process called germlining in which surface residues are converted as close as possible to those in the closest human germline. Because of the close homology between the llama and human antibody genes, this process requires far fewer changes than typically required when starting with antibodies that originate in other species such as mice.

NHance® refers to a specific set of mutations that argenx introduces into the Fc portion of an IgG antibody and that lead to increases in tissue penetration and circulating antibody levels. The Fc region is the region of an antibody that interacts with cell surface receptors. One such receptor is known as the neonatal Fc receptor or FcRn.

Antibodies that bind to their antigenic targets on the surface of cells are routinely internalized into endosomes, which are cellular vesicles. As these vesicles are transported through the cell they become acidic and their contents become destined for degradation by the lysosome. FcRn can bind to IgG antibodies via their Fc regions. This prevents their destruction and leads instead to the recycling of these antibodies back to the cellular surface and to their subsequent release from the cell. NHance® increases the affinity of the Fc region for the FcRn receptor under acidic conditions, thereby promoting transport to the cellular surface. NHance® does not change the affinity of Fc for FcRn at neutral pH, allowing the antibody to dissociate from FcRn at the cellular surface and thereby promoting antibody recycling.

argenx in-licensed its NHance® technology exclusively from the laboratory of Sally Ward at the University of Texas Southwestern Medical Center. argenx used NHance® technology, for example, in ARGX-111.

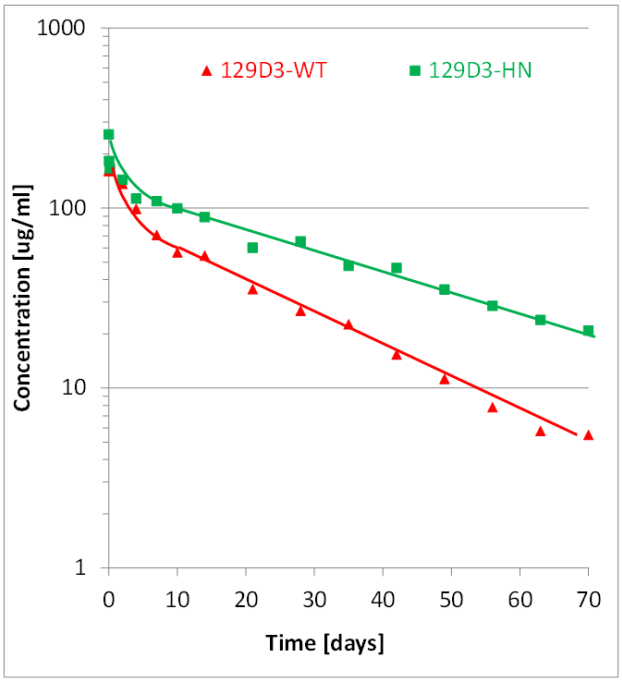


Figure 2. NHance® mediated extension of antibody half-life. (*Source*: argenx)

argenx believes that the NHance® technology may contribute to better therapeutic efficacy and dosing convenience by reducing the antibody dosing requirements. FcRn is responsible for tissue distribution of antibodies, so NHance® also has the potential to enhance tissue penetration and in some cases enable subcutaneous administration by virtue of reducing the dose to the level where it can be administered subcutaneously.

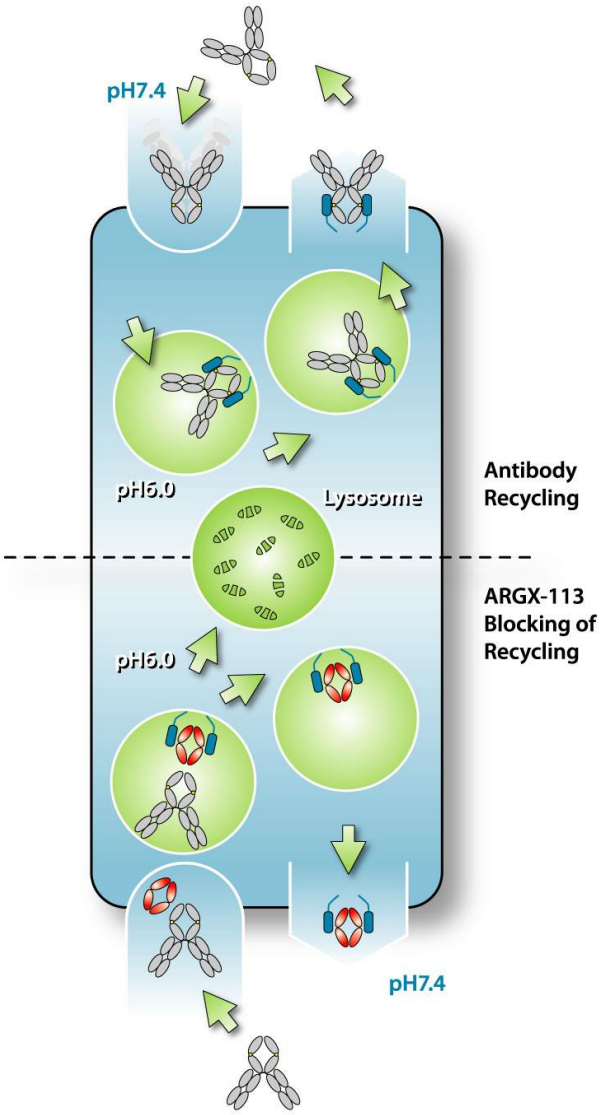


Figure 3 Diagram depicting FcRn-dependent antibody recycling. (*source*: argenx)

ABDEG™

ABDEG™, or antibody that enhances IgG degradation, refers to mutations in the Fc portion of an antibody that increase the affinity of Fc for the FcRn receptor at both neutral and acidic pH. The inclusion of ABDEG™ mutations in antibodies leads to potent binding of Fc to FcRn at all physiological pHs. Because ABDEG™-modified Fc domains bind to FcRn with higher affinity than Fc domains from unmodified antibodies, the presence of ABDEG™ modifications can reduce the frequency with which unmodified antibodies bind to FcRn, thereby promoting the degradation of unmodified antibodies. This enhanced degradation is a key component to the therapeutic rationale of ARGX-113, which contains ABDEG™. argenx believes that ARGX-113 can lead to the preferential destruction of disease-causing autoimmune antibodies.

Another potential use of ABDEG™ technology arises when it is coupled with antibodies that bind their target molecules or ligands in a pH dependent manner. If the ligands are on the outer surface of a cell

or in circulation, the local pH is typically neutral. After binding such ligands, the antibodies are internalized into intracellular vesicles. As these vesicles are transported within the cell they become acidic and antibodies with pH dependent ligand binding will release their ligands leading to ligand degradation. The antibodies themselves, especially those modified with ABDEG™ technology, can bind to FcRn and be transported back to the cell surface to be recycled. The antibody can then bind new ligand molecules and repeat the process. The combination of pH-dependent target binding and enhanced recycling of antibodies with ABDEG™ technology is employed in a number of the Group's discovery stage programs.

POTELLIGENT®

POTELLIGENT® technology takes advantage of dedicated production cell lines that are categorically unable to make specific modifications to the Fc region. Binding of an antibody to a target on the surface of a cell marks that cell for destruction by a process termed antibody-dependent cell-mediated cytotoxicity or ADCC. The use of POTELLIGENT® enhances the cell-killing potential for the antibodies that incorporate it. Most antibodies in nature are modified by the addition of carbohydrate or sugar residues as part of their synthesis. POTELLIGENT® antibodies are synthesized in cells that lack the ability to incorporate chemical modifications such as the addition of chemical groups known as fucosyl groups that are often found in the Fc region. Non-fucosylated antibodies have been shown in published studies to increase the binding affinity for Fc gamma receptor IIIa, a receptor responsible for directing cell killing, by 10- to 1000-fold (*source*: Niwa, 2004; Masuda, 2007). The Group in-licensed POTELLIGENT® technology on a non-exclusive basis from BioWa. It has been validated clinically by Kyowa Hakko Kirin's antibody product mogamulizumab (Poteligeo®) which was approved in Japan for treatment of adult T-cell lymphoma, peripheral T-cell lymphoma, and cutaneous T-cell lymphoma. POTELLIGENT® is a component in a number of argenx's products including ARGX-110 and ARGX-111.

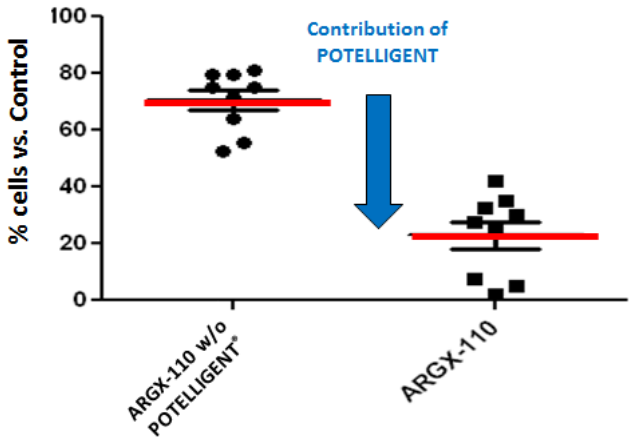


Figure 4. Enhancement of ARGX-110 ADCC activity by POTELLIGENT® technology, as demonstrated by killing of AML patient blast cells by human immune cells. (*source*: argenx)

argenx believes that the combination of these technologies gives it the ability to generate antibodies against a wide range of targets with improved diversity and potency.

ARGX-113

ARGX-113 is a human IgG1 Fc fragment equipped with the ABDEG™ technology. It is an antagonist of FcRn, a receptor that is involved in IgG antibody recycling and half-life prolongation. argenx believes that ARGX-113 has the potential to address unmet medical need in autoimmune diseases, including both large and orphan severe autoimmune diseases driven by pathogenic autoantibodies and characterized by acute exacerbations or crises. ARGX-113 has completed the single ascending dose arm of a Phase 1 trial in 38 healthy adults with no infusion-related reactions or severe adverse events. argenx intends to advance ARGX-113 for the treatment of myasthenia gravis crisis and immune thrombocytopenia and seek orphan drug designation from the FDA and EMA.

ARGENX'S PRODUCT CANDIDATE – ARGX-113

ARGX-113 is an antibody Fc fragment containing the ABDEG™ technology that binds to the FcRn receptor with high affinity that argenx is advancing for the treatment of myasthenia gravis and ITP. Based on its early clinical trial results and extensive preclinical studies, argenx believes that ARGX-113 has the potential to offer a safe and more rapid decrease in levels of circulating antibodies than current therapies which should translate into quicker therapeutic benefit. The Group's clinical data also suggest that the quantity of ARGX-113 required to obtain and to maintain suppression in circulating antibody levels is much lower than the levels of IVIg required for therapeutic benefit which may translate into fewer and shorter infusions.

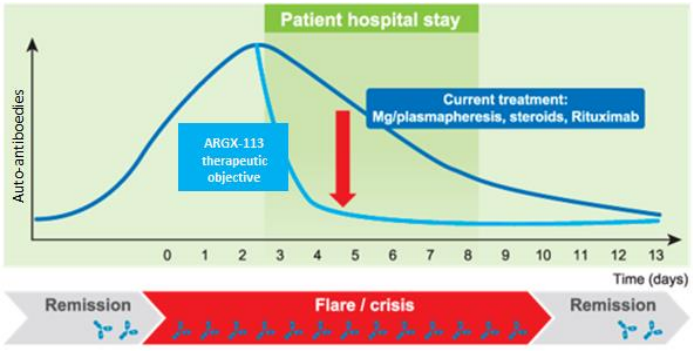


Figure 5. Typical time course for resolution of myasthenia gravis flares. (*source*: argenx)

ARGX-113 has completed the single ascending dose arm of a Phase 1 trial in healthy adults and is now enrolling healthy volunteers in the multi-dose arm. Subject to successful completion of this trial the Group intends to launch two Phase 2 trials by the end of 2016. In two separate indications the Group will seek initial approval for ARGX-113 for the treatment of patients who have exacerbations while on immunosuppressive therapy. argenx believes that ARGX-113 has the potential to provide longer term therapeutic benefit to myasthenia gravis and ITP patients than IVIg because of its extended half-life and increased efficacy in lowering levels of endogenous autoantibodies.

CLINICAL DATA

In a double-blinded, placebo controlled Phase 1 trial in healthy volunteers, a single two hour infusion of ARGX-113 reduced circulating IgG antibody levels to about 50% of their starting levels. Reduction of total IgG's persisted for at least 30 days post infusion. There were no drug or infusion related serious adverse events associated with doses up to 50 mg/kg.

While ARGX-113 lead to a decrease in the levels of IgG, there were no changes in IgM, IgA or serum albumin observed in the trial. The Group is currently in the process of dosing 16 subjects in the multiple ascending dose part of the Phase I trial.

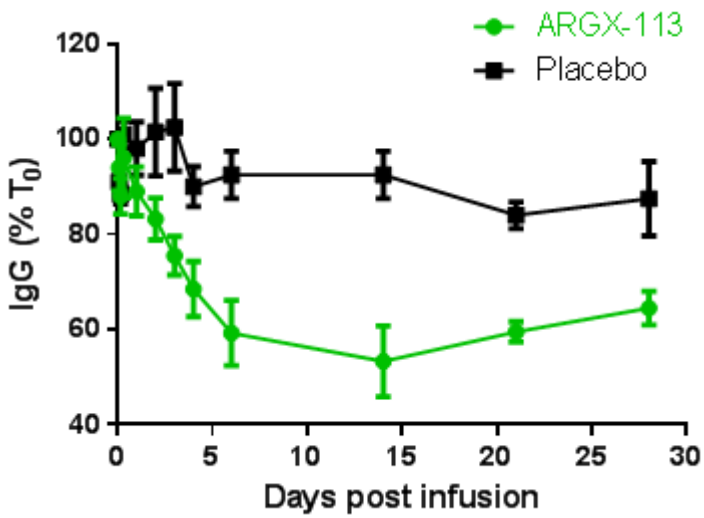


Figure 6. Reduction in IgG levels in Phase 1 trial of ARGX-113 in healthy volunteers (10 mg/kg). (*source*: argenx)

PRECLINICAL DATA

The ability of specific antagonists of FcRn to block IgG recycling and thereby increase the rate of IgG degradation has been confirmed in knockout mice lacking functional FcRn. In these mice, the circulating levels of IgG were found to be between ten and twenty % of normal levels. These reduced levels are consistent with the levels of reduction in IgG seen in two people who have been found to have naturally occurring mutations in FcRn. In addition, synthetic peptides that specifically block FcRn, such as SYN1436, have been shown to reduce IgG levels to a similar extent in animal models (*source*: Waldmann, 1990; Mezo, 2007).

Binding studies determined that ARGX-113 bound to human FcRn receptor with an affinity that was between 35 and 540 times higher than the naturally occurring Fc region of human IgG1. In animal models, ARGX-113 specifically blocks IgG recycling and it does not lead to reductions in IgA or IgM levels. FcRn is also important for regulating the levels of serum albumin but this activity is independent of IgG binding (*source*: Knudsen Sand, 2015). In preclinical testing in cynomolgus monkeys and in a safety trial in healthy volunteers, ARGX-113 did not alter the levels of serum albumin.

The efficacy of a prototype of ARGX-113 was tested in a mouse model of immune-induced rheumatoid arthritis. In this model, ARGX-113, given as a single 200 µg dose, was able to suppress development of ankle swelling associated with immune-driven inflammation while the unmodified wild-type Fc was

completely ineffective at these dose levels. argenx believes that this and similar data highlight the critical importance of the proprietary modifications that the Group introduced using the ABDEG™ technology, which were specifically designed to optimize interactions between Fc and the FcRn receptor.

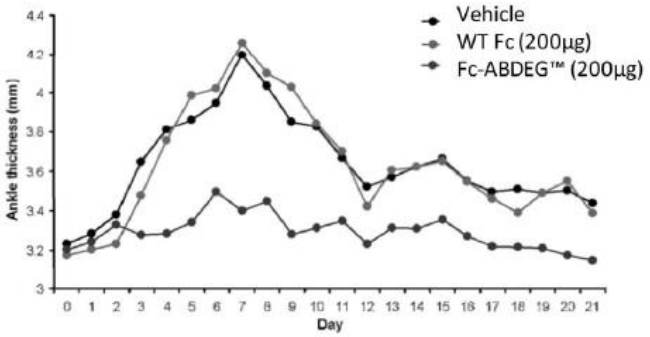


Figure 7. Prevention of ankle swelling in a serum-transfer mouse arthritis model by ARGX-113. (*source*: argenx)

ARGX-113 is efficacious in a therapeutic setting in a mouse model of myasthenia gravis. In this model, antibodies from a myasthenia gravis patient are administered to a mouse leading to deterioration in neuromuscular signaling and muscle weakness. This muscle weakness in the mice can be measured by the ability to hang on a wire mesh grate – as the muscles weaken, the length of time the mouse can hang on decreases. In this model, ARGX-113 was found to both stabilize the loss of muscle strength and to reduce the levels of circulating antibody. argenx believes that this efficacy can be translated into clinical efficacy in myasthenia gravis patients.

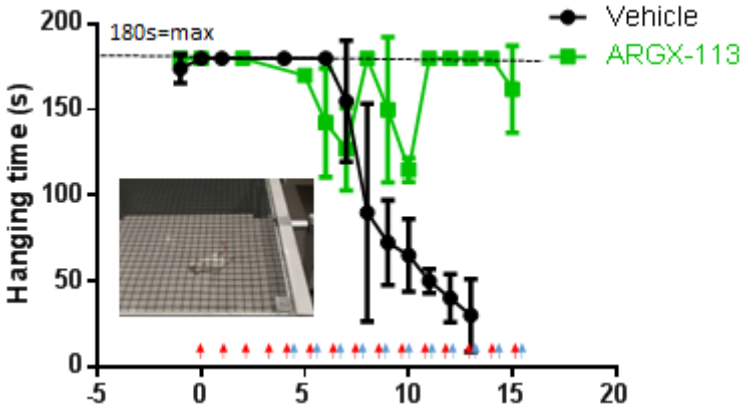


Figure 8. ARGX-113 efficacy in a mouse myasthenia gravis model. (*source*: argenx)

POTENTIAL INDICATIONS

There are multiple other autoimmune diseases which may benefit from ARGX-113 including autoimmune blistering diseases such as the rare diseases pemphigus and bullous pemphigoid. Other diseases such as systemic lupus erythematosus and multiple sclerosis are linked to autoimmune disease. argenx intends to pursue initial approval for myasthenia gravis and ITP since these indications

represent some of the most serious unmet needs and expand its clinical efforts into novel indications as the Group obtains more clinical data. argenx may decide to pursue some of these opportunities with a corporate partner with complementary expertise in clinical trial design and marketing.

ANCA Vasculitis	Multiple sclerosis
Antiphospholipid syndrome	Myasthenia gravis
Autoimmune Grave's disease	Neuromyelitis optica
Epidermolysis bullosa acquisita	Pemphigus vulgaris
Bullous pemphigoid	Pemphigus foliaceus
Glomerulonephritis	Rheumatoid arthritis
Guillain–Barré syndrome	Scleroderma
Idiopathic trombocytic purpura	Systemic lupus erythematosus

Figure 9. Human autoimmune diseases likely to be mediated by IgG antibodies and potential candidates for FcRn-based therapy (*source*: Sesarman, 2010)

ARGX-110

ARGX-110 is a SIMPLE Antibody™ that binds to CD70 blocking the CD70 mediated cell proliferation and survival signal, restoring immune surveillance against tumors, and leading to the killing of cells expressing CD70. Cell killing takes place via ADCC brought about by the incorporation of the POTELLIGENT® technology (*source*: Silence, 2014). ARGX-110 is currently in an open-label, multi-site Phase 1b trial in T-cell lymphoma or TCL. A second Phase 1b trial in acute myeloid leukemia, or AML, is currently being planned.

T-CELL LYMPHOMA DISEASE OVERVIEW

T-cell lymphoma refers to various cancers that arise from mature T-cells. TCL makes up between ten and fifteen % of all cases of non-Hodgkin's lymphoma and can be subdivided into subtypes such as peripheral T-cell lymphoma or PTCL, angioimmunoblastic T-cell lymphoma or AITL, anaplastic large cell lymphoma or ALCL, and cutaneous T-cell lymphoma or CTCL. These subtypes differ by location, distribution, and aggressiveness of the primary tumor as well as by specific associated mutations. Overall there are about 7,900 new cases of TCL in the United States each year (*source*: Wang, 2013).

TCLs are generally very aggressive and are typically treated with standard anticancer chemotherapy agents used in combination such as CHOP (cyclophosphamide, doxorubicin, vincristine, and prednisone) with or without the addition of biologics such as rituximab (Rituxan®). The five year survival for patients with TCL on treatment is 32% (*source*: The International T-Cell Lymphoma Project, 2008) which is far below that seen with B-cell lymphomas where over 60% of patients survive beyond

five years (*source*: Feugier, 2005). Recently two compounds have been approved by the FDA: romidepsin (ISODAX®) and pralatrexate (Folotyn®). Patients treated with either of these agents had response rates of 35% (romidepsin) and 27% (pralatrexate). Mogamulizumab, an anti-CCR4 antibody, is approved in Japan for the treatment of adult TCL, however, no biologics have been approved by the FDA for TCL.

ACUTE MYELOID LEUKEMIA DISEASE OVERVIEW

Acute myeloid leukemia is a hematologic cancer characterized by excessive proliferation of myeloid stem cells and their failure to properly differentiate. AML is the most common type of acute leukemia in adults. Approximately 20,830 new AML cases occur annually in the United States (*source*: American Cancer Society). The average five year survival rate for patients with AML is 20% (*source*: Cancer Research UK), but there are significant differences in prognoses based on the age of the patient at diagnosis. Current first-line treatments for AML include chemotherapy drugs such as cytarabine, daunorubicin and mitoxantrone. For patients under the age of 40, the five year survival is approximately 50%, for those over 70 it is only 3% (*source*: Shah, 2013). There are likely multiple underlying reasons for this discrepancy including differences in chemosensitivity and the ability of younger patients to tolerate more aggressive therapy.

Chemotherapy in AML typically involves aggressive therapy to induce remission consisting of seven days of the chemotherapeutic agent cytarabine, followed by three days of a different chemotherapeutic agent, this one of the anthracycline class, such as daunorubicin. This therapy is, however, not recommended for patients with any history of cardiac disease or renal insufficiency. Older patients with AML are also more likely to have mutations and other genetic changes that make their disease less likely to respond to the same treatments as younger patients (*source*: Appelbaum, 2006). Alternate treatments for elderly patients include low dose cytarabine followed by azacitidine, a chemotherapeutic agent of a different type (*source*: Ossenkoppele, 2015, Cruijsen 2015).

ARGENX'S PRODUCT CANDIDATE – ARGX-110

ARGX-110 is a SIMPLE Antibody™ that binds to CD70 with picomolar affinity, blocking the interaction between CD70 and CD27 and targeting CD70 expressing cells for destruction by multiple immune pathways including CDC, ADCP and POTELLIGENT®-enhanced ADCC.

ROLE OF CD70 IN ONCOLOGY

CD70 has a number of functions that make it an attractive drug target:

- CD70 is a cell surface antigen normally expressed in a small subset of activated B- and T-lymphocytes, but highly expressed in B-cell and T-cell lymphomas and leukemias and certain solid tumors such as renal cell carcinoma. CD70 expression is low or absent from normal tissues, including all vital organs, and is therefore considered to be a safe target for immunotherapy. CD70 is a member of the tumor necrosis factor or TNF ligand superfamily and binding to its receptor, CD27 stimulates proliferation and survival pathways in lymphocytes. Binding of CD70 to CD27 leads to cleavage of an extracellular portion of CD27 creating a soluble form called sCD27 which has the potential to serve as a biomarker for CD70 activity. Healthy individuals have very low levels of sCD27 while it is highly upregulated and

correlated with tumor load in lymphoma (*source*: Herrington, 1993). ARGX-110 has the potential to block cell signaling by preventing CD27 binding and can also direct CDC, ADCP and ADCC to CD70 expressing cells.

- Tyrosine kinase inhibitor or TKI treatment of leukemia cells often results in the generation of resistance. Primary tumor cells that are treated with TKIs overexpress CD70 and this overexpression contributes to the development of resistance by stimulating signaling through the Wnt pathway, a pathway often activated in tumorigenesis (*source*: Riether 2015). Thus, targeting CD70 with ARGX-110 has the potential to sensitize tumors to TKI inhibitors and to create a barrier that may slow development of resistance.

- CD70 expression on tumors also leads to stimulation of regulatory T-cells or Tregs which are immune cells that can suppress the immune system through binding and activation of CD27 on Tregs. ARGX-110 prevents Treg stimulation by blocking CD70 preventing CD27 activation in *ex vivo* experiments with human cells, and thus may be efficacious as an immuno-oncology therapy.

CLINICAL DATA

ARGX-110 was dose escalated in an open-label Phase 1 trial in 56 patients, eight of whom had various types of TCL. While the primary goal of this phase 1 trial was safety and pharmacokinetics, there was evidence of biological activity in several of the patients treated. These results provide argenx confidence to pursue the further evaluation of ARGX-110 in CD70 positive cancer patients.

The two most common types of CTCL are mycosis fungoides and a more advanced form called Sézary Syndrome distinguished by the presence of malignant lymphocytes in the blood, an extensive rash covering over 80 % of the body, and tumors that are visible on the skin (*source*: Cutaneous Lymphoma Foundation). Two relapsed/refractory CD70 positive patients with Sézary Syndrome were included in the Phase 1 trial. In both patients CD70 positive tumor cells were eliminated from the blood after dosing of ARGX-110 – one patient at 0.1 mg/kg and the other at a dose of 10 mg/kg. argenx also observed evidence of biological activity with ARGX-110 in the skin. Administration of ARGX-110 was associated with inflammatory responses such as swelling and redness in skin lesions followed by reductions in the sizes of these lesions and overall improvement in clinical appearance of the skin.

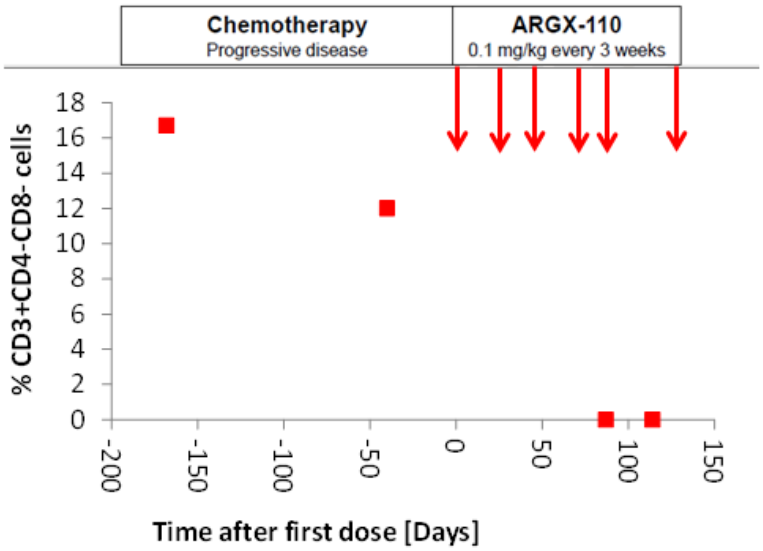


Figure 10. Reduction in malignant T-cells in ARGX-110 Phase 1 trial in a patient with CTCL. (*source*: argenx)

AITL is a rare, aggressive T-cell lymphoma which is also associated with autoimmune hemolytic anemia, where the immune system breaks down red blood cells necessitating blood transfusions. In the Phase 1 trial, evidence of biological activity in a patient with AITL who was refractory to chemotherapy was observed. Tumors in lymph nodes decreased in size between 4 and 65% after two doses of ARGX-110 at 5 mg/kg. This same patient also showed improvement in anemia as measured by a reduction of a marker of hemolytic anemia, lactate dehydrogenase or LDH. Hemoglobin levels rose in this patient and he became transfusion independent.

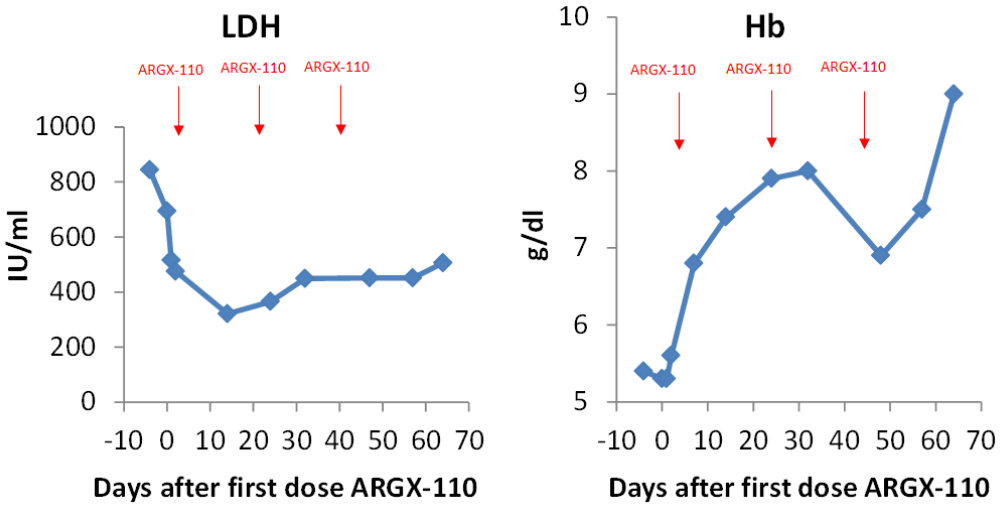


Figure 11. Reduction in hemolytic anemia in ARGX-110 Phase 1 trial in patient with AITL. (*source*: argenx)

Decreases in the number of skin lesions and their size were observed in a patient with Cutaneous Follicular Helper T cell Lymphoma, who received 5 mg/kg of ARGX-110. This patient's disease was rapidly progressing prior to enrolling in this clinical trial but it was stabilized upon dosing with ARGX-110. ARGX-110 was well-tolerated in this patient who has now completed at least ten dosing cycles.

Dosing of ARGX-110 in a patient with Hodgkin's lymphoma resulted in a decrease in the levels of Tregs, cells that are key suppressors of immune surveillance. The levels of Treg cells increased upon suspension of ARGX-110 dosing.

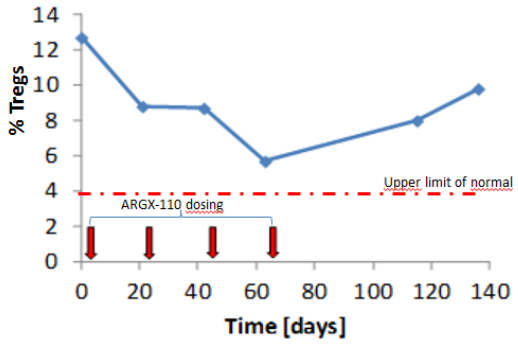


Figure 12. Reduction in immuno-suppressive Treg cells in ARGX-110 Phase 1 trial. (*source*: argenx)

In the initial portion of the Phase 1 trial, 127 cycles of ARGX-110 were administered to 26 patients. The most frequent drug-related adverse events were fatigue, 27% (n=7), and infusion-related reactions or IRRs, 23% (n=6). Other monoclonal antibodies engineered using POTELLIGENT® or similar technologies that augment ADCC such as mogamulizumab (*source*: Ogura, 2014), obinutuzumab (*source*: Salles, 2013), and imgatuzumab (*source*: Paz-Ares, 2011) also have IRR rates between 8 and 25%. Premedication with paracetamol, antihistamines and glucocorticoids appears to reduce the incidence of IRRs. Some of the patients in the Group's trial have been receiving ARGX-110 for up to two years and no additional drug-related serious adverse events have emerged.

PRECLINICAL DATA

Patients with AML have elevated levels of sCD27, a biomarker for CD70 activity, in their serum and high levels of sCD27 in AML are associated with higher mortality rates (*source*: Zeisig, 2012). CD70 expression levels are highly elevated in AML blast cells, undifferentiated tumorigenic cells that are particularly resistant to chemotherapy. CD70 antibodies block signaling through the Wnt pathway in AML cells and limit the abnormal replication of AML blast cells isolated from patients. These antibodies also lead to decreases in sCD27 and decreased mortality in mice injected with patient AML cells.

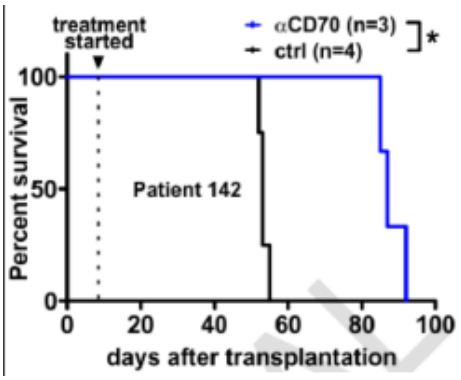


Figure 13. Blocking the CD70/CD27-interaction prolongs survival in immunodeficient mice injected with patient AML blasts. (*source*: argenx)

Based on these preclinical results the Group is initiating an open label, dose-escalating study with an expansion cohort to evaluate the safety and the tolerability of ARGX-110 in combination with azacytidine in frail patients with newly diagnosed AML.

ARGX-110 is able to block CD70 function and its ability to stimulate cell proliferation as shown using tumor cells isolated from a patient with chronic myeloid leukemia or CML. ARGX-110 alone, blocks cell proliferation by about 40%. Imatinib (Gleevec®), a TKI that inhibits proliferation of CML by blocking a specific gene translocation, Bcr-Abl, inhibits proliferation to a similar extent. CD70 is known to be upregulated by TKIs and it has been proposed to be involved in the development of resistance to TKIs. Consistent with this hypothesis, the addition of ARGX-110 to imatinib leads to a sharp decrease in cellular proliferation.

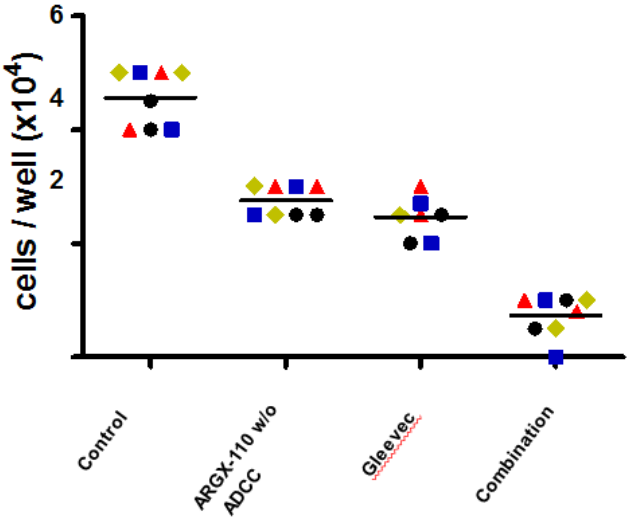


Figure 14. ARGX-110 enhances cell killing by TKI. (*source*: argenx)

The combination of a CD70 antibody and imatinib has been found to lead to a significant increase in survival in a mouse CML model (*source*: Riether, 2015). When either of the therapies were used alone, the mice in these experiments all died by day 35. However, when used in combination, 60% of the mice were still alive by the end of the experiment at 90 days ($p < 0.0001$). The Group's studies using CML cells isolated from patients suggest that the combination of a TKI and ARGX-110 may be efficacious in patients as well.

OTHER POTENTIAL INDICATIONS

In the ARGX-110 Phase 1 trial, the Group dosed a number of patients with solid tumors and argenx observed stable disease for six months or more across multiple types of tumors. argenx believes that these results demonstrate the potential for this antibody to provide clinical benefit beyond hematological tumors. These solid tumors included: adenoid cystic carcinoma of the parotid, peritoneal mesothelioma, papillary renal cell carcinoma and platinum-resistant ovarian cancer.

ARGX-111

ARG-111 is a SIMPLE Antibody™ directed against c-Met, a growth factor receptor that is associated with tumor growth and metastasis. ARGX-111 is currently in a multicenter Phase 1b safety expansion trial. Early clinical results have shown biological activity in patients with relapsed/refractory MET-amplified gastric and renal cancer. Given the broad spectrum of potential clinical applications for ARGX-111, the Group intends to seek a corporate partner to further advance ARGX-111 through Phase 2 clinical trials.

ROLE OF C-MET IN ONCOLOGY

c-Met, also known as hepatocyte growth factor receptor or HGF receptor, has specific roles in normal mammalian growth and development. Activation of c-Met through binding of HGF leads to stimulation of multiple cellular pathways associated with migration, proliferation, and invasive growth. While these activities are critically important in processes such as embryogenesis or wound repair, they are not normally required for the functioning of healthy adult cells. When present in cancer, these processes lead to tumor metastasis and a poor prognosis. Cellular signaling through the c-Met pathway has been found to be abnormal in a range of different cancers, primarily through c-Met gene amplification, c-Met over-expression and c-Met gene mutations. Aberrant activation of c-Met is associated with poor prognosis in kidney, lung, gastric, colorectal, esophageal, and brain cancer among others.

c-Met may also play a role in drug resistance in tumors. For instance, c-Met gene amplification has been found in non-small cell lung cancer and colorectal cancer following anti-EGFR treatment, leading to drug resistance (*source*: Bardelli, 2013). Furthermore, c-Met over-expression has been found to emerge in renal cell carcinoma following anti-VEGFR treatment (*source*: Ciamporcero, 2015).

c-Met is highly expressed in circulating tumor cells or CTCs, cells that have been shed into the bloodstream from primary tumors. CTCs are believed to be a source of tumor cells that lead to metastasis or the spread of a tumor to other sites in the body. Patients with gastric carcinoma, for example, with high levels of c-Met expressing CTCs have higher mortality than those without (*source*: Uen, 2006). The change in CTC levels in breast cancer patients undergoing treatment correlates with overall survival. Patients in which the CTC levels decrease have the longest survival, those in which the CTC levels increase upon treatment have poor prognosis. This suggests that treatments designed to directly reduce the CTC levels may have therapeutic benefit (*source*: Pachmann, 2008).

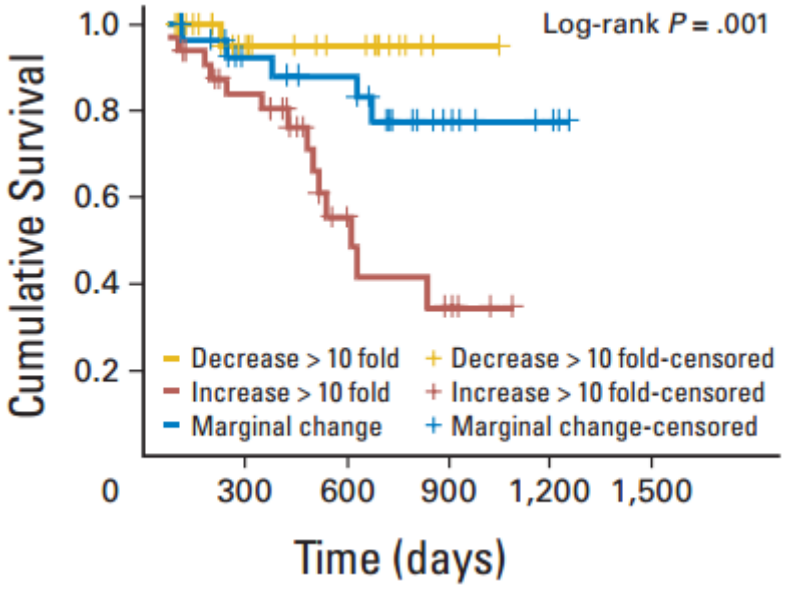


Figure 15. Relapse-free survival of patients responding with a more than 10-fold decrease in circulating epithelial tumor cells. (*source*: Pachmann, 2008).

Myeloid-derived suppressor cells or MDSCs in close proximity to tumors regulate the local immune system by stimulating regulatory T-cells or Tregs, cells that actively suppress the immune system allowing cancer cells to proliferate unchecked. There is an emerging class of therapeutic agents called checkpoint inhibitors that block immune suppression by releasing restraints placed by cells such as Tregs on the anti-tumor immune response. Myeloid-derived suppressor cells expansion is stimulated by high levels of HGF secreted by the tumor and surrounding cells and subsequent cellular signaling through c-Met (*source*: Yen, 2013). Based on these observations argenx believes that c-Met has the potential to be a novel immuno-oncology target that could be addressed by drugs similar to checkpoint inhibitors.

ARGENX'S PRODUCT CANDIDATE – ARGX-111

The Group created ARGX-111 using its SIMPLE Antibody™ technology which generated multiple classes of c-Met specific antibodies. The Group chose ARGX-111 from a set of antibodies that bound to c-Met with high affinity, blocked the binding of hepatocyte growth factor or HGF, the natural ligand for c-Met, and did not cause dimerization of the receptor. Dimerization is a pairing of two receptor molecules that occurs in response to the binding of antibody. Dimerization can lead to receptor activation. The fact that ARGX-111 does not lead to dimerization is important both for the efficacy of ARGX-111 and to differentiate ARGX-111 from other approaches to binding c-Met. Because ARGX-111 does not lead to dimerization, it is able to block receptor activation by HGF and also to avoid the activation of the receptor through antibody-mediated dimerization. The Group further modified ARGX-111 with both NHance® and POTELLIGENT® technology to drive its tissue penetration in the body and to increase its ability to drive ADCC.

argenx believes that there are multiple c-Met dependent pathways through which ARGX-111 has potential to provide therapeutic benefit in oncology:

- Direct antiproliferative for tumors with c-Met amplification, activating mutations, or overexpression
- Antiproliferative agent for tumors that develop c-Met dependent resistance to other agents such as EGFR inhibitors
- ADCC of c-Met expressing CTCs
- Immuno-oncology modulation

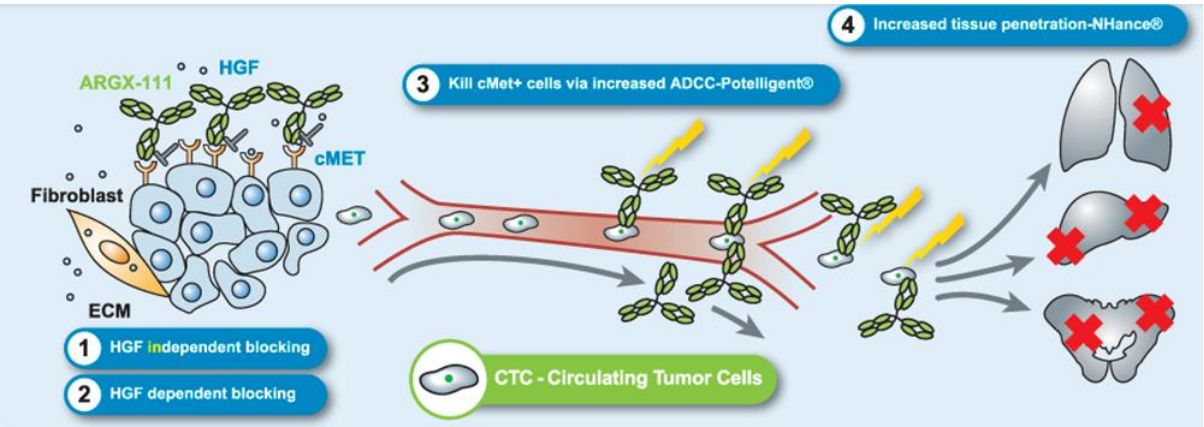


Figure 16. Overview of multiple potential therapeutic benefits of inhibiting c-Met in oncology. (*source*: argenx)

c-Met has become a widely investigated anti-cancer target in recent years with several c-Met inhibitors and antibodies under development by different companies, although to date no specific c-Met inhibitors have received regulatory approval. argenx believes that the high potency, ADCC activity, and the lack of antibody-induced c-Met activation of ARGX-111 address many of the shortcomings of previous therapeutic approaches.

CLINICAL DATA

A Phase 1b safety expansion trial with ARGX-111 is ongoing in advanced cancer patients showing c-Met amplification in their tumors. Prior to this, a dose escalation from 0.3 mg/kg to 10 mg/kg was performed with the primary adverse event seen being IRR, consistent with other antibodies with enhanced ADCC potency. Based on IRRs observed at 10 mg/kg, the Group has decided to proceed with 3 mg/kg as the maximal dose in ongoing trials.

Early signs of efficacy were observed in several patients in this trial. A gastric cancer patient with bone metastases who was refractory to multiple rounds of previous treatments had reduced tumor activity in various sites as determined by PET scanning. This was also accompanied by a 75% reduction in CTCs. This patient maintained stable disease for six months according to CT scan. This activity was seen even at the lowest doses of ARGX-110 of 0.3mg/kg to 1.0mg/kg.

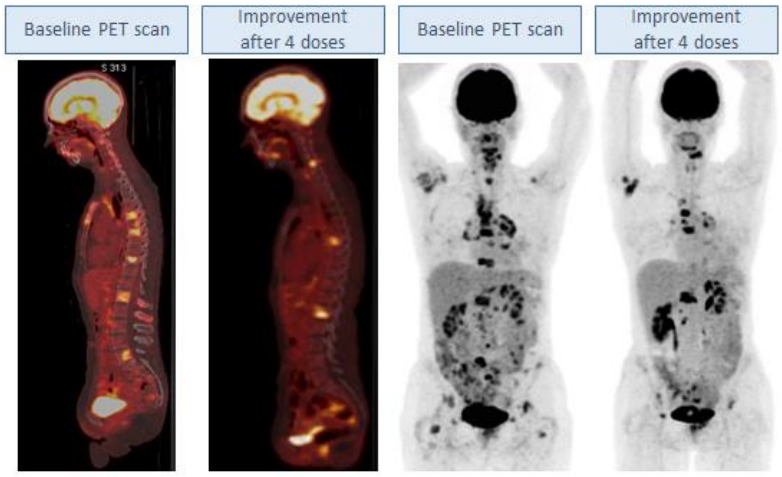


Figure 17. Early signs of efficacy in ARGX-111 Phase 1 trial in a refractory gastric cancer patient.

(*source*: argenx)

A heavily pretreated patient suffering from advanced c-Met amplified renal cancer showed signs of improvement after two cycles of ARGX-111 with reductions in cancer activity as determined by PET scanning. These two cycles of ARGX-111 lead to a 30% reduction in some lymph node lesions. argenx believes that these encouraging, although preliminary, results in patients who have failed multiple other therapies provide support for the potential of ARGX-111 as a novel chemotherapeutic agent.

Similar to ARGX-110 and other antibodies with enhanced ADCC activity, ARGX-111 dosing was also associated with infusion-related reactions. argenx believes that premedication may reduce these IRRs. No patients withdrew from the trial due to an IRR.

PRECLINICAL DATA

ARGX-111 binds to c-Met on the surface of multiple solid and hematological tumors with a potency in the picomolar to low nanomolar range. It directly blocks HGF binding and prevents c-Met activation. Unlike other c-Met antibodies, ARGX-111 does not lead to antibody-induced c-Met dimerization and activation. Consistent with the role of c-Met in cell migration and invasion, ARGX-111 inhibits HGF-induced migration of cells *in vitro*.

ARGX-111 includes the POTELLIGENT® technology to enhance its ADCC activity. The importance of this modification is seen in an in vitro experiment using peripheral blood mononuclear cells isolated from healthy donors and tumor cell lines expressing various levels of c-Met. Regardless of the level of c-Met, ARGX-111 with POTELLIGENT® technology results in at least twice as much ADCC than the same antibody without POTELLIGENT®.

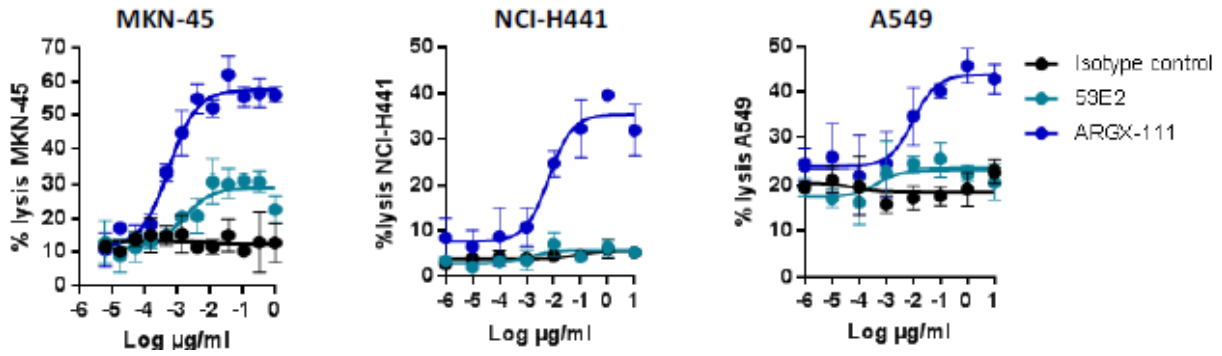


Figure 18. POTELLIGENT® increases ADCC of ARGX-111 regardless of c-Met expression levels. (*source*: argenx)

In a mouse model of mammary carcinoma, ARGX-111 led to the destruction of CTCs in two settings, both when the animals were treated before surgery in the neoadjuvant setting and when the animals were treated after surgery in the adjuvant setting. The elimination of CTCs led to significant reductions in lung metastases, a finding consistent with the previously identified role of CTCs in promoting tumor metastasis (*source*: Uen, 2006). In mouse experiments in both the neoadjuvant and adjuvant settings, the Group observed that ARGX-111 containing the POTELLIGENT® technology was more effective than a similar antibody lacking this ADCC-enhancing technology (referred to as Fc dead).

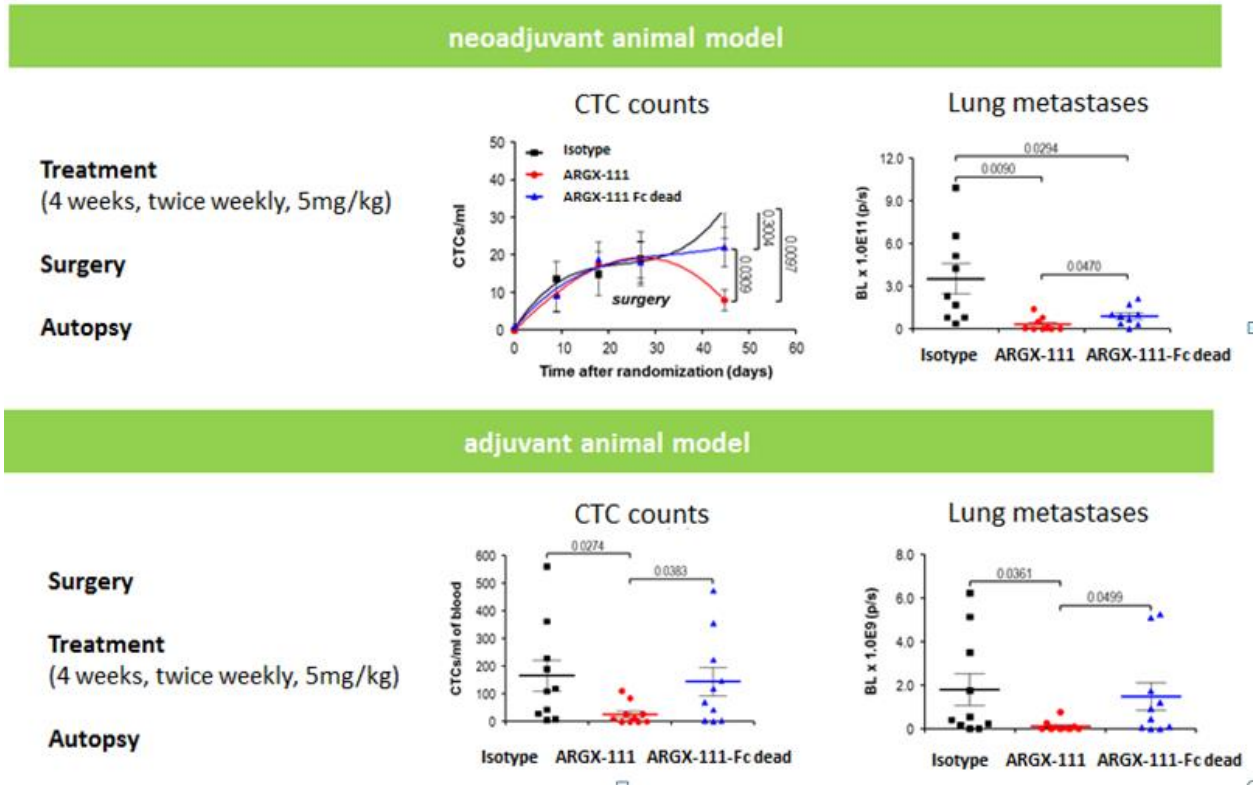


Figure 19. ARGX-111 inhibition of CTCs in a mouse breast cancer model and prevention of metastases. (*source*: argenx)

ARGX-115

ARGX-115 is an antibody product discovered through argenx's SIMPLE Antibody™ technology that blocks GARP or glycoprotein A repetitions predominant, a transmembrane protein containing leucine rich repeats, which is present on the surface of stimulated Treg cells. The Group and its academic collaborators have recently validated GARP as an immuno-oncology target and the Group has built intellectual property surrounding this target.

ROLE OF GARP IN IMMUNE SUPPRESSION

Regulatory T cells are a subset of T cells that function to suppress portions of the immune system, thus preventing autoimmunity. Tregs, however, also can prevent the immune system from recognizing pathogenic cells in diseases such as cancer or chronic infections. Therapeutic agents that can stimulate the immune system to attack cancer cells have recently demonstrated remarkable therapeutic benefit. argenx believes that GARP represents a novel target in immuno-oncology through a mechanism that is complimentary to current approaches that target CTLA4, PD1, or PD-L1.

GARP is a protein found at the surface of Treg cells that binds a potent immunosuppressive cytokine, transforming growth factor beta or TGF-beta, in an inactive state. Binding of inactive TGF-beta by GARP prevents its activation. TGF-beta has multiple roles and is produced by multiple cell types and, while it activates tumor suppressive pathways in cancer, in other cases it can have cytostatic activity (*source*: Cuende, 2015). argenx believes that specific inhibition of TGF-beta production by Treg cells is a better approach to inhibiting TGF-beta's immunosuppressive role than broad inhibition of all TGF-beta activities.

Depletion of Tregs as a general approach to alleviating immune suppression has proven to be difficult due to the lack of an exclusive surface antigen that is not found on other types of T cells. Treatment with CTLA4 antibodies which lead to Treg depletion, for example, can lead to severe autoimmune side effects due to broad stimulation of T-cell function. Anti-GARP antibodies may represent a less toxic approach.

ARGENX'S PRODUCT CANDIDATE – ARGX115

ARGX-115 binds to the complex of TGF-beta and GARP, at a unique patented epitope at the junction of their binding sites. ARGX-115 blocks the release of TGF-beta without leading to Treg cell depletion.

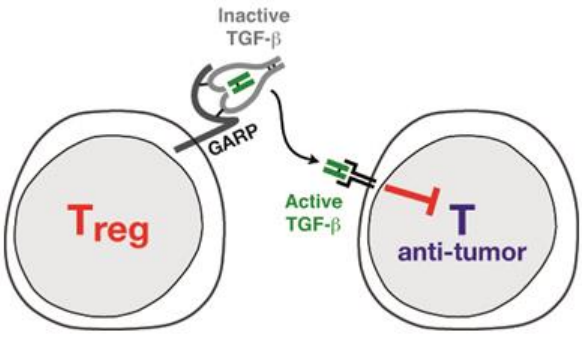


Figure 20. Overview of GARP-TGF-beta interactions. (*source*: argenx)

PRECLINICAL DATA

The ability of ARGX-115 to inhibit Treg function *in vivo* was tested by injecting immuno-incompetent mice with human PBMC cells enriched with human Treg cells. Under control conditions, the human PBMC cells attack the mouse inducing graft versus host disease or GVHD. The addition of Treg cells suppresses the development of GVHD. ARGX-115 is able to block the function of these Treg cells, negating their protective effect on the development of GVHD. No difference in activity was observed between ARGX-115 with and without Fc effector functions, suggesting its primary mode of action relates to the blocking of GARP, rather than the depletion of GARP expressing cells.

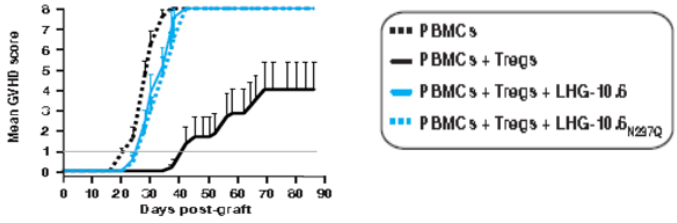


Figure 21. Efficacy of ARGX-115 in a GVHD animal model. (*source*: argenx)

INDUSTRIAL PARTNERSHIPS

The Group's antibody platform has the potential to address more targets than the Group can pursue with its internal resources. The Group has therefore established broad strategic relationships across multiple targets with a limited number of leading pharmaceutical partners. The Group has also chosen to partner specific products with partners with appropriate clinical expertise that complement its internal resources. In the future, argenx intends to focus its partnering activity primarily on specific products based on indication or target.

SHIRE

In 2012, the Group established a broad research industrial partnership and exclusive license option agreement with Shire focused on the creation of novel human therapeutic antibodies to address diverse rare and unmet diseases. The Group has since expanded the scope of this industrial partnership and earned multiple milestones based on its ability to generate these antibodies. The Group's strategic alliance with Shire provides critical external validation of its platform.

BAYER

In 2014, the Group established a research industrial partnership and exclusive license option agreement with Bayer on an undisclosed set of targets.

BIRD ROCK BIO

The Group has licensed gerilimzumab or ARGX-109, a novel IL-6 monoclonal antibody, to Bird Rock Bio for the treatment of autoimmune disorders. In preclinical experiments gerilimzumab has been shown to have highest known potency amongst the anti-IL-6 antibodies. In a Phase 1 trial in healthy

volunteers, gerilimzumab was shown to have an extended blood half-life. The combination of these factors may enable the development of a product that requires smaller or less frequent doses which would have a competitive advantage over current therapies.

LEO PHARMA

The Group has partnered an undisclosed preclinical antibody product with LEO Pharma for development in inflammation-based dermatological indications.

INTRODUCTION

The majority of approved drugs in the pharmaceutical industry consists of small chemical molecules, which are created and produced by synthetic chemistry. During the past few decades biologics, another class of drugs, have emerged and have rapidly grown in importance. Biologics are created and manufactured through biological systems and include vaccines and therapeutic proteins, including therapeutic antibodies.

Antibodies are Y-shaped proteins that are part of the human immune system to protect against pathogens like bacteria and viruses. Two so-called Fab arms in the upper part of the antibody recognize proteins or other molecules on the surface of pathogens via the so-called V (variable) regions. The lower part of the antibody is called Fc and attracts other players of the immune system, which subsequently eliminate antibody-bound pathogens from the body. In addition, the antibody Fc region is also responsible for the long circulation time of antibodies in the human body and the distribution from the circulation into the various tissues.

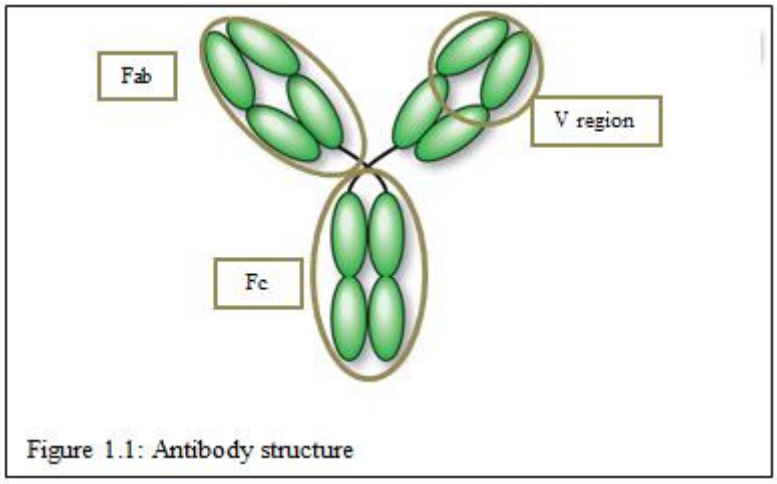


Figure 1.1: Antibody structure

Therapeutic antibodies are designed to prevent or treat diseases in humans. They can exert their therapeutic effect for a given disease target through binding and modulating it through their V-regions, and by subsequently activating the patient's own immune system through their Fc region.

THERAPEUTIC ANTIBODIES HAVE REVOLUTIONIZED THE PHARMACEUTICAL INDUSTRY

Therapeutic antibodies have a number of intrinsic properties which make them suitable drug candidates. They are highly specific for their targets, which is relevant for controlling potential side effects. They are able to modulate their target function and can activate potent cell killing mechanisms, which are part of the patient's own immune system. Finally, they can act as a highly specific carrier of other therapeutic molecules to a specific target. Therapeutic antibodies typically have a longer residence time in the human body as compared to small molecule drugs, allowing for longer lasting efficacy and less frequent dosing (*source:* Imai, 2006). Therapeutic antibodies have a

higher than average clinical success and regulatory approval rate in the range of 18% to 29% versus 11% for small molecule drugs (*sources*: Reichert, 2005; Kola, 2004). Because of their relative size and complexity as compared to small molecule drugs, the manufacturing and development of antibodies pose a high hurdle to generic competition upon patent expiry. The attractiveness of therapeutic antibodies is exemplified by their current contribution to the pharmaceutical industry.

THERAPEUTIC ANTIBODIES ACCOUNT TODAY FOR MORE THAN USD 60 BILLION IN GLOBAL ANNUAL SALES

Therapeutic antibodies span most therapeutic areas, including oncology, inflammation, ophthalmology, infectious disease, cardiovascular and metabolic disease. Five of the top ten selling drugs in 2013 were therapeutic antibodies: Humira®, Remicade®, Rituxan®, Avastin® and Herceptin® (*source*: FiercePharma, 2013), and that position did not change in 2014 (*source:* FirstWord Pharma, 2015). As a result, therapeutic antibodies are recorded to account for more than USD 60 billion in global annual sales in 2013 (*source*: La Merie Publishing, 2013 Sales of Recombinant Therapeutic Antibodies & Proteins, March 15, 2014). A list of therapeutic antibody products with annual sales of USD 1 billion or more in 2013 is shown below.

Product Name	Company	Indication	2013 sales (USD million)	Sales growth vs 2012 (%)
adalimumab Humira®	Abbvie & Eisai	Rheumatoid arthritis et al.	**11,001**	8.5
infliximab Remicade®	Centocor (J&J) & Merck & Mitsubishi Tanabe Pharma	Rheumatoid arthritis et al.	**8,758**	4.2
rituximab Rituxan® / MabThera®	Roche (Genentech/ Chugai) & Biogen-IDEC	Non-Hodgkin's lymphoma (NHL) et al.	**7,909**	11
bevacizumab Avastin®	Roche (Genentech/ Chugai)	Metastatic colorectal cancer; NSCLC	**6,972**	14
trastuzumab Herceptin®	Roche (Genentech/ Chugai)	Her2 positive met. breast cancer et al.	**6,915**	10
ranibizumab Lucentis®	Roche (Genentech) & Novartis	Wet age-related macular degeneration (AMD)	**4,269**	7.4

cetuximab Erbitux®	BMS & Merck Serono	Metastatic colorectal carcinoma and other labels	**1,919**	2.4
Denosumab Prolia®/XGEVA®	Amgen	Osteoporosis/bone metastasis	**1,763**	58
nataluzimab Tysabri®	Biogen Idec	RR multiple sclerosis	**1,763**	6.2
eculizumab Soliris®	Alexion Pharmaceuticals	Paroxysmal nocturnal hemoglobinuria	**1,551**	37
golimumab **Simponi®**	Merck & Co, Janssen % Mitsubishi Tanae Pharma	Rheumatoid arthritis (RA), PsA; AS	**1,518**	N.A.
omaluzimab Xolair®	Roche (Genentech) & Novartis	Severe allergic asthma in adults and adolescents	**1,512**	20
ustekinumab Stelara®	J&J	Moderate to severe psoriasis	**1,504**	46
Tocilizumab **RoActemra/Actemra**	Roche (Chugai)	Rheumatoid arthritis (RA)	**1,180**	32
palivizumab Synagis®	AstraZeneca (MedImmune)	Prophylaxis of RSV infection	**1,060**	2.2

Antibody drugs selling in excess of USD 1 billion annually (*source*: La Merie Publishing, 2013 Sales of Recombinant Therapeutic Antibodies & Proteins)

THE THERAPEUTIC ANTIBODY MARKET IS DYNAMIC AND CONTINUES TO INNOVATE

The first antibodies approved for human therapy in the 1980's were mouse-derived. These non-human antibodies had an unfavorable side effect profile because they elicited a strong, anti-drug immune response in patients. Subsequent innovation resulted in humanized and fully human antibody technologies that minimized side effects due to the immunogenicity of the antibody itself. Today,

innovation focuses on maximizing the therapeutic utility of antibodies by improving their efficacy via variable region engineering and Fc engineering. Examples include the enhancement of antibody mediated cell killing, toxic payload technologies, or bi-specific antibodies. Antibodies engineered to have these properties have started to emerge in the clinical and commercial landscape (*source*: Chan, 2010).

In 2012, Kyowa Hakko Kirin's POTELIGEO® (mogamulizumab) was approved by the Japanese Ministry of Health, Labor and Welfare for the treatment of CCR-4 positive adult T-cell leukemia-lymphoma. In 2013, Roche's Gazyva® (obinutuzumab) was approved by the U.S. Food and Drug Administration for the treatment of chronic lymphocytic leukemia. Both products make use of glyco-engineering to enhance the cell killing properties of these therapeutic antibodies. The Group is making use of such technology for both of its programs ARGX-110 and ARGX-111 and regards these approvals as a clinical and market validation of this Fc engineering approach.

THE GROUP'S POSITION WITHIN THE THERAPEUTIC ANTIBODY MARKET

THE GROUP BELIEVES THAT THE THERAPEUTIC ANTIBODY MARKET HAS UNTAPPED POTENTIAL AND THAT ITS SUITE OF ANTIBODY TECHNOLOGY PLATFORMS IS WELL PLACED TO UNLOCK A PART THEREOF

Established therapeutic antibody technologies, such as inbred mice or synthetic antibody library systems, yield human-like antibodies. Antibodies discovered from phage libraries show limited diversity and the first transgenic mice had incomplete antibody repertoires (*source:* Lee, 2014). The Group believes that its SIMPLE Antibody™ platform, based on DNA immunization and the immune system of llamas, is capable of generating antibodies against a broader range of disease targets, including complex, highly conserved and poorly immunogenic targets, due to its higher variable (V) region diversity.

The SIMPLE Antibody™ platform utilizes the immune system of the llama. This immune system has a number of characteristics which make it particularly suited for therapeutic antibody discovery: (i) V-regions of llama and human antibodies are highly similar and (ii) other relevant biology, such as disease targets, differs substantially between human and llama (*source*: Odbileg, 2005). Based on these characteristics llamas elicit a strong and diverse antibody response against human disease targets, and these high affinity antibodies are very suitable for human therapeutic use (*source*: Hultberg, 2014). The SIMPLE Antibody™ platform makes use of outbred llamas, further enhancing the diversity of generated antibody V-regions as each outbred llama generates a unique, individual immune response.

To the Group's knowledge, llamas (and by extension all other camelids) are the only species with these features in their antibody repertoire, and the Group believes it is well-placed to exploit such antibodies for therapeutic use. The Group believes there is a sub-set of disease targets which have a strong biological rationale, but which prove to be intractable using established antibody platform technologies. In addition, the Group believes there is an unmet need for antibody discovery platforms with the ability to address novel disease targets. Antibody discovery for novel disease targets often faces issues including lack of proper immunization tools, lack of lead choice or lack of antibody cross-reactivity with the rodent version of the target, required to access preclinical animal models studying

safety and efficacy. The Group believes its SIMPLE Antibody™ platform can tackle these issues. Therefore, the Group focusses on intractable and novel targets.

Fc engineering offers additional potential to improve the efficacy and efficiency of therapeutic antibodies. Modulating the interaction of therapeutic antibodies with the immune system has proven potential in boosting their therapeutic effects. In addition, Fc engineering can modulate the antibody's residence time and distribution in the human body, resulting in more favorable product dosing schedules and treatment costs (*source*: Chan, 2010).

By combining the V-region diversity of the SIMPLE Antibody™ platform with its Fc engineering technologies, the Group believes it is well positioned to create differentiated, next generation therapeutic antibodies combining different modes of action in one and the same drug candidate.

THE GROUP'S PROPRIETARY THERAPEUTIC ANTIBODY PROGRAMS FOCUS ON ONCOLOGY AND SEVERE AUTOIMMUNE DISEASES

Oncology and severe autoimmune diseases are highly amenable to antibody therapy and represent a large and growing market opportunity (see table above).

Cancer is a broad group of diseases in which cells divide and grow in an uncontrolled fashion, forming malignancies that can invade other parts of the body. In normal tissues, the rates of new cell growth and cell death are tightly regulated and kept in balance. In cancerous tissues, this balance is disrupted as a result of mutations, causing unregulated cell growth that leads to tumor formation and growth. While tumors can grow slowly or rapidly, the dividing cells will nevertheless accumulate and the normal organization of the tissue will become disrupted. Cancers subsequently can spread throughout the body by processes known as invasion and metastasis. Once cancer spreads to sites beyond the primary tumor, it may be incurable. Cancer cells that arise in the lymphatic system and bone marrow are referred to as hematological malignancies. Cancer cells that arise in other tissues or organs are referred to as solid tumors. Cancer can arise in virtually any part of the body, with the most common types arising in the prostate gland, breast, lung, colon and skin. Cancer is the leading cause of death in economically developed countries and the second leading cause of death in developing countries. (*source*: Jemal, 2011). As a result of scientific advances, oncology is a therapeutic area where targeted therapies, such as antibodies, are being pioneered. Several of the top selling therapeutic antibodies target cancer, including Rituxan® (USD 7.9 billion sales in 2013), Avastin® (USD 7.0 billion sales in 2013) and Herceptin® (USD 6.9 billion sales in 2013) (*source*: La Merie Publishing, 2013 Sales of Recombinant Therapeutic Antibodies & Proteins, March 15, 2014). Recently, immunomodulation of cancer using therapeutic antibodies against immune checkpoint targets such as Yervoy® (targeting CTLA-4), Opdivo® and Keytruda® (targeting PD-1) has shown strong clinical promise. As a result, immunotherapy is believed to become the treatment backbone in up to 60% of cancers over the next 10 years (*source:* Immunotherapy – The Beginning of the End for Cancer. Citi Research, Andrew S. Baum, 22 May 2013). The Group believes that several of its proprietary programs including ARGX-110, which targets CD70, and the GARP discovery program, have development potential in this area, since these are pursuing novel immunomodulation targets. The Group believes that ARGX-111 represents a distinct and differentiated approach to targeting c-Met, a complex target involved in several of the major solid tumors.

Autoimmune diseases involve self-tissue destruction by T-cells and antibodies due to a lack of self-tolerance. The incidence of autoimmune diseases is increasing. Antibody therapy is used in several of these diseases, including rheumatoid arthritis, multiple sclerosis, and systemic lupus erythematosus. Yet many more severe autoimmune conditions, including Sjögren's syndrome, chronic inflammatory demyelinating polyradiculoneuropathy, multifocal motor neuropathy, Guillain-Barré Syndrome, myasthenia gravis, and pemphigus, remain underserved and the number of affected patients is steadily rising. Collectively, autoimmune diseases afflict an estimated 7.6 to 9.4 percent of the population (*source*: Cooper, 2009). Established antibody therapies in the autoimmune space include Humira® (USD 11 billion sales in 2013), Remicade®, (USD 8.8 billion sales in 2013) and Tysabri® (USD 1.8 billion sales in 2013) (*source*: La Merie Publishing, 2013 Sales of Recombinant Therapeutic Antibodies & Proteins, March 15, 2014). The Group believes that its proprietary programs ARGX-110 and ARGX-113 offer distinct and differentiated modes of action in the management of severe autoimmune disease.

Next to the large clinical indications, oncology and severe autoimmune diseases also comprise multiple orphan indications. The Group believes those to be particularly attractive owing to manageable clinical trial sizes and required financial investments, potentially shorter product development timelines and sustained product pricing potential following approval.

While the Group focuses on oncology and severe autoimmune diseases for its proprietary therapeutic programs, its collaborative and partnered antibody discovery efforts span diverse therapeutic areas, including diseases of the central nervous system and metabolic diseases, underscoring the broad applicability of its technologies.

RISK MANAGEMENT

The Group is subject to several risks and uncertainties relating to its business. Whereas in the 2014 annual report the Group opted to disclose a more detailed overview of the risks the Group was facing, in line with market trends and recommendations from the Dutch Counsel for Annual Reporting (*Raad voor de Jaarverslaggeving, to be found at www.rjnet.nl*), this annual report focusses on the key risks and uncertainties instead of providing a complete overview. For the avoidance of doubt, this does not mean that the risks which were previously signaled and are not described here are no longer relevant. This risk management section provides an overview of some of the main risks and uncertainties the Group currently faces. Some of these risks and uncertainties are outside the control of the Group, others may be influenced or mitigated. The Group is, with regard to certain of these risks, in the process of issuing and implementing risk management procedures and protocols. As a general remark, it should be noted that most of these procedures and protocols are still in draft form or in an early test phase. Therefore, no statements on their adequacy can be made at this point, other than that the process of their implementation and improvement are an ongoing effort for the Group.

Risk related to	Risk area	Expected impact upon materialisation	Mitigation
REGULATORY ENVIRONMENT	Nearly all aspects of the Group's activities are subject to substantial regulation.	Failure to comply with such regulations could result in delays, suspension, refusals and withdrawal of approvals as well as fines.	• The Group has initiated the establishment of a Quality Management System to ensure compliance with current Good Laboratory Practices (cGLP), current Good Manufacturing Practices (cGMP), and current Good Clinical Practices (cGCP). • The Group endeavours to stay abreast of changes to legislation and to ensure compliance.
	The Group is subject to insider trading risks and potential violations of financial supervision laws due to unauthorized sharing of price sensitive information.	In the event that any person involved with the Group is (alleged of being) involved in insider trading, this might cause significant reputational damage to the Group.	• The Group has implemented an insider trading policy and has initiated the implementation of protocols for the safeguarding of price sensitive information.
	The Group's employees, principal investigators, consultants and collaborative partners may engage in	If any actions for violation of regulatory standards are instituted against the Group, and the Group is not successful in defending	• The Group has initiated the process of implementing specific guidelines and procedures and internal control mechanisms to

	misconduct or other improper activities, including non-compliance with regulatory standards.	itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of significant fines or other sanctions, and its reputation.	mitigate the risks of this non-compliance with regulatory standards. This is an ongoing process and has the full attention of the senior management of the Group.
BUSINESS	Biopharmaceutical product development is a high risk undertaking and involves a substantial degree of uncertainty.	The Group's therapeutic product candidates may suffer from insufficient safety and/or efficacy profiles to enable their development, registration and commercialization.	• The Group has 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 its own proprietary product pipeline. • For each individual, proprietary program the Group has identified key risks and ways to manage these risks. • The Group continues to create novel, differentiated product candidates from its proprietary technology platforms which constantly feed its product pipeline.
	Scientific fraud	Many key business decisions made by the Group rely on scientific data. Incorrect or fraud data may lead to wrong business decisions affecting the Group's overall success.	• The Group's R&D personnel is highly qualified and routinely reviews raw scientific data in the form of lab journals, scientific reports and peer reviewed publications. The Chief Scientific Officer has a responsibility to maintain the highest scientific standard for the Group's R&D activities.
	Growth may place significant demands on the Group's management and resources.	If the Group is unable to attract necessary additional qualified employees in a sufficient number and in a timely manner, this may have a material adverse effect on the Group's business, results of	• The Group is actively recruiting talent on an international basis and is actively making use of experienced interim management to fill certain positions in the short-term.

		operations or financial condition.	
	The Group or any of its collaborative partners could become subject to product liability lawsuits.	If any product liability lawsuits are successfully brought against the Group or any of its collaborators, the Group may incur substantial liabilities and may be required to limit commercialization of its product candidates.	• The Group currently maintains product liability insurance for its on-going clinical trials and other coverage required under applicable laws. In the future, the Group might seek additional product liability insurance (*i.e.* for commercially marketed products) if it is economical to do so, given the level of premiums and the risk and magnitude of potential liability.
FINANCE	The Group depends largely on equity financing and financing through third party collaboration agreements and government subsidies.	Volatility of the Group's share price, failure to deliver under collaboration agreements and/or the re-evaluation or withdrawal of government subsidies may have a negative impact on the Company's ability to obtain future financing.	• Due to the unpredictability of the Group's business, the Group strives to maintain a solid cash position at any point in time. The Group also aims to actively develop a shareholder base which consists mainly of long term, expert investors. • The Group has several third party collaborations in place as well as multiple government grants in order to diversify its non-dilutive income base.
	The Group is exposed to different kinds of financial risks, including currency exposures and changes in interest rates.	Unfavorable exchange rate developments and historically low interest rates may impact the financial income of the Group.	• The Group is in the process of establishing and implementing guidelines for the identification and analysis of risks faced and to set appropriate limits and adhere thereto, but this process is still in an early phase.
DEPENDENCE ON THIRD PARTIES AND KEY PERSONNEL	The Group relies upon third-party contractors and service providers for the execution of most aspects of its	Failure of third parties to provide services of a suitable quality and within acceptable timeframes may cause the delay or failure of	• Third party contractor selection and management is subject to the Group's quality management system.

	preclinical and clinical development programs.	the Group's development programs.	Customary contractual agreements are put in place to protect the Group from under-performance. The Group is typically spreading operational risks over various service providers. • Project management belongs to the core competences of the Group.
	The Group is subject to competition for its skilled personnel and is dependent on its current management team.	Challenges in identifying and retaining key personnel could impair the Group's ability to conduct and grow its operations effectively.	• The Group offers competitive remuneration packages and share based incentives in the form of its employee stock option plan. The Group performs periodical benchmark analyses to ensure the competitiveness of the remuneration offered in relation to other (peer group) companies.
INTELLECTUAL PROPERTY	The Group is highly dependent on its portfolio of patents and other intellectual property, proprietary information and knowhow and its ability to protect and enforce these assets. The Group is subject to the risk of infringing third party intellectual property rights.	Inadequate intellectual property protection or enforcement may impede the Group's ability to compete effectively. If the Group is not able to prevent disclosure of its trade secrets, know-how or other proprietary information, the value of its technology and product candidates could be significantly diminished. Intellectual property rights conflicts may result in costly litigation and could result in the Group having to pay substantial damages or limit the Group's ability to commercialize its product candidates.	• The Group files and prosecutes patent applications to protect its products and technologies. It is doing this in close collaboration with leading expert firms in the field of intellectual property protection. In order to protect trade secrets, the Group maintains strict confidentiality standards and agreements for collaborating parties. • The Group regularly monitors third party intellectual property rights within our relevant fields to avoid violating any third-party rights and secures licenses to such third party rights on a need-to basis.

CORPORATE GOVERNANCE

The Company is the parent company of five wholly owned subsidiaries: four Dutch limited liability companies: argenx 110 B.V., argenx 111 B.V., argenx 113 B.V., argenx 115 B.V. and one Belgian limited liability company, argenx BVBA. The subsidiaries of the Company, other than argenx 115 B.V., were all renamed to reflect the Company's new tradename argenx (formerly arGEN-X). argenx 115 B.V. was incorporated in 2015. The Group operates all its research and development activities out of the Belgian subsidiary argenx BVBA. The Company's principal executive offices are located at Willemstraat 5, 4811 AH Breda, the Netherlands.

The Company started as a private company with limited liability and was, prior to the completion of the IPO, converted to a Dutch public company (*naamloze vennootschap*). The Shares in the Company began trading on the EURONEXT Brussels exchange on July 10, 2014, under the symbol "ARGX".

This section contains inter alia a description of the Board of the Company and its composition, powers and responsibility including the several subcommittees of the Board, followed by a summary of the Company's shareholder structure and the main powers of the general meeting and finally a description of the Company's corporate governance structure.

THE BOARD

The Company operates in a one-tier board structure. The Board on December 31, 2015 consists of two executive directors (the ***Executive Directors***) and six non-executive directors (the ***Non-Executive Directors***, and together with the Executive Directors, the ***Directors***). Set out below is a summary of certain provisions of Dutch corporate law as at the date of this annual report, as well as relevant information concerning the Board and certain provisions of the articles of association of the Company (the ***Articles***) and the by-laws of the Board (the ***Board By-Laws***).
This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the relevant provisions of Dutch law as in force on the date of this annual report and the Articles and the Board By-Laws. The Articles are available in the governing Dutch language and an unofficial English translation thereof, and the Board By-laws are available in English, on the Company's website.

POWERS, RESPONSIBILITIES AND FUNCTION

Under Dutch law, the Board is collectively responsible for the Company's general affairs. Pursuant to the Articles, the Board shall divide its duties among its members, with the Company's day-to-day management entrusted to the Executive Directors. The Non-Executive Directors supervise the management of the Executive Directors and the general affairs in the Company and the business connected with it and provide the Executive Directors with advice. In addition, both the Executive Directors and the Non-Executive Directors must perform such duties as are assigned to them pursuant to the Articles. The division of tasks within the Board is determined (and amended, if necessary) by

the Board. Each Director has a duty to properly perform the duties assigned to him or her and to act in the corporate interest of the Company. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees, and other stakeholders.
An Executive Director may not be allocated the tasks of: (i) serving as chairman of the Board, (ii) determining the remuneration of the Executive Directors; or (iii) nominating Directors for appointment. An Executive Director may not participate in the adoption of resolutions (including any deliberations in respect of such resolutions) relating to the remuneration of Executive Directors. Certain resolutions of the Board can only be adopted with the consent of a majority of the Non-Executive Directors. Please see "*Board resolutions requiring a special majority*".

Tasks that have not been specifically allocated fall within the power of the Board as a whole. All Directors remain collectively responsible for proper management regardless of the allocation of tasks.

The Executive Directors and the Non-Executive Directors may adopt legally valid resolutions with regard to matters that fall within the scope of their respective duties. The Board may only adopt resolutions when the majority of the relevant Directors in office shall be present or represented, with a simple voting majority of the votes cast, which is 50 % plus one.

The Board as a whole is authorized to represent the Company. In addition, two Executive Directors acting jointly are also authorized to represent the Company.

ISSUANCE OF SHARES AND PURCHASE OF OWN SHARES

Pursuant to the Articles, the General Meeting is authorized to resolve to issue shares unless such authorization has been granted to the Board. The General Meeting has, on 13 May 2015, resolved to authorize the Board to designate the Board as the corporate body competent (i) to issue Shares and grant rights to subscribe for Shares at any time during a period of 18 months from 13 May 2015 up to a maximum of 20% of the issued share capital of the Company, to be calculated against the amount of issued share capital on 13 May 2015 and (ii) to limit or exclude pre-emptive rights in connection therewith.
Furthermore the General Meeting has resolved on 13 May 2015 to designate the Board as the corporate body competent to issue Shares pursuant to the exercise of options granted under the argenx Employee Stock Option Plan, for a period of 18 months from 13 May 2015.

With regard to the issuance of Shares up to a maximum of 20% of the issued share capital of the Company as set out above, and with regard to the issuance of Shares pursuant to the argenx Employee Stock Option Plan, the General Meeting has resolved on 13 May 2015 to authorize the Board to exclude any pre-emptive rights with regard to such issuance.

COMPOSITION, APPOINTMENT, TERM OF APPOINTMENT AND DISMISSAL

The Articles provide that the Board shall consist of both Executive Directors 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 the Board. The General Meeting appoints the members of the Board. For each seat on the Board to be filled, the Board shall make one or more proposals.
A resolution to appoint a member of the Board nominated by the Board may be adopted by a simple majority of the votes cast. A nomination for appointment of an 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 a member of the Board. 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 positions he or she holds, or has held, insofar as these are relevant for the performance of the duties of a member of the Board. 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.

A resolution of the General Meeting to appoint a member of the Board other than in accordance with a nomination of the Board shall require a majority of at least two-thirds of the votes cast if less than one-half of the Company's issued capital is represented at the meeting.

The General Meeting will appoint a Director either as an Executive Director or as a Non-Executive Director. The Board designates one of the Executive Directors as chief executive officer and one of the Executive Directors as chief financial officer. In addition, the Board may grant other titles to Executive Directors. The Board designates a Non-Executive Director as chairman of the Board. The legal relationship between a member of the Board and the Company will not be considered an employment agreement. Employment agreements between an Executive Director and a group company (other than the Company) are possible. In the absence of an employment agreement, members of the Board generally do not enjoy the same protection as employees under Dutch labour law.

Pursuant to the Articles, a member of the Board shall 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 the Board may be re-appointed. Non-Executive Directors may be appointed for no more than three four-year terms.

The General Meeting has the authority to suspend or remove members of the Board at any time, with or without cause, by means of a resolution passed by a simple majority of the votes cast. Executive Directors may also be suspended by the Board. A suspension by the Board may be discontinued by the General Meeting at any time. Any suspension may be extended one or more times but may not last longer than three months in the aggregate.

DECISION-MAKING AND APPROVALS

On 9 July 2014, the Board has adopted the Board By-Laws that describe, inter alia, the procedure for holding meetings of the Board, for the decision-making by the Board, and the Board's operating procedures.
Under the Board By-Laws, the members of the Board must endeavor, insofar as is possible, to ensure that resolutions are adopted unanimously. Where unanimity cannot be achieved and Dutch law, the

Articles or the Board By-Laws do not prescribe a larger majority, all resolutions of the Board must be adopted by a simple majority of the votes cast in a meeting at which at least a majority of the members of the Board then in office are present or represented.

Resolutions of the Board can also be adopted without holding a meeting, provided that the relevant proposal has been submitted to all Board members then in office and none of them has objected to the manner of adopting resolutions.

BOARD RESOLUTIONS REQUIRING A SPECIAL MAJORITY

Under the Articles and the Board By-Laws, the following Board resolutions can only be taken with the consent of the majority of the Non-Executive Directors:

- Any proposal of the Board to the General Meeting of Shareholders with respect to the matters set-out in article 17 paragraph 1 of the Articles (which describes material resolutions with a potentially large impact on the (structure of) the Company and/or the Group);
- Any proposal of the Board to the General Meeting with respect to the dissolution, liquidation or winding up of the Company;
- Any proposal of the Board to the General Meeting with respect to an amendment of the Articles;
- Any proposal of the Board to the General Meeting with respect to an issue of Shares in the Company or to grant rights to subscribe for Shares in the Company or to designate the Board as the corporate body authorized to do so as well as a resolution of the board of directors to issue Shares or to grant rights to subscribe for Shares;
- Any proposal of the Board to the General Meeting with respect to the exclusion or restrictions of pre-emptive rights to subscribe for Shares or to rights to subscribe for Shares or to designate the board of directors as the corporate body authorized to do so as well as a resolution of the Board to restrict or exclude pre-emptive rights;
- Acquisition of own Shares;
- Any proposal of the Board to the General Meeting with respect to a reduction of share capital;
- Changing the accounting policies;
- Adoption of as well as any changes to the Company's reserves and dividends policy, the determination of the amount of profit to be reserved in any financial year as referred to in the first sentence of article 26, paragraph 2 of the Articles, as well as any proposal of the Board to the General Meeting for the payment of any dividends, including an interim distribution as referred to in the first sentence of article 26, paragraph 7 of the Articles, or any distribution out of the reserves of the Company;

- Adoption of the annual budget for the Company and the Group, which shall include an investment plan and a financing plan, as well as any update or other change to the adopted annual budget;

- Otherwise than in accordance with the adopted annual budget, subscribe or otherwise acquire, or dispose of securities in the capital of other companies, or establish any new branch or subsidiary of the Company as well as dissolve, liquidate, wind-up any such branch or subsidiary of the Company;

- Otherwise than in accordance with the adopted annual budget, incur any debt, issue any guarantees, make any loan or advances or give any credit;

- Otherwise than in accordance with the adopted annual budget, the assignment or other sale of patents or other intellectual property of the Company other than the grant of non-exclusive licenses in the ordinary course of business;

- Expenses, investments and divestments other than in accordance with the adopted annual budget;

- Dispose of or acquire any asset (including intellectual property rights) other than in accordance with the approved annual budget;

- Adoption and amendment of an employee stock option plan as well as the increase of the number of Shares, or to whom stock options can be granted and the conditions of the stock options under any existing employee stock incentive plan;

- Establishing pension plans and granting pension rights in excess of those arising from existing arrangements;

- Hiring and determining terms of employment, or changing any existing terms of employment, of key personnel, senior company officers or any other personnel with a gross salary (including bonus but excluding options) in excess of EUR 150,000 (in words: one hundred and fifty thousand euro) per year;

- Conduct any litigation on behalf of the Company other than in relation to the collection of debts, and taking measures which cannot be delayed, and making settlements;

- Directly or indirectly enter into any agreements, contracts or arrangements which are not of an at arm's length nature and the entering into an arrangement or agreement with (including, without limitation, an individual related to) a Shareholder, Executive Director or Non-Executive Director; and

- Changing the business location of the Company.

The Board may designate further resolutions which also require the consenting vote of a majority of the Non-Executive Directors. These further resolutions must be clearly specified and laid down in writing.

Board resolutions entailing a significant change in the identity or character of the Company or its business require the approval of the General Meeting. This includes in any case: (i) the transfer to a third party of the business of the Company or practically the entire business of the Company; (ii) the entry into or breaking off of any long-term cooperation of the Company or a subsidiary with another legal entity or company or as a fully liable partner of a general partnership or limited partnership, where such entry or breaking off is of far-reaching importance to the Company; or (iii) the acquisition or disposal by the Company or a subsidiary of an interest in the capital of a company with a value of at least one/third of the Company's assets according to the consolidated balance sheet with explanatory notes included in the last adopted annual accounts of the Company. Failure to obtain the approval of the General Meeting for these Board resolutions does not affect the power of representation of the Board.

CURRENT COMPOSITION OF THE BOARD

The Board is currently composed of the following members:

Name	Age	Position	Nationality	Date of Appointment	Term expiration
Tim Van Hauwermeiren	44	Executive Director (CEO)	BE	July 9, 2014	2018
Eric Castaldi	51	Executive Director (CFO)	F	July 9, 2014	2018
Peter Verhaeghe	57	Non-Executive Director	BE	July 9, 2014	2018
Christina Takke	46	Non-Executive Director	NL	July 9,2014	2018
John de Koning	47	Non-Executive Director	NL	July 9, 2014	2018
David Lacey	63	Non-Executive Director	U.S.	July 9, 2014	2018
Werner Lanthaler	47	Non-Executive Director	DE	July 9, 2014	2018
Don deBethizy	65	Non-executive Director	U.S.	13 May 2015	2019

Mr. Bruno Montanari, Mr. Harrold van Barlingen and Mr. Michael B. Sheffery have resigned as Non-Executive Directors in 2015, which is in line with the Company's aim to gradually replace all of its originally investor appointed Non-executive Directors with independent industry professionals, in accordance with the requirements of the Dutch Corporate Governance Code.

It should be noted that John de Koning does not meet the independence criteria contained in the Dutch Corporate Governance Code.

The business address of each member of the Board is the registered office of the Company, being Willemstraat 5, 4811 AH, Breda, the Netherlands.

BIOGRAPHICAL DETAILS OF THE MEMBERS OF THE BOARD

Tim Van Hauwermeiren (Executive Director and chief executive officer)

Tim Van Hauwermeiren is co-founder and CEO of the Company. He has more than 20 years of general management and business development experience across the life sciences and fast moving consumer goods sectors. At the Company and Ablynx jointly he was involved in raising approximately EUR 250 million, including two successful Euronext IPOs, and in the deal making and alliance management with leading pharma companies including P&G Pharmaceutical Inc., Novartis AG, Wyeth Pharmaceuticals Inc., Boehringer Ingelheim, Merck Serono Ltd, Lilly, Shire, Bayer and LEO Pharma. Prior to joining the life sciences sector in 2003, he held various management positions with the Procter & Gamble Company in R&D and Business Development, where he conceived and developed several new products. Among those was a PUR® drinking water innovation which won the United Nations ICC World Business Award in 2004. Tim Van Hauwermeiren holds a Master of Science in Bio-engineering from the University of Gent (Belgium) and received general management training at INSEAD (F) and The Vlerick School of Management (Executive MBA, Belgium).

Eric Castaldi (Executive Director and chief financial officer)

Eric Castaldi has 28 years of international financial executive management experience, including 19 years in the bio-pharmaceutical industry. Before joining argenx, Eric Castaldi was chief financial officer from 1998 to 2013 at Nicox SA, a Euronext listed Biotech company. At Nicox SA, he was a member of the Executive committee and participated in all the financings of the company since its IPO in November 1999. From 2008 to 2012 he also served as non-executive board member and chairman of the audit committee of Hybrigenics Services SAS a French biopharmaceutical company specialized in oncology and listed on Euronext. Prior to this he was chief financial officer and member of the executive committee at Safety Kleen SA, a U.S. based environmental waste company, where he was responsible for operations in France and Belgium. From 1989 through 1997, he was chief financial officer in charge of French and German operations and member of the executive committee, at My Kinda Town plc, a European leisure company. During that period, he was involved in the May 1994 flotation of that company on the London Stock Exchange. From 1986 through 1989, he was employed as financial analyst at the Research and Development Centre, located in Sophia Antipolis, of Cordis Corporation, a U.S.-based company specialized in bio-surgical instrumentation. He graduated in Finance, Accountancy and Administration from the University of Nice in 1986.

Peter Verhaeghe (Non-Executive Director and chairman)

Peter Verhaeghe earned his degree in Law from the University of Leuven in 1981, where he graduated magna cum laude. From 1981 to 1983, he was an assistant professor of tax law at the University of Leuven. He earned his LL.M. at Harvard Law School in 1984. He is the managing partner of the corporate finance law and tax law firm VVGB Advocaten - Avocats. He specializes in mergers and acquisitions and corporate finance transactions, with special emphasis on corporate tax, corporate finance and banking law issues. Currently, he is president of the board of directors of Merisant France SAS, a member of the management board of Merisant Company 2 sàrl and a member of the board of CzechPak Manufacturing s.r.o. In the last five years he was the chairman of PharmaNeuroBoost NV,

member of the board of Biocartis SA, member of the board of Fujirebio Europe NV (formerly Innogenetics NV), member of the board of KBC Private Equity Biotech NV and subsequently liquidator in charge of KBC Private Equity Biotech NV. He is currently lead counsel to a number of Belgian, Dutch and Swiss biotech and diagnostics companies.

Christina Takke (Non-Executive Director)

Christina Takke is co-founder and Managing Director of V-Bio Ventures. Before launching V-Bio Ventures, Christina was a partner at Forbion Capital Partners (previously ABN AMRO Capital) were she led and managed a series of successful investments in biopharmaceutical and pharmaceutical companies. She holds a PhD in Developmental Biology, which she obtained under the supervision of Prof. Dr. Campos-Ortega at the Institute of Development Biology at the University of Cologne, Germany. After her studies, she worked with biotech start-up companies at Bio-gen-tec-NRW in Cologne, a regional development organization for the biotechnology industry. In this position, she evaluated business proposals and assisted the young biotech companies in the fundraising process. Christina currently serves on the supervisory board of Confo therapeutics NV. In the past, Christina has served on the boards of numerous life sciences companies including Amakem NV, Ophthakem NV, Pieris Pharmaceutical Inc (formerly Pieris AG), Bioceros B.V., Simibio B.V. and Glycart AG (board observer).

John de Koning (Non-Executive Director)

John de Koning is a partner at LSP (Life Sciences Partners), one of Europe's leading investors in the healthcare sector. In addition to argenx, John de Koning serves on the supervisory board of Merus B.V. Previously, he also served on the supervisory board of BMEYE B.V. (acquired by Edwards Lifesciences Corp.), Prosensa Holding N.V. (acquired by BioMarin Pharmaceutical Inc.), and Skyline Diagnostics B.V., and as a Non-Executive director on the boards of Pronota NV (now MyCartis NV) and Innovative Biosensors Inc. Prior to joining LSP in 2006, Dr. De Koning was the Managing Director of Semaia Pharmaceuticals (acquired by Hybrigenics Services SA), a company targeting the development of innovative drugs for various types of cancers and for diabetes. Previously, he was a senior researcher within several prestigious medical research labs and worked with, among others, Prof Hans Clevers, Prof Bob Löwenberg, and Prof Allan Balmain. Dr. de Koning has a Master's degree in Medical Biology from the University of Utrecht and a PhD in Oncology from the Erasmus University Rotterdam. After obtaining his PhD, he received a prestigious fellowship from the Dutch Cancer Society to work at the UCSF Helen Diller Family Comprehensive Cancer Center in San Francisco. His results were published in numerous leading scientific journals, including Nature Genetics.

David Lacey (Non-Executive Director)

David Lacey received both his undergraduate and medical degrees from the University of Colorado and has his board certification in anatomic pathology. He was on the faculty at Washington University in St. Louis, MI, USA following the completion of his training. He joined Amgen in 1994 where during the last five years of his tenure he assumed the head of Discovery Research (> 1200 FTEs). At any given time there were over 100 actively managed preclinical projects across four therapeutic areas: hematology/oncology, inflammation, metabolic disorders, and neuroscience. Scientifically, he played a fundamental role in the discovery of the OPG/RANKL/RANK pathway at Amgen which led to the

development of the anti-RANKL human mAb denosumab, a blockbuster for both osteoporosis (Prolia) and cancer-related bone diseases (XGEVA). Denosumab has received a number of awards including the U.S. 2011 Prix Galien award for best new biotechnology product and the 2010 Scrip award for best new drug. Following his retirement in 2011, he has continued to be active in the biopharmaceutical industry. His current activities include advising academic institutions, biotechnology companies and venture capital firms. In addition to argenx, he is a non-executive director of Inbiomotion SL.

Werner Lanthaler (Non-Executive Director)

Werner Lanthaler is currently chief executive officer of Evotec AG (Frankfurt Stock Exchange: EVT), a role he took in March 2009. Under his leadership Evotec AG has become one of the leading drug discovery research organizations globally. Before that, he spent nine years as chief financial officer at Intercell AG (2000-2009). During his tenure, Intercell developed from a venture-backed biotechnology company into a global vaccine and antibody player. Dr. Lanthaler played a pivotal role in many of the company's major corporate milestones including the product approval of Intercell AG's Japanese Encephalitis Vaccine, the company's acquisitions and strategic pharma partnerships, as well as the company's initial public offering in 2005. From 1998 to 2000, Werner Lanthaler served as director of the Federation of Austrian Industry, and from 1995 to 1998 as senior management consultant at the consulting firm McKinsey & Company. He holds a doctorate in Business Administration from Vienna University of Economics and Business, earned a Master's degree from Harvard University, and holds a degree in Psychology. In recent years Dr. Lanthaler served on the supervisory boards of Bioxell SpA and Pantec Biosolutions AG.

Don deBethizy (Non-Executive Director)

J. Donald (Don) deBethizy has 30 years of experience in research and development, financial, business and operating management in the biotechnology and consumer products industry. Don is currently President of White City Consulting ApS in Denmark. He served as President and CEO of Santaris Pharma A/S, Denmark and US until September 2014 when the company was sold to Roche. He served as Executive Chairman of the Danish biotech Contera Pharma until it was sold to Bukwang Pharma in November 2014. Don was co-founder and CEO (for 12 years) of Targacept, Inc., a public U.S. biotechnology company listed on NASDAQ. He currently serves on the supervisory boards of Newron Pharmaceuticals SPA (NWRN.SW), Serendex Pharmaceuticals A/S (SENDEX:NO), Noxxon Pharma AG and Rigontec GmbH. In recent years, he served on the supervisory boards of LigoCyte Pharmaceuticals Inc., Enbiotix and Biosource Inc. He holds MS and PhD degrees in toxicology from Utah State University and a BS in biology from the University of Maryland. He completed a postdoctoral fellowship at the Chemical Industry Institute of Toxicology at Research Triangle Park, NC, and is a Diplomat of the American Board of Toxicology. Don has held adjunct appointments at Wake Forest University Babcock School of Management, Wake Forest University School of Medicine and Duke University.

Mr. Bruno Montanari, Mr. Harrold van Barlingen and Mr. Michael B. Sheffery have resigned from the Board in 2015 which is in line with the company's aim to gradually replace all of its originally investor appointed Non-Executive Directors with independent industry professionals, in accordance with the requirements of the Dutch Corporate Governance Code.

OTHER INFORMATION RELATING TO MEMBERS OF THE BOARD

On December 31, 2015, none of the current or to be appointed members of the Board has, in the previous five years:

- been convicted of any fraudulent offenses;
- as a member of the administrative, management or supervisory body at any company, or as partner, founder or senior manager at any company, been associated with any bankruptcy, receivership or liquidation of such company (with the exception of Peter Verhaeghe (see below *"Peter Verhaeghe – PharmaNeuroBoost NV"* and "Peter Verhaeghe – KBC Private Equity Fund Biotech NV") and John de Koning (see below "*John de Koning – Skyline Diagnostics B.V.*"));
- been subject to any official public incriminations and/or sanctions by any statutory or regulatory authority (including any designated professional body); or
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Peter Verhaeghe – PharmaNeuroBoost NV

Peter Verhaeghe was chairman of the board of directors of PharmaNeuroBoost NV, which voluntary decided to file for bankruptcy after its Phase 3 trial failed and no additional funding was found to continue its operations.

Peter Verhaeghe – KBC Private Equity Fund Biotech NV

Peter Verhaeghe was a member of the board of directors of KBC Private Equity Fund Biotech NV, a Euronext listed fund, when it decided to voluntarily liquidate pursuant to a decision of its shareholders. Peter Verhaeghe was appointed as liquidator in charge.

John de Koning – Skyline Diagnostics B.V.

John de Koning is partner at LSP, a (venture capital) investment firm, providing finance to private life sciences companies, often in a very early stage. Not all these companies succeed and it is not unusual that some of those companies are liquidated or have to file for bankruptcy, which is an inherent risk of investing in early stage life sciences companies. John De Koning served as a member of the supervisory board of one of those companies, Skyline Diagnostics B.V., which eventually filed for bankruptcy in 2013.

BOARD COMMITTEES

The Non-Executive Directors have established an audit committee (the ***Audit Committee***) and a remuneration and nomination committee (the ***Remuneration and Nomination Committee***) and a research & development committee (the ***Research & Development Committee***).

AUDIT COMMITTEE OF THE BOARD

The members of the Audit Committee were, on December 31, 2015:

- Werner Lanthaler (chairman)
- John de Koning
- Peter Verhaeghe

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Set out below is a summary of the terms of reference of the Audit Committee.

The Audit Committee assists the Board in supervising inter alia:

- the operation of the internal risk-management and control systems;
- the provision of financial information by the Company (including the choice of accounting policies, application and assessment of the effects of new rules, and the treatment of estimated items in the Company's annual accounts);
- compliance with recommendations and observations of the Company's internal and external auditors;
- the role and functioning of the Company's internal auditors;
- the Company's tax planning policy;
- the Company's relationship with its external auditor, including the independence and remuneration of the external auditor;
- the financing of the Company; and
- matters relating to information and communication technology.

The Audit Committee also advises the Board on its nomination to the General Meeting of persons for appointment as the Company's external auditor, and prepares meetings of the Board where the Company's annual report, the Company's annual financial statements, and the Company's half-yearly figures and quarterly trading updates are to be discussed.

The Audit Committee meets as often as is required for its proper functioning, but at least four times a year. The Audit Committee must meet at least once a year with the Company's statutory auditor. Furthermore, at least once per year the Audit Committee will evaluate its own functioning.

The Audit Committee consists of at least three members, of which at least one member must be a financial expert in the sense that he or she has relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities. All members of the Audit Committee must be independent within the meaning of the Dutch Corporate Governance Code, with the exception of no more than one member. The chairman of the Audit Committee may neither be the chairman of the Board nor a former Executive Director.

The Company has no internal auditor. The Audit Committee will evaluate on a yearly basis whether there is need for an internal auditor, and the Board will make a recommendation in that regard to the Executive Directors. Such recommendation will be included in the Board reports.

AUDIT COMMITTEE ACTIVITY REPORT

The Audit Committee has met 6 times in the course of 2015. At these meetings, the main points of discussion were the presentation of the year, half year and quarterly consolidated financial statements, review of the financial press releases, appointment of the independent auditor for 2015, updates on cash, cash equivalents and financial assets management, 2016 budget and internal control activities.

REMUNERATION AND NOMINATION COMMITTEE OF THE BOARD

The members of the Remuneration and Nomination Committee were, on December 31, 2015:

- Don deBethizy (chairman)
- Peter Verhaeghe
- Christina Takke

TERMS OF REFERENCE OF THE REMUNERATION AND NOMINATION COMMITTEE

Set out below is a summary of the terms of reference of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee has, inter alia, the following duties:

- making a proposal to the General Meeting for the remuneration policy to be pursued;
- recommending to the Non-Executive Directors and making a proposal for the remuneration of the individual members of the Board, for adoption by 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;
- drawing up selection criteria and appointment procedures for Directors;
- periodically assessing the size and composition of the Board, and making a proposal for a composition profile of the Non-Executive Directors;
- periodically assessing the functioning of individual Directors, and reporting on this to the Non-Executive Directors;
- making proposals for appointments and reappointments; and
- supervising the policy of the Board on the selection criteria and appointment procedures for senior management.

The Remuneration and Nomination Committee consists of at least three members and may neither be chaired by the chairman of the Board nor by a former Executive Director of the Board, nor by a Non-Executive Director who is a member of the management board of another listed company. All members of the Remuneration and Nomination Committee must be independent within the meaning of the Dutch Corporate Governance Code, with the exception of no more than one member. No more than one member may be a member of the management board of another Dutch listed company.

The Remuneration and Nomination Committee meets at regular intervals, and at least once per year to evaluate its functioning.

REMUNERATION AND NOMINATION COMMITTEE ACTIVITY REPORT

The Remuneration and Nomination Committee has met several times since its establishment. The main topics of discussion were the cash bonus to be granted to the Executive Directors in relation to the successful completion of the IPO, the variable pay of the Executive Directors for the year 2014,agreements of the Company and independent directors, the benchmarking of the remuneration of the Senior Management Team, recruitment of the new CMO, organizational audit and the establishment of the Company's new argenx Employee Stock Option Plan (as further described in the section *Long-term incentive plan* below).

RESEARCH & DEVELOPMENT COMMITTEE OF THE BOARD

The members of the Research & Development Committee are:

- David Lacey (chairman)
- Don deBethizy
- Pam Klein

TERMS OF REFERENCE OF THE RESEARCH & DEVELOPMENT COMMITTEE

Set out below is a summary of the terms of reference of the Research & Development Committee.

The Research & Development Committee has, inter alia, the following duties:

- Monitoring the research and development activities of the Company
- Serving as a sounding board to the Company's R&D management, General Management and Board
- Performing strategic reviews of the Company's key R&D programs
- Reporting to the Board on the outcome of the strategic reviews
- Reviewing the Company's scientific publication plan

The Research & Development Committee consists of at least three members with adequate industrial experience with the research and development of (bio)pharmaceuticals.

The Research & Development meets at regular intervals, and at least prior to each Board meeting.

EQUITY HOLDINGS

As at the date of this annual report, Tim Van Hauwermeiren holds 90,158 Shares, Eric Castaldi does not hold any Shares and Werner Lanthaler holds 1,000 Shares.

Tim Van Hauwermeiren, Eric Castaldi, Peter Verhaeghe, David Lacey, Don deBethizy and Werner Lanthaler hold stock options under the Company's Employee Stock Option Plan (***Options***), as set out under Section 3 ("*Remuneration*") below.

REMUNERATION

REMUNERATION UNDER CURRENT BOARD STRUCTURE

REMUNERATION OF THE EXECUTIVE DIRECTORS DURING THE YEAR ENDED DECEMBER 31, 2015

The table below shows the cash remuneration received by the Executive Directors for the year ended December 31, 2015 (in Euro). A scenario analysis based on best practice clause II.2.1. of the Dutch Corporate Governance Code was made. Both Executive Directors have met all of their previously established bonus targets during the year ended December 31, 2015 and their full bonus was granted in the same year.

Name	Base salary	Bonus*	Pension contributions	Social security costs	ESOP**	Total
Tim Van Hauwermeiren	217,260	103,298	8,690	8,760	401,151	739,159
Eric Castaldi	222,159	75,075	62,097	133,621	250,174	743,126
Total	**439,419**	**178,373**	**70,787**	**142,381**	**651,325**	**1,482,285**

*In respect of the bonus, an Executive Director can choose between a cash payment and a bonus converted in "over the counter"-options on a European Stock Index. Under Belgian social security legislation this implicates a favorable tax regime and lower social security costs, which enables the Executive Director employee to receive a higher gross bonus amount.

**This relates to share-based payment costs in the form of stock options, as further set out in the tables below.

The table below shows the options granted to the Executive Directors during the year ended December 31, 2015 (in number of Options) and their exercise price, based on the 30 day average stock price prior to their date of grant, and the Options exercised during the year ended 31 December 2015.

Name	Stock options	Term	Exercise price (in EUR)	Exercised
Tim Van Hauwermeiren	30,600	10 years	9.468	0
Eric Castaldi	28,200	10 years	9.468	0
Total	**58,800**	-	-	**0**

The table below shows the Options held at the start of the year ended December 31, 2015 and the Options granted to the Executive Directors which have vested during the year ended December 31, 2015 (in number of Options).

Name	Total Options held on 1 January 2015	Options vested in 2015	Exercise Price	Options to vest in 2016	Exercise Price	Options to vest in 2017	Exercise Price	Options to vest in 2018	Exercise Price
Tim Van Hauwermeiren	295,674	35,000	€7.17	34,992	€7.17	35,016	€7.17		
				10,200	€9.47	10,200	€9.468	10,200	9.468
Eric Castaldi	146,007	47,254	€2.44	27,002	€2.44	6,751	€2.44		
		21,667	€7.17	21,667	€7.17	21,667	€7.17		
Total				**9,400**	**9.468**	**9,400**	**9.468**	**9,404**	**9.468**

The table below shows the remaining term of the Options held by the Executive Directors.

Name	Number of options	Remaining term on December 31, 2015 (rounded up)
Tim Van Hauwermeiren	190,674	8.5 years
	105,000	9 years
	30,600	10 years
Eric Castaldi	81,007	8.5 years
	65,000	9 years
	28,200	10 years

Options are granted to the Executive Directors by the Board on a recommendation of the Remuneration and Nomination Committee, which is based on an option allocation scheme established

by the board pursuant to the argenx Employee Stock Option Plan. The conditions of the argenx Employee Stock Option Plan (as set out in Section 3.2 "*Remuneration policy*" below) apply.

No Options were exercised by Executive Directors during the year ended December 31, 2015, and no corresponding Shares were issued in relation thereto.

MANAGEMENT AGREEMENTS

Argenx BVBA has concluded a management agreement with its Executive Director Tim Van Hauwermeiren and an employment agreement with its Executive Director Eric Castaldi, the key characteristics of which are as follows:

	Tim Van Hauwermeiren	**Eric Castaldi**
Base Salary	€217,260	€222,159
Cash Bonus	max. 40% of base salary based on previously determined bonus targets	max. 35% of base salary based on previously determined bonus targets
Pension Contributions	€8,690	€62,097
Duration	Indefinite	Indefinite
Notice period	Mr. Van Hauwermeiren may be dismissed immediately as statutory director of the Company. In relation to his management services agreement, a notice period of 3 months should be taken into account by argenx bvba.	Mr. Castaldi may be dismissed immediately as statutory director of the Company. In relation to his management services agreement, a notice period of 3 months should be taken into account by argenx bvba.
Severance agreements	No specific severance was agreed upon. Belgium law applies.	No specific severance was agreed upon. Belgium law applies.

REMUNERATION OF THE NON-EXECUTIVE DIRECTORS DURING THE YEAR ENDED DECEMBER 31, 2015

The table below shows the remuneration paid to the Non-Executive Directors during the year ended December 31, 2015 (in euro).

Name	Remuneration
Peter Verhaeghe	35,000
Christina Takke	0
John de Koning	0
Michael B. Sheffery*	0
Bruno Montanari**	0
Harrold van Barlingen***	0
David L. Lacey	45,651
Werner Lanthaler	35,000
Don deBethizy****	27,617
Total	**143,268**

* Michael B. Sheffery has resigned from the Board as per 26 August 2015.

** Bruno Montanari has resigned from the Board as per 13 May 2015.

*** Harrold van Barlingen has resigned from the Board as per 13 May 2015.

**** Don deBethizy joined the Board on 13 May 2015.

The table below shows the Options granted to the Non-Executive Directors during the year ended December 31, 2015 (in number of Options) and their exercise price, based on the 30 day average stock price prior to their date of grant, and the Options exercised during the year ended December 31, 2015.

Name	Options	Term	Exercise price	Exercised
Don deBethizy*	15,000	10 years	€ 11.441	0
Total	**15,000**	**-**	**-**	**0**

*Don deBethizy joined the Board on 13 May 2015.

The table below shows the Options held at the start of the year ended December 31, 2015 and the Options granted to Non-Executive Directors which have vested during the year ended December 31, 2015.

Name	Total Options held on 1 January 2015	Options vested in 2015	Exercise Price	Options vested in 2016	Exercise Price	Options to vest 2017	Exercise Price	Options to vest in 2018	Exercise Price
Peter Verhaeghe	24,584	1,666	€7.171	1,656	€7.171	1,678	€7.171		
		2,653	€3,95	2,652	€3,95	2,654	€3,95		
		3,875	€2.44	3,864	€2.44	3,887	€2.44		
Don deBethizy*				5,000	€11.441	4,992	€11.441	4,992	€11.441
David L. Lacey	19,443	2,214	€2.44	2,208	€2.44	2,221	€2.44		
		4,266	€7.171	4,260	€7.171	4,274	€7.171		
Werner Lanthaler	19,416	1,666	€7.171	1,656	€7.171	1,678	€7.171		
Total	63,443	4,805	€2.44	4,800	€2.44	4,814	€2.44	4,992	€11.441

*Don deBethizy joined the Board on 13 May 2015.

The table below shows the remaining term of the options held by the Non-Executive Directors.

Name	Number of options	Remaining term on December 31, 2015 (rounded up)
Peter Verhaeghe	19,584	8.5 years
	5,000	9 years
Don deBethizy*	5,000	9.5 years
David L. Lacey	6,643	8.5 years
	12,800	9 years
Werner Lanthaler	14,416	8.5 years
	5,000	9 years

*Don deBethizy joined the Board on 13 May 2015.

Options are granted to the Non-Executive Directors by the Board on a recommendation of the Remuneration and Nomination Committee, which is based on an option allocation scheme established by the board pursuant to the argenx Employee Stock Option Plan. The conditions of the argenx Employee Stock Option Plan (as set out in Section "*Remuneration policy*" below) apply.

No Options were exercised by Non-Executive Directors during the year ended December 31, 2015, and no corresponding Shares were issued in relation thereto.

REMUNERATION POLICY

OVERVIEW

The policy governing the remuneration of the Board is aimed to attract, reward and retain highly qualified Executive and Non-Executive Directors and to provide and motivate the members of the Board 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 its business plan.

PROCEDURE OF ESTABLISHING THE REMUNERATION

The remuneration of the individual members of the Board 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 General Meeting. The Executive Directors do not participate in the decision-making of the Board regarding the determination of their own remuneration. A proposal from the Remuneration and Nomination Committee deals in any event with: (i) the remuneration structure and (ii) the amount of the total target cash remuneration, the Options to be granted, pension rights, redundancy pay and other forms of compensation to be awarded, as well as performance criteria and their application.

PERFORMANCE TARGETS

For 2015, the performance targets for the Executive Directors were closely linked to key deliverables under the Company's business plan for the year consisting of operational, financial and organizational targets, as well as individual personal development targets. The performance targets for 2016 will again include operational, financial and organizational targets, amongst other things, aimed at further progressing the Company's products, and implementing and further maturing its internal organization and control procedures.

BENCHMARKING

In 2015, the Remuneration and Nomination Committee has appointed a consulting firm to perform a benchmark analysis of the remuneration and compensation of the Company's executive team and the independent Non-Executive Directors versus a European named peer group and a U.S. named peer group, including also for the independent Directors the review of Institutional Shareholder Services (ISS) Guidelines. For the executive team the gap between each individual's current compensation and the 50th percentile of the compensation offered by the European peer group for compensation was determined. This analysis has been used by the Remuneration and Nomination Committee to validate and, where necessary, adjust said compensation in 2015. This has led to a total target cash increase

for the Executive Directors between 3% and 10%. The compensation of the Non-Executive Directors was found to be in line with the 50th percentile of the compensation offered by the European peer group.

IMPLEMENTATION OF REMUNERATION POLICY GOING FORWARD

The Remuneration and Nomination Committee shall annually re-evaluate the situation and propose adjustments where necessary. Every other year, the Board also evaluates the appropriateness of any change of total target cash 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 expects to propose step-by-step adjustments of the Executive Director 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 the 50th percentile of the peer group). Ensuring a market conform salary will enable the Company to attract and retain the qualified individuals on which, to a large extent, the success of the Company depends.

REMUNERATION COMPONENTS EXECUTIVE DIRECTORS

Pursuant to the remuneration policy, the remuneration of the Executive Directors consists of the following fixed and variable components, only applicable for independent Directors:

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

FIXED BASE SALARY

The base salary of the Executive Directors has been reviewed on the basis of a benchmarking analysis by an independent third party consulting firm. In accordance with this benchmarking analysis, the Board has resolved to aim for a compensation of executive directors in the perspective of the 50th percentile of the compensation offered by the European peer Group used in this analysis.

VARIABLE ANNUAL CASH BONUS

The objective of this short term annual cash incentive is to ensure that the Executive Directors are well incentivized to achieve performance targets in the shorter term.

An Executive Director will be eligible for an annual cash incentive up to a maximum percentage of his/her annual base salary. On 3 September 2015, the maximum percentage for this purpose has been set at 40% of base salary of the CEO, and at 35% of base salary of the CEO. Performance conditions will be set by the Board before or ultimately at the beginning of the relevant calendar year and shall

include criteria concerning the Company's financial performance, qualitative criteria representing Company performance and/or individual qualitative performance.

LONG-TERM INCENTIVE PLAN

In order to incentivize Executive Directors, Non-Executive Directors and employees of the Company, the Board has established the employee stock option plan (***the argenx Employee Stock Option Plan***) on 8 December 2014 which was approved by the General Meeting on 13 May 2015. The aim of the argenx Employee Stock Option Plan is to establish an ownership culture among employees of the Group, incentivizing its employees, Executive Directors and Non-Executive Directors to contribute to the value of the Company.

A summary of the key characteristics of the argenx Employee Stock Option Plan is provided below.

Type of security	Warrants to ordinary shares in the Company.
Exercise price	The option exercise price is the average closing price of the shares on the stock exchanges during the 30 calendar day period preceding the Option's date of grant.
Allocation of options	Options are granted on the first board meetings following 1 June and 1 December, pursuant to an option allocation scheme established by the Board, which lists the type of employee and the number of options to be granted.
Option limit	Option grants are subject to the approval of the majority of the Non-Executive Directors and may not exceed 10% of the Company's outstanding share capital.
Vesting scheme	1/3rd (rounded down) on the first anniversary of the Option's date of grant, then 1/24th (rounded down) on each first day of the month. All options vest immediately upon an exit.
Term	10 years from the date of grant.

PENSION AND FRINGE BENEFITS

The Executive Directors shall continue to participate in a defined contribution pension scheme operated by a third party pension insurance organization. The Executive Directors are entitled to customary fringe benefits, such as a company car and a hospitalization plan.

SEVERANCE ARRANGEMENTS

In addition to the above, pursuant to the remuneration policy, in case of a dismissal, Executive Directors will not be entitled to a severance payment of more than one year's base salary, unless this is, in a particular event, clearly unreasonable and the Board decides otherwise.

REMUNERATION COMPONENTS NON-EXECUTIVE DIRECTORS

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 in case 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 and/or the Remuneration and Nomination Committee; and
- a long-term variable incentive, in the form of stock options.

FIXED FEE

On the basis a recommendation of the Remuneration and Nomination committee, following a benchmarking study conducted by an independent consulting firm, the Board has on 3 September 2015 resolved that the remuneration of the chairman of the Board, the chairman of the Audit Committee and the chairman of the Remuneration and Nomination Committee, would be increased with EUR 20,000, EUR 10,000 and EUR 8,000 respectively starting from 1 January 2016. This is in line with the Company's remuneration policy to offer market conform remuneration to enable the Company to attract and retain the most qualified Directors.

LONG-TERM INCENTIVE PLAN

The Board intends to incentivize the Non-Executive Directors by issuing stock options from time to time to be able to attract and retain well-qualified Non-Executive Directors in connection with the argenx Employee Stock Option Plan (as set out in the Section: 'Long-term incentive plan' above).

SUCCESS PAYMENT

In case of exceptional circumstances, the Board may decide to reward the Non-Executive Directors with success payments 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).

ADJUSTMENTS TO VARIABLE REMUNERATION

Pursuant to Dutch law and the Dutch Corporate Governance Code the remuneration of Executive Directors may be reduced and Executive Directors may be obliged to repay (part of) their variable remuneration to the Company if certain circumstances apply. Pursuant to the Dutch Corporate Governance Code, the Non-Executive Directors will have the power to adjust the value downwards or upwards of any variable remuneration component conditionally awarded to an Executive Director in a previous fiscal year which would, in the opinion of the Non-Executive Directors, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been applied. In addition, the Non-Executive Directors have the authority under the Dutch Corporate Governance Code and Dutch law to recover from an Executive Director any variable remuneration awarded on the basis of incorrect financial or other data (claw back).

Pursuant to Dutch law, the Non-Executive Directors may furthermore adjust the variable remuneration (to the extent that it is subject to reaching certain targets and the occurrence of certain

events) to an appropriate level if payment of the variable remuneration were to be unacceptable according to requirements of reasonableness and fairness.

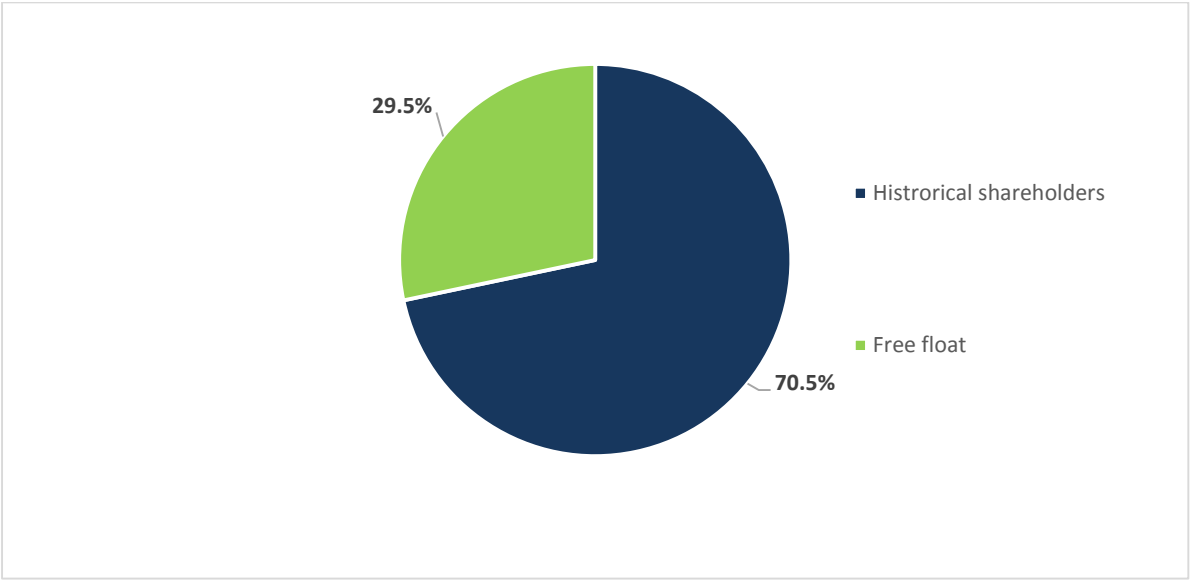
In addition, Dutch law prescribes that, in case the value of the Shares or rights to subscribe for such Shares granted by the Company to the respective Executive Directors as part of their remuneration increases during a period in which a public takeover bid is made for the Shares, the remuneration of that respective Executive Director will be reduced by the amount by which the value of the Shares or rights to subscribe for such Shares so granted by the Company to such Executive Director has increased. To the extent the increase in value exceeds the remuneration of the respective Executive Director, the Company shall have a claim against the respective Executive Director for such excess. Similar provisions apply in the situation of an intended legal merger or demerger, or if the Company intends to enter into certain transactions that are of such significance to the Company that the Board requires the approval of the General Meeting pursuant to Dutch law (i.e. transactions that fall within the scope of Section 2:107a of the DCC).

SHAREHOLDERS

CAPITAL STRUCTURE DECEMBER 31, 2015

The Company's issued share capital amounts to EUR 1,580,276.70 and consists of 15,802,767 ordinary shares (December 31, 2015). There are only ordinary shares, and there are no special rights attached to any of the ordinary shares, nor special shareholder rights for any of the shareholders of the Company.

The following major shareholdings fall under the mandatory notice provisions of articles 5:34, 5:35 and/or 5:43 of the Financial Supervision Act: Erasmus (3.80%), Thuja (4.12%), PMV (5.98%), Seventure (3.77%), Shire (8.93%), LSP (10.85%), Orbimed (11.18%), Omnes (12.95%) and Forbion (13.45%).



In January 2016, funds advised by subsidiaries of Federated Investors, Inc. (USA) issued 1,480,420 shares. Also 1,266,731 shares were acquired by RTW from a historical shareholder. This resulted in a free float of 43 % (February, 2016).

RISK MANAGEMENT PROCEDURES

As the Company became a public company listed on Euronext only in July 2014, the Board is still in the process of establishing and documenting risk management procedures. Therefore, a full and complete process of risk management of the risks analyzed in the section "risk management" of this annual report, including for example flow charts, documentation and procedures, was not yet fully in place at the end of 2015. In 2015, the Company has appointed an external consulting firm to assist the management team in the implementation of a sound internal control system for all its financial and administrative processes. The implementation of such an internal control system has been discussed with the Audit Committee and the external auditors. In parallel, the Company has, in the final quarter of 2015, initiated the implementation of a QMS that is intended to integrate the various internal processes within the organisation and to provide a process approach towards product development. All operating processes are intended to be documented through specific policies, procedures, work instructions, forms, etc... in order to ensure the Company's compliance with relevant guidelines and applicable regulations. This is an ongoing process which has the full attention of the Board. Risk factors and the risk management approach, as well as the sensitivity of the Group's results to external factors and variables are described in more detail in "Risk Management".

STATUTORY AUDITOR

The fees for services provided by the Company's independent auditor PricewaterhouseCoopers Accountants N.V. and its member firms and/or affiliates, and, respectively, Deloitte Accountants B.V. and its member firms and affiliates, to the Company and its subsidiaries were approved by the Audit Committee and can be broken down as follows:

Fees (*in thousands of euros*)	**2015**	**2014**
Audit fees	70	55
Audit related fees	35	228
Tax and other services*	3	4
Total**	**108**	**287**

* The tax and other services performed in 2015 are conducted by Deloitte Accountants B.V. and its member firms and/or affiliates.

** In 2015, the services are performed by Deloitte Accountants B.V. (in 2014, by PriceWaterhouseCoopers Accountants N.V.) as the external auditor referred to in Section 1 (1) of the Dutch Accounting Firms oversight Act (*Wta*) as well as its member firms and/or affiliates (in 2014, PriceWaterhouseCoopers Accountants N.V.'s member firms and/or affiliates).

LIABILITY, CONFLICTS OF INTEREST RELATING TO MEMBERS OF THE BOARD

LIABILITY OF BOARD MEMBERS

Under Dutch law, members of the Board may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and third parties for infringement of the Articles or certain provisions of the Dutch Civil Code (***DCC***). In certain circumstances, they may also incur additional specific civil and criminal liabilities.

The liability of members of the Board and other key employees is covered by a directors' and officers' liability insurance policy. This policy contains customary limitations and exclusions, such as willful misconduct or intentional recklessness (*opzet of bewuste roekeloosheid*).

CONFLICTS OF INTEREST

Directors shall 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 chairman of the Board and to the other Directors and shall 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.

The Non-Executive Directors shall 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 the Company intends 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 of the Company, or (iii) in which such Director has an executive or non-executive position.

An Executive Director shall 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 the Executive Directors, the Non-Executive Directors will resolve on the matter.

A Non-Executive Director shall 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 the Non-Executive Directors or the Board as a whole, the General Meeting will resolve on the matter.

A Director shall 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 the Board as a whole, the General Meeting will resolve on the matter.

All transactions in which there are conflicts of interest with Directors shall 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 the Company and/or to the relevant Director require the approval of the Non-Executive Directors.

All transactions between the Company and legal or natural persons who hold at least ten % of the Shares shall be agreed on terms that are customary in the sector in which the company and its combined businesses are active. The Non-Executive Directors are required to approve such transactions that are of a material significance to the Company and/or to such persons.

Non-Executive Directors John de Koning and Christina Takke have been appointed pursuant to arrangements on binding nominations for such supervisory positions in accordance with a shareholders' agreement that was in place prior to the Company's IPO, but has been terminated since. There are no (other) arrangements or understandings in place with major shareholders, customers, suppliers or others pursuant to which any member of the management board of the Company has been appointed.

At the date of this annual report, one current Non-Executive Director does not meet the independence criteria contained in the Dutch Corporate Governance Code. John de Koning holds a position with a company that (directly or indirectly) hold an interest of more than 10% in the Company's share capital. See "*Biographical details of the members of the Board"* above. Other than that, no member of the Board has a conflict of interest (actual or potential) between his duties to the Company and his private interests and/or other duties.

BOARD MEMBERS' INDEMNIFICATION

Pursuant to the Articles, the Company shall indemnify any and all of its Directors, officers, former Directors and former officers against any and all liabilities, claims, judgments, fines and penalties incurred by them as a result of any threatened, pending or completed action, investigation or other proceeding, whether civil, criminal or administrative, brought by any party other than the Company itself or its Group companies, in relation to acts or omissions in or related to his or her capacity as Director or officer of the Company, except in relation to claims insofar as they relate to the gaining in fact of personal profits, advantages or remuneration to which the relevant person was not legally entitled, or if the relevant person has been adjudged to be liable for willful misconduct or intentional recklessness. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled otherwise.

LIMITATION OF SUPERVISORY POSITIONS

Under Dutch law, an executive director of a large Dutch company may not hold more than two supervisory positions at another large Dutch company, and may not concurrently serve as chairman of the supervisory board or of a one tier board of a large Dutch company. A "supervisory position" is a position of membership on a supervisory board, non-executive director in a one-tier board structure or member of a supervisory body. Under Dutch law, a large company is a Dutch public limited liability company (*naamloze vennootschap*), a private limited liability company (*besloten vennootschap met*

beperkte aansprakelijkheid) or a foundation (*stichting*) that fulfills at least two out of the following three criteria on two successive balance sheet dates: (i) the value of the assets according to the consolidated balance sheet with explanatory notes is, on the basis of the purchase price and manufacturing costs, more than EUR 20 million; (ii) the net turnover is more than EUR 40 million and (iii) the average number of employees is 250 or more. Supervisory positions in group companies, Dutch legal entities other than large public and private limited liability companies, and foundations and foreign legal entities do not count toward the maximum number of supervisory positions permitted.

Furthermore, under Dutch law, members of the supervisory board or non-executive directors of a large Dutch company may not hold five or more supervisory positions at another large Dutch company, whereby the chairmanship is counted twice.

An appointment in violation of these restrictions will result in the last appointment being void. Earlier appointments at other entities are not affected. The fact that an appointment is thus void does not affect the validity of decision-making.

The Company is not a statutory large company yet, but all members of the Board will voluntarily comply with these rules. According to the Board By-Laws, the Board shall endeavor to voluntarily, if possible, comply with the rules given in those sections if any seats on the Board become available and persons are nominated for appointment.

DIVERSITY POLICY

Until 1 January 2016, Dutch law required large companies to pursue a policy of having at least 30% of the seats on the management board and supervisory board held by men and at least 30% of the seats on the management board and supervisory board held by women. The term “large company” within the meaning of the diversity policy has the same meaning as set out above except that the criteria are tested on one balance sheet date. This allocation of seats was to be taken into account in connection with (i) the appointment, or nomination for the appointment, of members of the Board, (ii) drafting the criteria for the size and composition of the Board, as well as the designation, appointment, recommendation and nomination for appointment of Non-Executive Directors and (iii) drafting the criteria for the Non-Executive Directors. If a large company did not comply with the gender diversity rules, it was required to explain in its annual report: (i) why the seats were not allocated in a well-balanced manner, (ii) how it had attempted to achieve a well-balanced allocation and (iii) how it aimed to achieve a well-balanced allocation in the future.

This rule was a temporary measure and automatically ceased to have effect on 1 January 2016. Notwithstanding that, the responsible Dutch Minister has announced that she intends to propose legislation shortly to reinstate this rule and extend its application to 2019. No changes are foreseen in comparison to the rule that ceased to have effect on 1 January 2016 and no such legislative proposal has yet been submitted to the Dutch Parliament at the date of this Prospectus.

Although the Company does not qualify as a large company yet and Dutch law currently does not provide for a rule on diversity in management boards or supervisory boards, the Board By-Laws include a policy that the Board shall aim, to the extent practicable and appropriate under

circumstances, for a diverse composition of Directors in line with the identity of the Company and its business, in terms of such factors as nationality, background, gender (as referred to Article 2:166 of the DCC) and age.

Currently less than 30 % of the seats in the Board are occupied by female board members. As seats become available, the Board will have the opportunity to assess the effectiveness of the diversity policy and, if at all, how the Company's implementation of the policy should be changed.

CORPORATE GOVERNANCE RULES

The current Dutch Corporate Governance Code entered into force on 1 January 2009. It is expected that the Dutch Corporate Governance Code will be revised, effective as per 1 January 2017. A consultation procedure is currently pending on the basis of a proposal prepared by the monitoring committee corporate governance code, dated 11 February 2016.

The Dutch Corporate Governance Code applies to all Dutch companies listed on a regulated market or a comparable system in a non-EEA member state. The Dutch Corporate Governance Code contains principles and best practice provisions for the board, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards, and is based on a "comply or explain" principle. Accordingly, the Company is required to disclose in its annual reports for which principles and best practices it does not apply the provisions of the Dutch Corporate Governance Code and, in the event that the Company does not apply a certain provision, to explain the reason why.

The Company acknowledges the importance of good corporate governance. The Company fully endorses 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, the Company does not (yet) comply with or deviates from the best practice provisions in the following areas:

- The Company does not (yet) comply with best practice provision II.1.4 b and c of the Dutch Corporate Governance Code, which requires that the annual report contains a description of the design and effectiveness of the internal risk management and control systems for the main risks during the financial year, and a description of any major failings in the internal risk management and control systems which have been discovered in the financial year, any significant changes made to these systems and any major improvements planned, and a confirmation that these issues have been discussed with the Audit Committee and the Non-Executive Directors. For the reasons of this deviation from the Dutch Corporate Governance Code, please see the description in "*Risk management*".

- The Company does not comply with best practice provision II.1.5 of the Dutch Corporate Governance Code, which requires an "in control statement" stating that the internal control and risk management systems have worked properly in the year ended December 31, 2015. As further explained in the section in Section 8 ("*Risk management procedures*"), the Company has actively worked on the development of adequate risk management procedures, but these

procedures are still in an early phase and their development and implementation is an ongoing process which has the full attention of the Board. Although the Board is confident about the quality of the information and the reliability of the figures presented, the internal control procedures and the documentation thereof is still an ongoing process, as a result of which an "in control statement" is not provided.

- The Company does not comply with best practice provision II.2.4 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 the argenx Employee Stock Option Plan, Options are exercisable once vested, which means that 1/3rd of the Options granted are exercisable after one year, and each month after that 1/24th of the remaining Options is exercisable.

- The Company does not comply with best practice provision II.2.5 of the Dutch Corporate Governance Code, which requires that Options shall not have an exercise price lower than the stock market price or the average stock market price of a period not to exceed 5 days. Given the fact that the Company was listed only recently, and that thus the stock price of the Shares is still relatively volatile, the Company grants Options with an exercise price based on the average closing price over the last 30 days (instead of 5). It is possible, under circumstances, that this leads to a deviation from principle II.2.5 of the Dutch Corporate Governance Code.

- The Company does not comply with best practice provision II.2.11 of the Dutch Corporate Governance Code, which requires that the management agreements with the Executive Directors contain a claw back clause. The management agreements predate the Company's IPO and were thus entered into when provision II.2.11 of the Dutch Corporate Governance Code did not yet apply. The Company is in the process of bringing the Company in line with Dutch Corporate Governance Code, and as part of that is also reviewing the management agreements.

- The Company has not (yet) complied with best practice provision III.1.7, which requires an annual evaluation of the functioning of the board and its committees. The evaluation of the functioning in 2015 and up to the date of this annual report is scheduled to take place shortly after the date of this annual report.

- The Company does not comply with best practice provision III.3.3 of the Dutch Corporate Governance Code, which requires that the Non-Executive Directors will follow an introductory program. The Board members all have extensive relevant experience in the field the Company operates in, and/or have substantial experience with the Company. Therefore, an introductory program has until the date of this annual report not been deemed necessary. However, when in the future new Board members will join the Board, the Company will re-evaluate the need for such introductory program.

- The Company does not comply with best practice provision III.4.1 paragraph f of the Dutch Corporate Governance Code, which requires that chairman of the Board elects a vice-chairman among the Non-Executive Directors. Until the date of this annual report, the Board has not deemed the appointment of a vice-chairman necessary. Should this change in the future, the

Board may elect a vice chairman. The Board By-Laws of the Company already provide for this possibility.

- The Company does not comply with best practice provision III.4.3 of the Dutch Corporate Governance Code, which requires that the Non-Executive Directors shall be assisted by the Company secretary. Until the date of this annual report, in practice the Board has not deemed the appointment of such Company secretary necessary. If in the future circumstances change, and the need arises for appointing such Company secretary to help the Non-Executive Directors with their task, the Board By-Laws already provide for the appointment of such person. The Company secretary shall then, either on the recommendation of Non-Executive Directors or otherwise, be appointed and dismissed by the Executive Directors, after the approval of the Non-Executive Directors has been obtained.

- The Company does not comply with best practice provision III.5 of the Dutch Corporate Governance Code, which requires that the Board shall appoint among its members an audit committee, a remuneration committee and a selection and appointment committee, if the Board consists of more than four Non-Executive Directors. For practical purposes, the remuneration committee and the selection & appointment committee are combined into the Remuneration and Nomination Committee, which performs the tasks attributed by the Dutch Corporate Governance Code to the remuneration committee, as well as the selection and appointment committee.

- The Company does not comply with best practice provision III.7 of the Dutch Corporate Governance Code, which requires that the remuneration of Non-Executive Directors shall be determined by the General Meeting. Instead, and in accordance with binding Dutch law, the Board determines the remuneration for the (Executive and Non-Executive) Directors in respect of the performance of their duties, with due observation of the remuneration policy which, on proposal of the Non-Executive Directors, is adopted by the General Meeting.

- The Company does not comply with best practice provision III.7.1 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 the Company's remuneration policy, certain Non-Executive Directors may be granted Options by way of remuneration, in recognition of the substantial industry expertise they bring to the Company.

- The Company does not comply with best practice provision IV.1.1 of the Dutch Corporate Governance Code, which requires that a resolution of the General Meeting to cancel the binding nature of a nomination for the appointment of a Director or to remove such a Director, be passed with an absolute majority of the votes cast, representing at least one-third of the issued share capital. In line with binding Dutch law, such resolutions can only be adopted by the General Meeting with two-third of the votes cast representing at least half of the Company's issued capital.

- The Company does not comply with best practice provision V.3 of the Dutch Corporate Governance Code, which requires that the appointment of an internal auditor. The Audit

Committee will evaluate yearly the need for such internal auditor and make a recommendation to the Executive Directors based on this evaluation.

CORPORATE SOCIAL RESPONSIBILITIES

The Company has incorporated a code of conduct, an insider trading policy, a whistle-blower policy and an outline policy on bilateral contracts with Shareholders. Each of these documents apply mandatorily to all personnel, Directors and consultants and can be found on the Company's website.