



**argenx SE**

*(a European public company with limited liability (Societas Europaea or SE) incorporated under the laws of the Netherlands with its official seat in Rotterdam, the Netherlands)*

**Admission to listing and trading of new ordinary shares on Euronext Brussels**

This is a Prospectus relating to the admission to listing and trading of 6,744,750 new ordinary shares with nominal value of EUR 0.10 per ordinary share in the capital of argenx SE on Euronext Brussels, the regulated market operated by Euronext Brussels SA/NV, a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (MiFID) (referred to as the Listing).

Unless otherwise stated, capitalized terms used in this Prospectus have the meaning set out in Part XXII “Glossary of Selected Terms.”

The new ordinary shares will be issued by argenx SE in connection with the initial public offering of argenx SE in the United States of America of new ordinary shares in the form of American Depositary Shares, or ADSs (referred to as the Offering). In connection with the Offering, argenx SE has granted the underwriters in the Offering a 30-day option to purchase up to an additional 879,750 new ordinary shares in the form of ADSs, representing 15% of the ADSs sold in the Offering, to cover over allotments of ADSs, if any. This option has been exercised in full on May 19, 2017. We have been approved to list the ADSs on The NASDAQ Global Select Market under the symbol ARGX.

The existing ordinary shares are listed on the regulated market of Euronext Brussels. An application will be made for the admission to listing and trading of the new ordinary shares on Euronext Brussels. It is expected that the Listing will occur on or about May 23, 2017. argenx SE and Euronext Brussels do not accept any responsibility or liability with respect to any person as a result of the withdrawal of the Listing or the (related) annulment of any transaction in the new ordinary shares on the regulated market of Euronext Brussels.

This Prospectus constitutes a listing prospectus for the purpose of Article 3, §3 of the Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003, as amended, including by Directive 2010/73/EU, or the Prospectus Directive, and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), or the DFSA. This Prospectus was approved by the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*), or the AFM, on May 22, 2017. The approved Prospectus will be notified by the AFM to the Belgian Financial Services and Markets Authority, or the FSMA, for passporting in accordance with article 18 of the Prospectus Directive. Apart from the AFM, no other authority in any other jurisdiction has approved this Prospectus.

**This Prospectus serves as a prospectus for the purpose of Chapter 5.1 of the DFSA only and no shares are being offered or sold pursuant to this Prospectus.** This Prospectus is not published in connection with, may not be used for and does not constitute an offer of transferable securities to the public, an offer to sell, or the solicitation of an offer to buy, any of the new ordinary shares or any other securities issued by argenx SE.

**The new ordinary shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, or the SEC, any other federal or state securities commission in the U.S. or any other U.S. regulatory authority, nor has any such authority passed upon, confirmed the accuracy of or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the U.S.**

**Investing in shares involves substantial risks and uncertainties. Investors must be able to bear the economic risk of an investment in shares and should be able to sustain a partial or total loss of their investment. Before any investment in shares, investors should carefully review and consider the entire Prospectus, including all information incorporated by reference into this Prospectus, and should give particular attention to the risk factors set forth in Part II “Risk Factors” beginning on page 26 of this Prospectus, in particular the risk factors relating to our financial position and need for additional capital, the development and clinical testing of our product candidates, our dependence on third parties and our intellectual property. All of these risk factors must be considered before investing in the new ordinary shares. Our main assets are intellectual property rights concerning technologies that have not led to the commercialization of any product. We have never been profitable and we have never commercialized any products.**

Distribution of this Prospectus may, in certain jurisdictions, be subject to specific regulations or restrictions. Persons in possession of this Prospectus are urged to inform themselves of any such regulations or restrictions which may apply in their jurisdiction and to observe them. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. argenx SE disclaims all responsibility for any violation of such restrictions by any person.

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## CAUTIONARY STATEMENTS

### IMPORTANT NOTICE

**Important: You must read the following disclaimer before reading this Prospectus.** The following disclaimer applies to this Prospectus and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of this Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us.

#### **No Public Offering**

This Prospectus has been approved only for the purposes of the admission to listing and trading of the new ordinary shares on the regulated market of Euronext Brussels and does not constitute an offer of transferable securities to the public, an offer to sell or the solicitation of an offer to buy any new ordinary shares. This Prospectus can be distributed in the Netherlands, where it has been approved by the AFM in accordance with the DFSA and in Belgium, where the approved Prospectus will be notified by the AFM to the FSMA for passporting in accordance with article 18 of the Prospectus Directive.

The distribution of this Prospectus in any country other than the Netherlands and Belgium may be restricted by law. We do not represent that this Prospectus may be lawfully distributed in compliance with any applicable registration or other requirements in any jurisdiction other than the Netherlands and Belgium, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by us which is intended to permit a public offering of any shares or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no new ordinary shares may be offered or sold, directly and indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons in whose possession this Prospectus or any shares may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus. Any person that, for any reason whatsoever, circulates or allows circulation of this Prospectus, must draw the addressee's attention to the provisions of this section.

#### **Members of the European Economic Area**

No actions have been or will be made, in any member state, or Member State, of the European Economic Area, or the EEA, that has implemented the Prospectus Directive (each a Relevant Member State), to make an offer to the public of the new ordinary shares that requires the publication of a prospectus in such Relevant Member State.

For the purposes of this provision, the expression "make an offer to the public" of the new ordinary shares in any Relevant Member State will mean the communication in any form and by any means of sufficient information on the new ordinary shares so as to enable an investor to decide to purchase new ordinary shares, as that definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

#### **Financial Promotion**

This Prospectus and its contents are not a financial promotion and do not constitute an invitation or inducement to engage in investment activity. If and to the extent that this Prospectus or any of its contents are deemed to be a financial promotion, we are relying on the exemptions provided by Articles 62 and 68 of the UK Financial Services and Markets Act 2000 (Financial Promotions) Order 2005/1529 in respect of section 21 of the UK Financial Services and Markets Act 2000.

#### **Warning**

Investors must form their own opinions about us, the new ordinary shares, the existing ordinary shares and the associated benefits and risks. The summaries and descriptions of legal provisions, taxation, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Prospectus may in no circumstances be interpreted as investment, legal or tax advice for potential investors. Investors are urged to consult their own advisor, bookkeeper, accountant, or other advisors concerning the legal, tax, economic, financial and other aspects associated with the new ordinary shares. In case of doubt about the contents and/or the meaning of the information in this Prospectus, investors should seek the advice of an authorized person or a person specialized in advice relating to the acquisition of financial securities. The new ordinary shares have not been recommended by any federal or local authority in the Netherlands, Belgium or

abroad. Investors are solely responsible for analysing and assessing the benefits and risks associated with an investment in the new ordinary shares.

## PART I: SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A — E (A.1 — E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “Not applicable”.

All capitalized terms used in this summary have the meaning set out in Part XXII “Glossary of selected terms.”

### Section A – Introduction and warnings

Element	Disclosure requirement
<b>A.1</b>	<p><b>Introduction and warnings</b></p> <p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the new ordinary shares should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability attaches to the persons responsible for this summary in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the new ordinary shares.</p>
<b>A.2</b>	<p><b>Consent to subsequent resale or final placement</b></p> <p>Not applicable. This Prospectus does not constitute an offer to buy, subscribe or sell the new ordinary shares and consequently no consent is granted by us to the use of the Prospectus for subsequent resale or final placement of the new ordinary shares.</p>

### Section B – Company

Element	Disclosure requirement
<b>B.1</b>	<p><b>Name of the issuer</b></p> <p>argenx SE.</p>
<b>B.2</b>	<p><b>General information on the issuer</b></p> <p>We were incorporated under the laws of the Netherlands on April 25, 2008 as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>). On May 28, 2014 we converted to a Dutch public company with limited liability (<i>naamloze vennootschap</i>). On April 26,</p>

Element	Disclosure requirement
	<p>2017, we converted into a Dutch European public company with limited liability (<i>Societas Europaea</i> or <i>SE</i>).</p> <p>Our official seat is in Rotterdam, the Netherlands, and our registered office is at Willemstraat 5, 4811 AH, Breda, the Netherlands. We are registered with the trade register of the Dutch Chamber of Commerce under number 24435214. Our telephone number is +31 (0) 10 70 38 441. Our website address is <a href="http://www.argenx.com">http://www.argenx.com</a>.</p> <p>We intend to transfer our corporate seat located in Rotterdam, the Netherlands and our registered office located at Willemstraat 5, 4811 AH, Breda, the Netherlands, to Industriepark Zwijnaarde 7, Building C, 9052 Zwijnaarde (Gent), Belgium, or our redomiciliation. If we complete our redomiciliation, we will no longer have any presence in the Netherlands. Our redomiciliation is subject to a procedure governed by the European Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European company (<i>Societas Europaea</i> or <i>SE</i>), which we intend to initiate as soon as reasonably practical after the completion of the Offering.</p>
B.3	<p><b>Current operations and principal activities of argenx SE and the principal markets in which it competes</b></p> <p>We are a clinical-stage biotechnology company developing a deep pipeline of differentiated antibody-based therapies for the treatment of severe autoimmune diseases and cancer. Utilizing our suite of technologies, we are focused on developing product candidates with the potential to be either first-in-class against novel targets or best-in-class against known, but complex, targets in order to treat diseases with a significant unmet medical need. Our SIMPLE Antibody Platform, based on the powerful llama immune system, allows us to exploit novel and complex targets, and our three antibody Fc engineering technologies are designed to enable us to expand the therapeutic index of our product candidates. Together with our antibody discovery and development expertise, this suite of technologies has enabled our pipeline of seven product candidates. Two of our product candidates are in clinical proof-of-concept trials for three indications.</p> <p>Our most advanced product candidate, ARGX-113, is in a Phase 2 clinical trial for the treatment of the rare autoimmune disease myasthenia gravis, or MG, and, in March 2017, we initiated a Phase 2 clinical trial of ARGX-113 for the treatment of another rare autoimmune disease, primary immune thrombocytopenia, or ITP. We are currently developing our second lead product candidate, ARGX-110, for rare and aggressive hematological cancers, initially for T-cell lymphoma, or TCL, and acute myeloid leukemia, or AML, as well as high-risk myelodysplastic syndrome, or MDS. In December 2016, we commenced a Phase 1/2 clinical trial of ARGX-110 in combination with azacitidine for the treatment of newly diagnosed AML or high-risk MDS patients, and in April 2017, we initiated the Phase 2 part of a Phase 1/2 clinical trial of ARGX-110 for the treatment of cutaneous TCL, or CTCL.</p> <p>We have a disciplined strategy to maximize the value of our pipeline whereby we plan to retain development and commercialization rights to those product candidates that we believe we can ultimately commercialize successfully on our own if they are approved. We plan to collaborate on product candidates that we believe have promising utility in disease areas or patient populations that are better served by the resources of larger biopharmaceutical companies. We have entered into collaborations with a number of biopharmaceutical companies, including our collaboration with AbbVie S.Á.R.L., or AbbVie, for ARGX-115, a cancer immunotherapy-focused product candidate, against the novel target glycoprotein A repetitions predominant, or GARP. We received a \$40.0 million (€35.1 million as of the date the payment was received) upfront payment in connection with this collaboration.</p> <p>Our product candidates are focused on indications for which there is a solid biological rationale and for which we believe there is an advantage to utilizing our suite of technologies outlined below:</p> <ul style="list-style-type: none"> <li>• <b><i>Our proprietary SIMPLE Antibody Platform</i></b> sources antibody V-regions from the immune system of outbred llamas, each of which has a different genetic background.</li> </ul>

Element	Disclosure requirement
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The llama produces highly diverse panels of antibodies with a high human homology, or similarity, in their V-regions when immunized with targets of human disease. By contrast, most antibody platforms start with antibodies generated in inbred mice or synthetic antibody library systems, approaches that we believe are limited by insufficient antibody repertoires and limited diversity, respectively. Our SIMPLE Antibody Platform allows us to access and explore a broad target universe, including novel and complex targets, while minimizing the long timelines associated with generating antibody candidates using traditional methods.

- **Our Fc engineering technologies**—NHance, ABDEG and POTELLIGENT—focus on engineering the Fc region of antibodies in order to augment their intrinsic therapeutic properties. These technologies are designed to enable us to expand the therapeutic index of our product candidates, which is the ratio between toxic and therapeutic dose, by modifying their half-life, tissue penetration, rate of disease target clearance and potency.

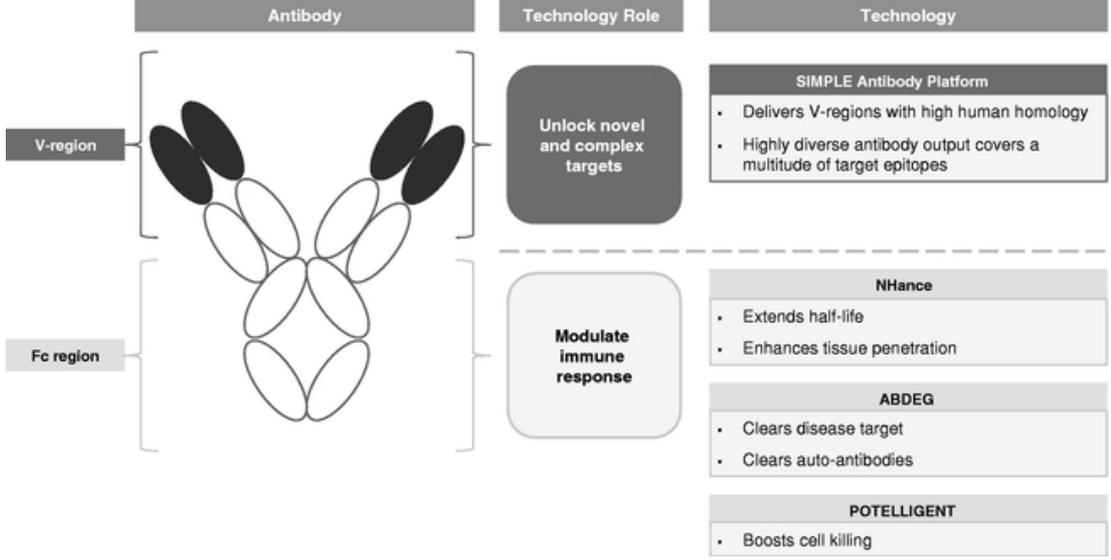
Our product candidate pipeline includes both wholly-owned and partnered programs. We refer to programs for which we retain the exclusive right to develop and commercialize the product candidate on a worldwide basis as our wholly-owned programs. We refer to programs for which we have entered into collaboration agreements with third parties for the development and commercialization of the product candidate as our partnered programs.

Our product candidate pipeline enabled by our suite of technologies is set forth below:

Product Candidate	Target	Technology Used	Indication	Preclinical	Phase 1	Phase 2	Phase 3	Key Commentary / Next Anticipated Milestone
<b>Wholly-Owned Product Candidates</b>								
ARGX-113 (efgartigimod)	FcRn	ABDEG	Myasthenia gravis Primary immune thrombocytopenia Chronic autoimmune diseases (subcutaneous)					<ul style="list-style-type: none"> <li>• 1Q:2018 — Announce Phase 2 topline results</li> <li>• 2H:2018 — Announce Phase 2 topline results</li> <li>• 2H:2017 — Initiate Phase 1 clinical trial</li> </ul>
ARGX-110 (cusatuzumab)	CD70	SIMPLE Antibody POTELLIGENT	T-cell lymphoma Acute myeloid leukemia		Phase 1/2*			<ul style="list-style-type: none"> <li>• 2H:2018 — Announce Phase 2 topline results in CTCL</li> <li>• YE:2017 — Update from Phase 2 proof-of-concept cohort in CTCL and Phase 1 dose-escalation in AML/MDS</li> </ul>
ARGX-111	C-MET	SIMPLE Antibody POTELLIGENT NHance	Solid tumors with MET amplification					<ul style="list-style-type: none"> <li>• Intend to partner</li> </ul>
<b>Partnered Product Candidates</b>								<b>Partner</b>
ARGX-109 (gerilimzumab)	IL-6	SIMPLE Antibody NHance	Rheumatoid arthritis					<ul style="list-style-type: none"> <li>• Bird Rock Bio</li> </ul>
ARGX-112	IL-22R	SIMPLE Antibody	Skin inflammation					<ul style="list-style-type: none"> <li>• LEO Pharma</li> </ul>
ARGX-115	GARP	SIMPLE Antibody	Cancer immunotherapy					<ul style="list-style-type: none"> <li>• AbbVie</li> </ul>
ARGX-116	ApoC3	SIMPLE Antibody	Dyslipidemia					<ul style="list-style-type: none"> <li>• Staten Biotechnology</li> </ul>

\* Our Phase 1/2 clinical trials of ARGX-110 meet the requirements for both a Phase 1 and Phase 2 trial because they are designed to (1) determine the optimal or maximum tolerated dose of ARGX-110 and/or the recommended Phase 2 dose, as a monotherapy and in combination with standard of care, through a dose-escalation component and gather pharmacokinetics, immunogenicity and safety data and (2) assess efficacy, both as a monotherapy and in combination with standard of care.

Element	Disclosure requirement
	<p>We believe that our clinical expertise and execution capabilities position us well to advance our product pipeline and enter into collaborations designed to maximize the value of our portfolio. We have assembled a team of over 60 employees and consultants with experience across the spectrum of antibody drug discovery and development and business development. Members of our board of directors and management team have extensive experience in the life sciences industry and have previously served at companies including Cambridge Antibody Technology Group Plc; Celgene Corporation; Galapagos NV; GlaxoSmithKline plc; Janssen Pharmaceuticals, Inc.; Micromet, Inc.; Nicox S.A.; The Procter &amp; Gamble Company; Quintiles IMS Holdings, Inc. and Unilever NV.</p> <p><b>Our Competitive Strengths</b></p> <p>We believe that the combination of our technologies, expertise and disciplined focus will enable us to overcome many of the challenges associated with antibody drug development and positions us to be a leader in delivering therapies to patients suffering from severe autoimmune disease and cancers for which the current treatment paradigm is inadequate. Our competitive strengths include:</p> <ul style="list-style-type: none"> <li>• A lead product candidate in clinical proof-of-concept testing in two indications.</li> <li>• Productive discovery capabilities that fuel a deep pipeline of clinical and preclinical product candidates.</li> <li>• The ability to exploit novel and complex targets for maximum therapeutic effect.</li> <li>• The ability to use our Fc engineering technologies to modulate immune response.</li> <li>• Validating strategic collaborations to maximize pipeline value.</li> </ul> <p><b>Our Suite of Technologies</b></p> <p>We employ a suite of technologies to optimize antibodies for the discovery and development of our product candidates. Used alone or in combination, we believe that our technologies enable us to create product candidates with potential first-in-class or best-in-class therapeutic activity against a wide range of targets. Our technologies specifically focus on enhancements around both the V-region and Fc region of an antibody.</p> <p>Antibodies are Y-shaped proteins used by the immune system to target and clear foreign bodies, including pathogens and tumor cells. Antibodies are composed of two structurally independent parts, the variable region, or V-region, and the constant, or Fc, region. The V-region is responsible for targeting a specific antibody to an antigen, which is a substance that induces an immune response, and is different for every type of antibody. The Fc region does not interact with antigens, but rather interacts with components of the immune system through a variety of receptors on immune and other cells. These interactions allow antibodies to regulate the immune response and levels of cell-killing ability, or cytotoxicity, as well as their persistence in circulation and tissues. Fc regions are the same and interchangeable from antibody to antibody.</p> <p>Our proprietary SIMPLE Antibody Platform sources V-regions from the immune system of outbred llamas, each of which has a different genetic background. The llama produces highly diverse panels of antibodies with a high human homology in their V-regions when immunized with targets of human disease. Our SIMPLE Antibody Platform allows us to access and explore a broad target universe, including novel and complex targets, while minimizing the long timelines associated with generating antibody candidates using traditional methods.</p> <p>By focusing on the Fc region of antibodies, our Fc technologies—NHance, ABDEG and POTELLIGENT—augment the interactions with immune system components, thereby potentially improving the therapeutic potential of our product candidates. Specifically, these technologies allow</p>

Element	Disclosure requirement															
	<p>us to modify antibody half-life, tissue penetration, rate of disease target clearance and potency.</p> <p>The figure below illustrates the role of each of our individual technologies:</p>  <p>The diagram shows an antibody structure with two main regions: the V-region (variable region) and the Fc region (constant region). The V-region is represented by four dark oval shapes, and the Fc region is represented by four light oval shapes. To the right of the diagram is a table with three columns: 'Antibody', 'Technology Role', and 'Technology'. The 'Antibody' column lists 'V-region' and 'Fc region'. The 'Technology Role' column lists 'Unlock novel and complex targets' and 'Modulate immune response'. The 'Technology' column lists 'SIMPLE Antibody Platform', 'NHance', 'ABDEG', and 'POTELLIGENT', each with a list of bullet points describing their functions.</p> <table border="1" data-bbox="438 421 1415 981"> <thead> <tr> <th>Antibody</th> <th>Technology Role</th> <th>Technology</th> </tr> </thead> <tbody> <tr> <td>V-region</td> <td>Unlock novel and complex targets</td> <td> <b>SIMPLE Antibody Platform</b> <ul style="list-style-type: none"> <li>Delivers V-regions with high human homology</li> <li>Highly diverse antibody output covers a multitude of target epitopes</li> </ul> </td> </tr> <tr> <td>Fc region</td> <td>Modulate immune response</td> <td> <b>NHance</b> <ul style="list-style-type: none"> <li>Extends half-life</li> <li>Enhances tissue penetration</li> </ul> </td> </tr> <tr> <td></td> <td></td> <td> <b>ABDEG</b> <ul style="list-style-type: none"> <li>Clears disease target</li> <li>Clears auto-antibodies</li> </ul> </td> </tr> <tr> <td></td> <td></td> <td> <b>POTELLIGENT</b> <ul style="list-style-type: none"> <li>Boosts cell killing</li> </ul> </td> </tr> </tbody> </table> <p><b>Our Two Lead Wholly-Owned Product Candidates</b></p> <p><b>ARGX-113.</b> We are currently developing our lead product candidate, ARGX-113, for the treatment of patients with MG and ITP, both of which are rare and severe autoimmune diseases associated with high levels of pathogenic immunoglobulin G, or IgG, antibodies for which few innovative biologic treatments have been approved and severe unmet medical need exists. ARGX-113 utilizes our ABDEG engineering technology and is designed to block the recycling of IgG antibodies, which results in their removal from circulation. We believe that our approach presents potential benefits relative to the current standard of care for MG and ITP: corticosteroids and immunosuppressants in the early stages, followed by intravenous IgG, or IVIg, and plasma exchange, or plasmapheresis, as the disease progresses. These potential benefits include improved time of onset, increased magnitude and duration of therapeutic benefit, a more favorable safety and tolerability profile and reduced cost burden to the healthcare system.</p> <p>We have completed single and multiple ascending dose parts of a double-blind, placebo-controlled Phase 1 clinical trial of ARGX-113 in 62 healthy volunteers. In the single ascending dose part of our clinical trial, we observed that a single two-hour infusion of 10 mg/kg of ARGX-113 was associated with an approximate 50% reduction of circulating IgG antibody levels. In the multiple ascending dose part of the Phase 1 clinical trial, repeat administration of ARGX-113 every seven days, with four doses in total, was associated with a gradual reduction in levels of four classes of IgG antibodies of 60% to 85%. We observed the reduction in circulating IgG antibody levels to persist for more than four weeks after the last dose. We believe that a reduction of pathogenic IgG antibody levels, which are a subset of circulating IgG antibodies in people with autoimmune disease, of at least 30% would be clinically meaningful. ARGX-113 was reported to be well-tolerated in both parts of the Phase 1 clinical trial, except for 50 mg/kg, the highest dose in the single ascending dose part, which was moderately tolerated. One serious adverse event, hyperventilation, was observed in the multiple ascending dose part. This event, which occurred six days after drug administration, was considered by the clinical investigator as unlikely to be related to ARGX-113.</p> <p>As a result of these promising data, we launched a Phase 2 clinical trial of ARGX-113 in patients with MG in January 2017. In parallel, we launched a second Phase 2 clinical trial of ARGX-113 in patients with ITP in March 2017.</p>	Antibody	Technology Role	Technology	V-region	Unlock novel and complex targets	<b>SIMPLE Antibody Platform</b> <ul style="list-style-type: none"> <li>Delivers V-regions with high human homology</li> <li>Highly diverse antibody output covers a multitude of target epitopes</li> </ul>	Fc region	Modulate immune response	<b>NHance</b> <ul style="list-style-type: none"> <li>Extends half-life</li> <li>Enhances tissue penetration</li> </ul>			<b>ABDEG</b> <ul style="list-style-type: none"> <li>Clears disease target</li> <li>Clears auto-antibodies</li> </ul>			<b>POTELLIGENT</b> <ul style="list-style-type: none"> <li>Boosts cell killing</li> </ul>
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		<b>POTELLIGENT</b> <ul style="list-style-type: none"> <li>Boosts cell killing</li> </ul>														

Element	Disclosure requirement
	<p><b>ARGX-110.</b> We are developing ARGX-110 in cancer indications, initially for TCL and AML, as well as high-risk MDS. TCL and AML are rare and aggressive hematological cancers for which significant unmet medical needs exist. MDS, a rare bone marrow disorder, is often a precursor to AML. ARGX-110 is a SIMPLE Antibody that blocks the cell surface protein CD70, which is overexpressed in B-cell and T-cell lymphomas and leukemias and is involved in the proliferation and survival of these cells. ARGX-110 is designed to kill CD70-positive cells via its potent antibody effector functions through the use of POTELLIGENT technology.</p> <p>ARGX-110 is currently being evaluated in an open-label, multi-site Phase 1/2 clinical trial in patients with advanced malignancies expressing CD70. To date, as part of a step-wise adaptive trial design, we have enrolled a total of 85 patients (of whom 84 were treated) in the Phase 1 part of the clinical trial. This clinical trial design is adaptive in that it allows us to make data driven decisions and open up new cohorts in indications where we have seen the most promising early signals of biological activity.</p> <p>While the primary goal of the Phase 1 part of this Phase 1/2 clinical trial is to investigate safety and pharmacokinetics, we have also observed evidence of biological activity in several of the patients treated. In the completed dose-escalation part and the first two completed safety-expansion cohorts (one in patients with CD70-positive solid tumors and one in patients with CD70-positive hematological tumors) of the clinical trial, in which ARGX-110 was administered to 65 patients (26 in the dose-escalation part, 20 in the safety-expansion cohort in patients with CD70-positive solid tumors and 19 in the safety-expansion cohort in patients with CD70-positive hematological tumors), no dose-limiting toxicities were observed. The most frequent drug-related adverse events were fatigue and infusion-related reactions. In the dose-escalation part of the clinical trial, in which 26 patients were treated, there were 20 serious adverse events seen in these pre-treated patients, but no significant trends in terms of safety were observed between the dose groups. Pre-treated patients are defined as having failed at least one prior chemotherapy treatment. Subsequently, in the two completed safety-expansion cohorts, there were 47 serious adverse events observed in these pre-treated patients. Eight of these serious adverse events were deemed drug-related by the investigators. In the safety-expansion cohort in CD70-positive hematological tumors, there was one patient death which was deemed drug-related by the investigator, which occurred in a heavily pre-treated patient with Waldenstrom Macroglobulinemia and was attributed to sepsis and general condition deterioration. In this context, heavily pre-treated means having failed multiple lines of prior treatment. We are currently concluding two additional safety-expansion cohorts, one consisting of pre-treated patients with CD70-positive CTCL and one consisting of pre-treated patients with CD70-positive peripheral TCL. To date, we have observed promising signs of biological activity in patients with a range of cancers, including platinum-refractory ovarian cancer, head-and-neck cancer, myoepithelial carcinoma, mesothelioma, renal cell carcinoma and TCL and have seen promising preliminary results in some of the first 13 evaluable CTCL patients. At doses of 1 mg/kg every three weeks, we observed three patients to have a partial response and four patients to have stable disease.</p> <p><b>Our Partnered Programs</b></p> <p>In addition to our wholly-owned product candidates, we are developing a pipeline of partnered programs—those we believe have promising utility in disease areas or patient populations that are better served by the resources of larger biopharmaceutical companies. We have entered into collaborations with a number of companies, including our collaboration with AbbVie for ARGX-115, a cancer immunotherapy-focused product candidate. Additional partnered programs include our research collaboration with Bird Rock Bio, Inc. for ARGX-109, advancing into a Phase 2 clinical trial for rheumatoid arthritis, our collaboration with LEO Pharma A/S for ARGX-112 and our collaboration with Staten Biotechnology B.V. for ARGX-116. We are also party to a collaboration agreement with Shire AG to discover, develop and commercialize novel human therapeutic antibodies against up to three targets implicated in diverse rare and unmet diseases and a collaboration agreement with Broteio Pharma B.V. to develop an antibody against a novel complement target. For more information on our relationships with our collaboration partners, see Part X “Business—Collaborations.” In addition to collaborating on our product candidates, we may also elect to enter into collaborations for third-party product candidates for which we believe that our</p>

Element	Disclosure requirement
	<p>technologies and expertise may be valuable.</p> <p><b>Our Strategy</b></p> <p>Our goal is to deliver therapies that are either first-in-class or best-in-class to patients suffering from severe autoimmune diseases and various cancers for which there exists a significant unmet medical need. We are also focused on attaining this goal in a manner that is disciplined for a company of our size. We plan to:</p> <ul style="list-style-type: none"> <li>• Rapidly advance ARGX-113 through clinical proof-of-concept in two indications.</li> <li>• Advance ARGX-110 through clinical proof-of-concept in selected hematological tumors.</li> <li>• Expand applications for our existing product candidates.</li> <li>• Focus our discovery and development efforts on novel and complex targets to generate new first-in-class and best-in-class product candidates for autoimmune diseases and cancer.</li> <li>• Independently commercialize our product candidates in indications and geographies where we believe we can extract maximum value.</li> <li>• Selectively leverage our suite of technologies to seek strategic collaborations and maximize the value of our pipeline.</li> </ul>
B.4a	<p><b>Significant recent trends affecting argenx SE and the industries in which it operates</b></p> <p><b>Our Two Lead Wholly-Owned Product Candidates</b></p> <p>Our most advanced product candidate, ARGX-113, is in two Phase 2 clinical trials for the treatment of the rare autoimmune diseases MG and for the treatment of another rare autoimmune disease, primary ITP. We expect topline data from these clinical trials in the first quarter of 2018 and the second half of 2018, respectively. Depending on the outcome of these clinical trials and subject to discussions with regulatory agencies, we intend to structure our pivotal program for ARGX-113 in one or both of these indications. In addition to the intravenous formulation of ARGX-113 that we are using in our current clinical trials, we are also developing a subcutaneous formulation designed to make ARGX-113 accessible to larger patient populations, including patients requiring chronic therapy, potentially outside of the hospital setting. We plan to initiate a Phase 1 clinical trial in healthy volunteers for a subcutaneous formulation of ARGX-113 in the second half of 2017.</p> <p>We are currently developing our second lead product candidate, ARGX-110, for rare and aggressive hematological cancers. Based on the preliminary results from the Phase 1 part of the clinical trial, we transitioned into the Phase 2 part of the clinical trial in adult relapsed or refractory CD70-positive CTCL patients in April 2017, with interim results expected to be available by the end of 2017. We expect to report topline results from this clinical trial in the second half of 2018. In December 2016, we initiated a Phase 1/2 clinical trial of ARGX-110 in combination with azacitidine in newly diagnosed AML or high-risk MDS patients. We expect the majority of patient enrollment in this clinical trial to be AML patients. We expect to report interim results from the dose-escalation part of this clinical trial by the end of 2017.</p> <p><b>Competition</b></p> <p>We participate in a highly innovative industry characterized by a rapidly growing understanding of disease biology, quickly changing technologies, strong intellectual property barriers to entry, a multitude of companies involved in the creation, development and commercialization of novel</p>

Element	Disclosure requirement
	<p>therapeutics. These companies are highly sophisticated and often strategically collaborate with each other.</p> <p>We compete with a wide range of pharmaceutical companies, biotechnology companies, academic institutions and other research organizations for novel therapeutic antibody targets, new technologies for optimizing antibodies, talent, financial resources, intellectual property rights and collaboration opportunities. Many of our competitors and potential competitors have substantially greater scientific, research and product development capabilities as well as greater financial, manufacturing, marketing and sales and human resources than we do. In addition, there is intense competition for establishing clinical trial sites and registering patients for clinical trials. Many specialized biotechnology firms have formed collaborations with large, established companies to support the research, development and commercialization of products that may be competitive with ours. Accordingly, our competitors may be more successful than we may be in developing, commercializing and achieving widespread market acceptance.</p> <p>Competition in the autoimmune field is intense and involves multiple monoclonal antibodies, other biologics and small molecules either already marketed or in development by many different companies including large pharmaceutical companies such as AbbVie Inc. (Humira/rheumatoid arthritis); Amgen Inc. (Enbrel/rheumatoid arthritis); Biogen, Inc. (Tysabri/multiple sclerosis); GlaxoSmithKline plc, or GSK, (Benlysta/lupus); F. Hoffman-La Roche AG, or Roche, (Rituxan/often used off label); and Janssen Pharmaceuticals, Inc., or Janssen (Remicade/rheumatoid arthritis and Stelara/psoriasis). In some cases, these competitors are also our collaborators. In addition, these and other pharmaceutical companies have monoclonal antibodies or other biologics in clinical development for the treatment of autoimmune diseases.</p> <p>ARGX-113 competition - In addition to the current standard of care, we are aware that Alexion Pharmaceuticals, Inc.; GSK; Roche; Novartis AG; CSL Behring; Grifols, S.A.; BioMarin Pharmaceutical Inc.; Curavac and Millenium Pharmaceuticals, Inc., among others, are developing drugs that may have utility for the treatment of MG. We are aware that Rigel Pharmaceuticals, Inc.; Eisai Inc.; Bristol-Myers Squibb; Shire Immunomedics; Protalex Inc. and others are developing drugs that may have utility for the treatment of ITP. Furthermore, we are aware of competing products specifically targeting FcRn and being developed by UCB S.A.; Momenta, Inc.; Shire Plc; Syntimmune, Inc. and Hannal Biotech.</p> <p>ARGX-110 competition - Competition in the leukemia and lymphoma space is intense, with many compounds in clinical trials by large multinational pharmaceutical companies and specialized biotech companies. Rituxan (Roche), Adcetris (Seattle Genetics, Inc./Takeda Pharmaceutical Company Ltd), Darzalex (Janssen), Poteligeo (Kyowa Hakkō Kirin Co., Ltd.) are some examples of monoclonal antibodies approved for the treatment of Hodgkin's lymphoma, non-Hodgkin's lymphoma, multiple myeloma or other blood cancers. In addition, we are aware of a number of other companies with development stage programs that may compete with ARGX-110 in the future if it is approved. We anticipate that we will face intense and increasing competition as new treatments enter the market and advanced technologies become available.</p> <p>There are several monoclonal antibody drug discovery companies that may compete with us in the search for novel therapeutic antibody targets, including Adimab LLC; Merus N.V.; Regeneron Pharmaceuticals, Inc.; Xencor Inc. and MorphoSys AG. We are aware that a product candidate in development by Scholar Rock, Inc. may compete with ARGX-115 and a product candidate in development by Ionis Pharmaceuticals, Inc. may compete with ARGX-116, if they are approved.</p> <p><b>Other Significant Trends</b></p> <p>The containment of healthcare costs has become a priority of U.S. and European governments and the prices of pharmaceuticals have been a focus in this effort. Governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products.</p>

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	<p>In March 2010, the U.S. Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively the ACA, became law, which, among other things, includes changes to the coverage and payment for products under governmental and private insurance plans. Since its enactment, there have been judicial and Congressional challenges to numerous aspects of the ACA. In January, Congress voted to adopt a budget resolution for fiscal year 2017 that, while not a law, is widely viewed as the first step toward the passage of legislation to repeal the ACA. Further, on January 20, 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from, or delay the implementation of any provision of the ACA that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. Congress also could consider subsequent legislation to replace elements of the ACA that are repealed. We cannot predict how the ACA, its possible repeal, or any legislation that may be proposed to replace the ACA will impact our business.</p>																																										
<p><b>B.5</b></p>	<p><b>Description of the group and argenx SE’s position within the group</b></p> <p>argenx SE is the top entity in the group. argenx SE is the sole shareholder of argenx BVBA, a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) incorporated under the laws of Belgium, having its registered seat in Zwijnaarde, Belgium.</p> <p>Until December 31, 2016, argenx SE was the sole shareholder in argenx 110 B.V., argenx 111 B.V., argenx 113 B.V. and argenx 115 B.V. These entities were merged into argenx SE, effective as per December 31, 2016.</p>																																										
<p><b>B.6</b></p>	<p><b>Relationship with major shareholders</b></p> <p>At the date of this Prospectus, the issued share capital of argenx SE amounts to EUR 2,012,647.90 and is represented by 20,126,479 ordinary shares. 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 argenx SE.</p> <p>The following major shareholdings fall under the mandatory notice provisions of Section 5:38 of the DFSA on the basis of information provided by the shareholders and/or the public register of all notifications made available pursuant to the DFSA at the AFM’s website (see also Part XVI “Description of Share Capital and Group Structure— Our Obligations and Obligations of our Shareholders and Directors to Notify Holders of Shares and Voting Rights”) (i) before the Offering and (ii) immediately after the Offering, including the exercise in full of the underwriters’ option to purchase additional ADSs.</p> <table border="1" data-bbox="311 1512 1396 2036"> <thead> <tr> <th data-bbox="311 1697 790 1727" rowspan="2">Name and address of beneficial owner</th> <th colspan="2" data-bbox="906 1630 1136 1659">Shares before the Offering</th> <th data-bbox="1169 1512 1396 1697" rowspan="2">Shares owned after the Offering (including exercise in full of the underwriters option) Percent</th> </tr> <tr> <th data-bbox="906 1697 1007 1727">Number</th> <th data-bbox="1050 1697 1136 1727">Percent</th> </tr> </thead> <tbody> <tr> <td data-bbox="311 1731 603 1760">LSP IV Management B.V.</td> <td data-bbox="906 1731 1007 1760">1,715,215</td> <td data-bbox="1050 1731 1136 1760">8.52%</td> <td data-bbox="1241 1731 1326 1760">6.38%</td> </tr> <tr> <td data-bbox="311 1765 767 1794">Forbion Capital Fund II Coöperatief U.A.</td> <td data-bbox="906 1765 1007 1794">2,126,243</td> <td data-bbox="1050 1765 1136 1794">10.56%</td> <td data-bbox="1241 1765 1326 1794">7.91%</td> </tr> <tr> <td data-bbox="311 1798 416 1827">Shire plc</td> <td data-bbox="906 1798 1007 1827">1,411,764</td> <td data-bbox="1050 1798 1136 1827">7.01%</td> <td data-bbox="1241 1798 1326 1827">5.25%</td> </tr> <tr> <td data-bbox="311 1832 512 1861">RTW Investments</td> <td data-bbox="906 1832 1007 1861">1,841,731</td> <td data-bbox="1050 1832 1136 1861">9.15%</td> <td data-bbox="1241 1832 1326 1861">6.85%</td> </tr> <tr> <td data-bbox="311 1865 790 1917">Federated Equity Management Company of Pennsylvania</td> <td data-bbox="906 1865 1007 1895">2,090,658</td> <td data-bbox="1050 1865 1136 1895">10.39%</td> <td data-bbox="1241 1865 1326 1895">7.78%</td> </tr> <tr> <td data-bbox="311 1921 592 1951">Perceptive Advisors LLC</td> <td data-bbox="906 1921 1007 1951">1,124,478</td> <td data-bbox="1050 1921 1136 1951">5.59%</td> <td data-bbox="1241 1921 1326 1951">4.18%</td> </tr> <tr> <td data-bbox="311 1955 480 1984">Omnes Capital</td> <td data-bbox="906 1955 1007 1984">495,415</td> <td data-bbox="1050 1955 1136 1984">2.46%</td> <td data-bbox="1241 1955 1326 1984">1.84%</td> </tr> <tr> <td data-bbox="311 1989 651 2018">Erasmus MC Biomedical Fund</td> <td data-bbox="906 1989 1007 2018">479,913</td> <td data-bbox="1050 1989 1136 2018">2.38%</td> <td data-bbox="1241 1989 1326 2018">1.79%</td> </tr> <tr> <td data-bbox="311 2022 799 2051">JP Morgan Asset Management Holdings Inc.</td> <td data-bbox="906 2022 1007 2051">965,992</td> <td data-bbox="1050 2022 1136 2051">4.80%</td> <td data-bbox="1241 2022 1326 2051">3.59%</td> </tr> </tbody> </table>	Name and address of beneficial owner	Shares before the Offering		Shares owned after the Offering (including exercise in full of the underwriters option) Percent	Number	Percent	LSP IV Management B.V.	1,715,215	8.52%	6.38%	Forbion Capital Fund II Coöperatief U.A.	2,126,243	10.56%	7.91%	Shire plc	1,411,764	7.01%	5.25%	RTW Investments	1,841,731	9.15%	6.85%	Federated Equity Management Company of Pennsylvania	2,090,658	10.39%	7.78%	Perceptive Advisors LLC	1,124,478	5.59%	4.18%	Omnes Capital	495,415	2.46%	1.84%	Erasmus MC Biomedical Fund	479,913	2.38%	1.79%	JP Morgan Asset Management Holdings Inc.	965,992	4.80%	3.59%
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<b>B.7</b>	<p><b>Selected historical key financial information</b></p> <table border="0" style="width: 100%;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center;"><b>Year ended</b></th> </tr> <tr> <th colspan="2" style="text-align: center;"><b>December 31,</b></th> </tr> <tr> <th></th> <th style="text-align: center;"><u>2015</u></th> <th style="text-align: center;"><u>2016</u></th> </tr> </thead> <tbody> <tr> <td colspan="3" style="text-align: center;"><b>(In thousands, except share and per share data)</b></td> </tr> <tr> <td colspan="3"><b>Statement of profit and loss and other comprehensive income data:</b></td> </tr> <tr> <td>Revenue .....</td> <td style="text-align: right;">€ 6,854</td> <td style="text-align: right;">€ 14,713</td> </tr> <tr> <td>Other operating income.....</td> <td style="text-align: right;">3,101</td> <td style="text-align: right;">2,439</td> </tr> <tr> <td>Research and development expenses .....</td> <td style="text-align: right;">(20,635)</td> <td style="text-align: right;">(31,557)</td> </tr> <tr> <td>General and administrative expenses .....</td> <td style="text-align: right;">(4,925)</td> <td style="text-align: right;">(7,011)</td> </tr> <tr> <td>Operating loss .....</td> <td style="text-align: right;"><u>(15,605)</u></td> <td style="text-align: right;"><u>(21,416)</u></td> </tr> <tr> <td>Financial income.....</td> <td style="text-align: right;">112</td> <td style="text-align: right;">73</td> </tr> <tr> <td>Exchange gains (losses) .....</td> <td style="text-align: right;">181</td> <td style="text-align: right;">(31)</td> </tr> <tr> <td>Total comprehensive loss.....</td> <td style="text-align: right;"><u>€ (15,312)</u></td> <td style="text-align: right;"><u>€ (21,374)</u></td> </tr> <tr> <td colspan="3">Weighted average number of shares</td> </tr> <tr> <td>    outstanding.....</td> <td style="text-align: right;">15,734,007</td> <td style="text-align: right;">18,820,612</td> </tr> <tr> <td>Basic and diluted loss per share .....</td> <td style="text-align: right;">€ (0.97)</td> <td style="text-align: right;">€ (1.14)</td> </tr> </tbody> </table> <p>Our revenue increased by €7.8 million for the year ended December 31, 2016 to €14.7 million, compared to €6.9 million for the year ended December 31, 2015. Other operating income decreased by €0.7 million for the year ended December 31, 2016 to €2.4 million, compared to €3.1 million for the year ended December 31, 2015, as a result of a decrease in grants received from the Flemish government. Our research and development expenses totaled €20.6 million and €31.6 million for the years ended December 31, 2015 and 2016, respectively. Our general and administrative expenses totaled €7.0 million and €4.9 million for the years ended December 31, 2016 and 2015, respectively. For the year ended December 31, 2016, financial income amounted to €0.07 million compared to €0.1 million for the year ended December 31, 2015. For the year ended December 31, 2016, there were exchange losses amounting to €0.03 million, and for the year ended December 31, 2015, there were exchange gains amounting to €0.2 million.</p> <table border="0" style="width: 100%;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center;"><b>As of</b></th> </tr> <tr> <th colspan="2" style="text-align: center;"><b>December 31,</b></th> </tr> <tr> <th></th> <th style="text-align: center;"><u>2015</u></th> <th style="text-align: center;"><u>2016</u></th> </tr> </thead> <tbody> <tr> <td colspan="3" style="text-align: center;"><b>(In thousands)</b></td> </tr> <tr> <td colspan="3"><b>Statement of financial position data:</b></td> </tr> <tr> <td>Cash, cash equivalents and current financial assets .....</td> <td style="text-align: right;">€ 42,327</td> <td style="text-align: right;">€ 96,728</td> </tr> <tr> <td>Total assets.....</td> <td style="text-align: right;">45,962</td> <td style="text-align: right;">105,772</td> </tr> <tr> <td>Deferred revenue.....</td> <td style="text-align: right;">4,141</td> <td style="text-align: right;">30,206</td> </tr> </tbody> </table>		<b>Year ended</b>		<b>December 31,</b>			<u>2015</u>	<u>2016</u>	<b>(In thousands, except share and per share data)</b>			<b>Statement of profit and loss and other comprehensive income data:</b>			Revenue .....	€ 6,854	€ 14,713	Other operating income.....	3,101	2,439	Research and development expenses .....	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<b>Statement of financial position data:</b>																																																																							
Cash, cash equivalents and current financial assets .....	€ 42,327	€ 96,728																																																																					
Total assets.....	45,962	105,772																																																																					
Deferred revenue.....	4,141	30,206																																																																					

<b>Element</b>	<b>Disclosure requirement</b>						
	<table> <tr> <td>Total liabilities .....</td> <td>8,684</td> <td>42,398</td> </tr> <tr> <td>Total equity .....</td> <td>37,278</td> <td>63,374</td> </tr> </table> <p>On December 31, 2016, cash, cash equivalents and current financial assets amounted to €96.7 million compared to €42.3 million on December 31, 2015. Our total assets on December 31, 2016 amounted to €105.8 million compared to €46.0 million on December 31, 2015. Deferred revenue totaled €30.2 million on December 31, 2016 compared to €4.1 million on December 31, 2015. On December 31, 2016, total liabilities amounted to €42.4 million compared to €8.7 million on December 31, 2015. On December 31, 2016, our total equity amounted to €63.4 million compared to €37.3 million on December 31, 2015.</p>	Total liabilities .....	8,684	42,398	Total equity .....	37,278	63,374
Total liabilities .....	8,684	42,398					
Total equity .....	37,278	63,374					
<b>B.8</b>	<p><b>Selected key unaudited pro forma financial information</b></p> <p>Not applicable. No pro forma information has been included in the Prospectus.</p>						
<b>B.9</b>	<p><b>Profit forecast or estimate</b></p> <p>Not applicable. No profit forecast or estimate is made.</p>						
<b>B.10</b>	<p><b>A description of the nature of any qualifications in the audit report on the historical financial information</b></p> <p>Not applicable.</p> <p>Our auditors have not qualified their report on our historical financial information incorporated by reference in this Prospectus.</p>						
<b>B.11</b>	<p><b>Working capital statement</b></p> <p>In our opinion, we have sufficient working capital for our present requirements, that is for at least 12 months from the date of publication of this Prospectus.</p>						

### Section C – Securities

<b>Element</b>	<b>Disclosure requirement</b>
<b>C.1</b>	<p><b>Type and class of securities being offered and admitted to trading</b></p> <p>The new ordinary shares to be issued in the context of the Offering will be registered ordinary shares with nominal value EUR 0.10 per new ordinary share in our capital. Each new ordinary share will have the same rights and benefits as, and rank pari passu in all respects with, the existing and outstanding ordinary shares at the moment of their issuance and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of issuance of the new ordinary shares. Each new ordinary share will represent the same portion of share capital as the other existing ordinary shares. The new ordinary shares are not being offered or sold pursuant to this Prospectus.</p> <p>The new ordinary shares are expected to be listed on the regulated market of Euronext Brussels under ISIN Code NL0010832176 under the symbol ARGX.</p>

Element	Disclosure requirement
C.2	<p><b>Currency of the securities</b></p> <p>The new ordinary shares to be issued in the context of the Offering, are and, if applicable, will be denominated in euro.</p>
C.3	<p><b>Number of securities issued</b></p> <p>The Prospectus relates to the admission to listing and trading on the regulated market of Euronext Brussels of 6,744,750 new ordinary shares.</p>
C.4	<p><b>Rights attached to the securities</b></p> <p>All new ordinary shares will bear equal shareholder rights in all respects.</p> <p><i>Pre-emptive Rights</i></p> <p>Dutch law (Section 2:96a of the Dutch Civil Code, or the DCC) and the Articles of Association give shareholders pre-emptive rights to subscribe on a <i>pro rata</i> basis for any issue of new shares or, upon a grant of rights, to subscribe for shares. Holders of shares have no pre-emptive rights upon (1) the issue of shares against a payment in kind (being a contribution other than in cash); (2) the issue of shares to our employees or the employees of a member of our group; and (3) the issue of shares to persons exercising a previously granted right to subscribe for shares.</p> <p>A shareholder may exercise pre-emptive rights during a period of at least two weeks from the date of the announcement of the issue of shares. Pursuant to the Articles of Association, the shareholders at the General Meeting may restrict or exclude the pre-emptive rights of shareholders. A resolution of the shareholders at the General Meeting to restrict or exclude the pre-emptive rights or to designate our board of directors as our body authorized to do so, may only be adopted on the proposal of our board of directors with the consent of the majority of the non-executive directors. A resolution of the shareholders at the General Meeting to exclude or restrict pre-emptive rights, or to authorize our board of directors to exclude or restrict pre-emptive rights, requires a majority of at least two-thirds of the votes cast, if less than 50% of our issued and outstanding share capital is present or represented at the General Meeting.</p> <p>With respect to an issuance of shares pursuant to a resolution of our board of directors, the pre-emptive rights of shareholders may be restricted or excluded by resolution of our board of directors if and insofar as our board of directors is designated to do so by the shareholders at the General Meeting. A resolution of our board of directors to restrict or exclude pre-emptive rights can only be taken with the consent of the majority of the non-executive directors.</p> <p>The designation of our board of directors as the body competent to restrict or exclude the pre-emptive rights may be extended by a resolution of the shareholders at the General Meeting for a period not exceeding five years in each case. Designation by resolution of the shareholders at the General Meeting cannot be withdrawn unless determined otherwise at the time of designation.</p> <p>On April 26, 2017, the shareholders at the General Meeting designated our board of directors as the corporate body competent to issue additional shares and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of the non-executive directors for a period starting on April 26, 2017 and ending on December 31, 2017, for the purpose of the admission to listing and trading of the new ordinary shares on NASDAQ. While there is no current intention to benefit any specific person with this authorization to restrict the pre-emptive rights of the existing shareholders, when using this authorization the board will be able to restrict the pre-emptive rights in whole or in part, including for the benefit of specific persons. The board's ability to restrict the pre-emptive rights in whole or in part could be used as a potential anti-takeover measure. In its resolution, the shareholders at the General Meeting restricted the competency of our board of directors as regards the issue of shares</p>

Element	Disclosure requirement
	<p>and the grant of rights to subscribe for shares to a maximum of 20% of our total issued and outstanding share capital as at the day of that meeting.</p> <p>On April 26, 2017, the shareholders at the General Meeting furthermore granted an additional authorization to our board of directors to issue shares and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of the non-executive directors for a period of 18 months. In its resolution, the shareholders at the General Meeting restricted the competency of our board of directors under this second authorization as regards the issue of shares and the grant of rights to subscribe for shares to a maximum of 20% of our total issued and outstanding share capital as at the day of that meeting. This is in addition to the authorization described above. The primary purpose of this second authorization is to allow the board of directors the general flexibility to issue additional shares as and when the need may arise or an opportunity would present itself, including to issue shares and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders for such shares for the purpose of the admission to listing and trading of the new ordinary shares on NASDAQ in addition to the first authorization. While there is no current intention to benefit any specific person with this second authorization to restrict the pre-emptive rights of the existing shareholders, when using this authorization the board will be able to restrict the pre-emptive rights in whole or in part, including for the benefit of specific persons. The board's ability to restrict the pre-emptive rights in whole or in part could be used as a potential anti-takeover measure.</p> <p><b><i>Dividend rights</i></b></p> <p>Pursuant to Dutch law (Section 2:105 paragraph 3 of the DCC) and the Articles of Association, the distribution of profits will take place following the adoption of our annual accounts, from which we will determine whether such distribution is permitted. We may only make distributions to the shareholders, whether from profits or from our freely distributable reserves, only insofar as our shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law.</p> <p>The shareholders at the General Meeting may determine which part of our profits will be added to the reserves in consideration of our reserves and dividends policy. The remaining part of the profits after the addition to the reserves will be at the disposal of the shareholders at the General Meeting. Distributions of dividends will be made pro rata to the nominal value of each share.</p> <p>Subject to Dutch law (Section 2:105 of the DCC) and the Articles of Association, our board of directors, with the consent of the majority of the non-executive directors, may resolve to distribute an interim dividend if it determines such interim dividend to be justified by our profits. For this purpose, our board of directors must prepare an interim statement of assets and liabilities. Such interim statement will show our financial position 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. An interim dividend can only be paid if (a) an interim statement of assets and liabilities is drawn up showing that the funds available for distribution are sufficient, and (b) our shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law.</p> <p>Our board of directors, with the consent of the majority of the non-executive directors, may resolve that we make distributions to shareholders from one or more of our freely distributable reserves, other than by way of profit distribution, subject to the due observance of our policy on reserves and dividends. Any such distributions will be made pro rata to the nominal value of each share.</p> <p>Dividends and other distributions will be made payable not later than the date determined by our board. Claims to dividends and other distributions not made within five years from the date that such dividends or distributions became payable, will lapse and any such amounts will be considered to have been forfeited to us (<i>verjaring</i>).</p> <p>We do not anticipate paying any cash dividends for the foreseeable future.</p>

Element	Disclosure requirement
	<p><b><i>Attendance at General Meetings</i></b></p> <p>All shareholders, and each usufructuary and pledgee to whom the right to vote on our shares accrues, are entitled, in person or represented by a proxy authorized in writing, to attend and address the General Meeting and exercise voting rights pro rata to their shareholding. Shareholders may exercise their rights if they are the holders of our shares on the record date as required by Dutch law (Section 2:119 of the DCC), which is currently the 28<sup>th</sup> day before the day of the General Meeting, and they or their proxy have notified us of their intention to attend the General Meeting in writing or by any other electronic means that can be reproduced on paper ultimately at a date set for that purpose by our board of directors which date may not be earlier than the seventh day prior to the General Meeting, specifying such person's name and the number of shares for which such person may exercise the voting rights and/or meeting rights at such General Meeting. The convocation notice will state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.</p> <p><b><i>Voting rights</i></b></p> <p>Each ordinary share confers the right on the holder to cast one vote at the General Meeting. Shareholders may vote by proxy. The voting rights attached to any shares held by us are suspended as long as they are held in treasury. Nonetheless, the holders of a right of usufruct (<i>vruchtgebruik</i>) in shares belonging to another and the holders of a right of pledge in respect of ordinary shares held by us are not excluded from any right they may have to vote on such ordinary shares, if the right of usufruct (<i>vruchtgebruik</i>) or the right of pledge was granted prior to the time such ordinary share was acquired by us. We may not cast votes in respect of a share in respect of which there is a right of usufruct (<i>vruchtgebruik</i>) or a right of pledge. Shares which are not entitled to voting rights pursuant to the preceding sentences will not be taken into account for the purpose of determining the number of shareholders that vote and that are present or represented, or the amount of the share capital that is provided or that is represented at a General Meeting.</p> <p>In accordance with Dutch law (Section 2:120 paragraph 1 of the DCC) and generally accepted business practices, our Articles of Association do not provide quorum requirements generally applicable to General Meeting. Decisions of the General Meeting are taken by an absolute majority of votes cast, except where Dutch law (e.g. Sections 2:18 paragraph 2 under a; 2:96a paragraph 7; 2:99 paragraph 6; 2:133 paragraph 2 and 2:330 paragraph 1 of the DCC) or the Articles of Association provide for a qualified majority or unanimity.</p>
C.5	<p><b>Restrictions on the free transferability of the securities</b></p> <p>Not applicable. All new ordinary shares will be freely transferable, subject to the restrictions included in the lock-up agreements as set out in Item E.5 below.</p>
C.6	<p><b>Application for admission to trading on a regulated market and identity of all the regulated markets where the securities are or are to be traded</b></p> <p>Application will be made for the admission to listing and trading of the 6,744,750 new ordinary shares on Euronext Brussels, the regulated market operated by Euronext Brussels NV/SA, a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (MiFID). It is expected that the Listing will occur on or about May 23, 2017.</p> <p>An application has been made for the admission to listing and trading of the ADSs on The NASDAQ Global Select Market.</p>

<b>Element</b>	<b>Disclosure requirement</b>
<b>C.7</b>	<p><b>Dividend policy</b></p> <p>We have never paid or declared any cash dividends, and we do not anticipate paying any cash dividends in the foreseeable future. All of our new ordinary shares will have the same dividend rights as all of our outstanding ordinary shares. We intend to retain all available funds and any future earnings to fund the development and expansion of our business.</p> <p>Under Dutch law (Section 2:105 paragraph 2 of the DCC), a Dutch European public company with limited liability (<i>Societas Europaea</i> or <i>SE</i>) may only pay dividends if the shareholders' equity (<i>eigen vermogen</i>) exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or our Articles of Association. Subject to such restrictions, any future determination to pay dividends would be at the discretion of our shareholders at the General Meeting.</p>

#### Section D – Risks

<b>Element</b>	<b>Disclosure requirement</b>
<b>D.1</b>	<p><b>Key risks relating to the issuer or its industry</b></p> <p>We are a clinical-stage biopharmaceutical company and have incurred significant losses since our inception. We expect to incur losses for the foreseeable future and may never achieve or maintain profitability.</p> <p>We may need substantial additional funding in order to complete the development and commercialization of our product candidates. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate certain of our product development or research operations.</p> <p>The results of preclinical studies and early-stage clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. Initial success in our ongoing clinical trials may not be indicative of results obtained when these trials are completed or in later stage trials.</p> <p>Interim, topline and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.</p> <p>Our product candidates may have serious adverse, undesirable or unacceptable side effects which may delay or prevent marketing approval. If such side effects are identified during the development of our product candidates or following approval, if any, we may need to abandon our development of such product candidates, the commercial profile of any approved label may be limited, or we may be subject to other significant negative consequences following marketing approval, if any.</p> <p>The regulatory approval processes of the FDA, the EMA and comparable foreign authorities are lengthy, time consuming and inherently unpredictable, and if we are ultimately unable to obtain regulatory approval for our product candidates, our business will be substantially harmed.</p> <p>We rely, and expect to continue to rely, on third parties, including independent clinical investigators and CROs, to conduct our preclinical studies and clinical trials and supply and manufacture of our product candidates. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.</p> <p>We rely and will continue to rely significantly on collaborative partners regarding the development of some of our research programs and product candidates. If we fail to enter into new strategic relationships our business, financial condition, commercialization prospects and results of</p>

Element	Disclosure requirement
	<p>operations may be materially adversely affected.</p> <p>We rely on patents and other intellectual property rights to protect our product candidates and our suite of technologies – our SIMPLE Antibody Platform, NHance and ABDEG - the enforcement, defense and maintenance of which may be challenging and costly. Failure to enforce or protect these rights adequately could harm our ability to compete and impair our business.</p>
<b>D.3</b>	<p><b>Key risks relating to the new ordinary shares</b></p> <p>The price of our ordinary shares may be volatile and may fluctuate due to factors beyond our control.</p> <p>We will incur increased costs as a result of operating as a U.S.-listed public company, and our board of directors will be required to devote substantial time to new compliance initiatives and corporate governance practices.</p> <p>Certain significant shareholders will continue to own a substantial number of our securities and as a result, may be able to exercise control over us, including the outcome of shareholder votes. These shareholders may have different interests from us or your interests.</p> <p>Future sales, or the possibility of future sales, of a substantial number of our securities could adversely affect the price of the shares and dilute shareholders.</p> <p>Provisions of our Articles of Association or Dutch corporate law, or, following our redomiciliation, our Belgian Articles of Association or Belgian corporate law, might deter acquisition bids for us that might be considered favorable and prevent or frustrate any attempt to replace or remove the then board of directors.</p> <p>We have broad discretion in the use of the net proceeds from the Offering and may not use them effectively.</p> <p>We do not expect to pay cash dividends in the foreseeable future.</p> <p>Holders of our ordinary shares outside the Netherlands, or, if we complete our redomiciliation, Belgium, and ADS holders may not be able to exercise pre-emptive rights.</p> <p>We are a Dutch European public company with limited liability (<i>Societas Europaea</i> or <i>SE</i>). If we complete our redomiciliation, we will be a Belgian European public company with limited liability (<i>Societas Europaea</i> or <i>SE</i>). The rights of our shareholders may be different from the rights of shareholders in companies governed by the laws of U.S. jurisdictions.</p> <p>We are not obligated to, and do not, comply with all the best practice provisions of the Dutch Corporate Governance Code, and we do not expect to comply with all principles and provisions of the Belgian Corporate Governance Code if we complete our redomiciliation, which may affect your rights as a shareholder.</p> <p>If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, shareholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our securities.</p> <p>If securities or industry analysts cease coverage of us, or publish inaccurate or unfavorable research about our business, the price of our securities and our trading volume could decline.</p>

## Section E – Offer

Element	Disclosure requirement																						
	<p>This Prospectus does not constitute an offer to buy, subscribe or sell the new ordinary shares. This Prospectus serves as a prospectus for the purposes of Chapter 5.2 DFSA only and no securities are being offered or sold pursuant to this Prospectus.</p>																						
<b>E.1</b>	<p><b>Net proceeds and expenses of the issue/offer</b></p> <p>The net proceeds from the Offering, including the exercise in full of the underwriters’ over-allotment option, amount to approximately \$103.4 million, based on the initial public offering price of \$17.00 per ADS, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, which are expected to be incurred in connection with our sale of the ADSs in the Offering. With the exception of the registration fee payable to the SEC and the filing fee payable to FINRA, all amounts are estimates.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><b>Itemized expenses</b></th> <th style="text-align: right;"><b>Amount</b></th> </tr> </thead> <tbody> <tr> <td>SEC registration fee .....</td> <td style="text-align: right;">\$ 13,290</td> </tr> <tr> <td>NASDAQ listing fee.....</td> <td style="text-align: right;">125,000</td> </tr> <tr> <td>FINRA filing fee.....</td> <td style="text-align: right;">17,699</td> </tr> <tr> <td>AFM filing fee .....</td> <td style="text-align: right;">37,090</td> </tr> <tr> <td>Euronext listing fee.....</td> <td style="text-align: right;">52,535</td> </tr> <tr> <td>Printing expenses.....</td> <td style="text-align: right;">125,000</td> </tr> <tr> <td>Legal fees and expenses .....</td> <td style="text-align: right;">1,633,510</td> </tr> <tr> <td>Accounting fees and expenses .....</td> <td style="text-align: right;">565,894</td> </tr> <tr> <td>Miscellaneous costs .....</td> <td style="text-align: right;">705,922</td> </tr> <tr> <td><b>Total</b> .....</td> <td style="text-align: right;"><b>\$ 3,275,940</b></td> </tr> </tbody> </table> <p>The underwriting discounts and commissions amount to \$1.19 per ADS, totalling \$8,026,253 given the exercise in full of the underwriters’ over-allotment option.</p>	<b>Itemized expenses</b>	<b>Amount</b>	SEC registration fee .....	\$ 13,290	NASDAQ listing fee.....	125,000	FINRA filing fee.....	17,699	AFM filing fee .....	37,090	Euronext listing fee.....	52,535	Printing expenses.....	125,000	Legal fees and expenses .....	1,633,510	Accounting fees and expenses .....	565,894	Miscellaneous costs .....	705,922	<b>Total</b> .....	<b>\$ 3,275,940</b>
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<b>Total</b> .....	<b>\$ 3,275,940</b>																						
<b>E.2a</b>	<p><b>Reasons for the issue</b></p> <p>The net proceeds from the Offering, including the exercise in full of the underwriters’ over-allotment option, amount to approximately \$103.4 million, given the public offering price of \$17.00 per ADS, after deducting the underwriting discounts and commissions and the estimated offering expenses payable by us.</p> <p>The principal purposes of the Offering are to increase our financial flexibility to advance our clinical pipeline, create a public market for our securities in the United States and facilitate our future access to the U.S. public equity markets. We currently expect to use the net proceeds from the Offering as follows:</p> <ul style="list-style-type: none"> <li>• approximately \$35.5 million to advance clinical development of ARGX-113 for the treatment of autoimmune diseases, which we expect will be sufficient to complete our Phase 2 clinical trials in MG and ITP and start preparations for a potential pivotal trial in one selected indication;</li> <li>• approximately \$10.2 million to advance clinical development of ARGX-110 for the treatment of hematological malignancies, which we expect will be sufficient to complete our Phase 2 clinical trial in CTCL and our Phase 1/2 clinical trial in newly diagnosed AML and high-risk MDS;</li> <li>• approximately \$3.5 million to expand applications of ARGX-113 to develop a subcutaneous formulation and explore additional indications, which we expect will be sufficient to complete a Phase 1 clinical trial in healthy volunteers for a subcutaneous</li> </ul>																						

Element	Disclosure requirement
	<p>formulation; and</p> <ul style="list-style-type: none"> <li>• the remainder to fund other current and future research and development activities and technology development and for working capital and other general corporate purposes.</li> </ul> <p>This expected use of the net proceeds from the Offering represents our intentions based upon our current plans and business conditions. We may also use a portion of the net proceeds to in-license, acquire, or invest in additional businesses, technologies, products or assets. We cannot predict with certainty all of the particular uses for the net proceeds (to be) received upon the closing of the Offering or the amounts that we will actually spend on the uses set forth above. Predicting the costs necessary to develop antibody candidates can be difficult. The amounts and timing of our actual expenditures and the extent of clinical development may vary significantly depending on numerous factors, including the progress, timing and completion of our development efforts, the status of and results from preclinical studies and any ongoing clinical trials or clinical trials we may commence in the future, the time and costs involved in obtaining regulatory approval for our product candidates as well as maintaining our existing collaborations and any collaborations that we may enter into with third parties for our product candidates and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds from the Offering.</p> <p>Pending their use, we plan to invest the net proceeds from the Offering in short- and intermediate-term interest-bearing obligations and certificates of deposit.</p>
<b>E.3</b>	<p><b>Terms and conditions of the issue</b></p> <p>The new ordinary shares will be issued at the occasion of a capital increase resolved upon by our board of directors on or about May 23, 2017 in view of the Offering, in consideration for a total gross issuance price of \$114,660,750. This capital increase will be resolved upon by our board of directors pursuant to the authorization to issue ordinary shares and grant rights to subscribe for ordinary shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of our non-executive directors for a period starting on April 26, 2017 and ending on December 31, 2017, and pursuant to the authorization to issue ordinary shares and grant rights to subscribe for ordinary shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of our non-executive directors for a period of 18 months from April 26, 2017, granted by the General Meeting on April 26, 2017.</p> <p>We have granted to the underwriters an option to purchase up to 879,750 additional ADSs at the public offering price, less the underwriting discount, in the Offering. This option was exercisable for a period of 30 days after the date of allotment. The underwriters could exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the sale of ADSs offered in the Offering. This option has been exercised in full on May 19, 2017 and these 879,750 new ordinary shares will be issued, offered and delivered to cover over-allotments or short positions of ADSs in accordance with the procedure set out above.</p> <p>Pursuant to the authorization to issue ordinary shares and grant rights to subscribe for ordinary shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of our non-executive directors for a period starting on April 26, 2017 and ending on December 31, 2017, and pursuant to the authorization to issue ordinary shares and grant rights to subscribe for ordinary shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of our non-executive directors for a period of 18 months from April 26, 2017, granted by the General Meeting on April 26, 2017, our board of directors has excluded the pre-emptive rights of the existing shareholders to allow us to offer the new ordinary shares in the form of ADSs in the framework of the Offering, to retail and institutional investors in the United States and to other unspecified institutional and professional investors in or from any other country or jurisdiction where such offering is permitted in compliance with any applicable rules and regulations of any such country or jurisdiction.</p>

Element	Disclosure requirement
E.4	<p><b>Material interests to the issue</b></p> <p>There is no natural or legal person involved in the issue of the new ordinary shares and having an interest that is material to the Offering, other than the underwriters.</p> <p>Certain of the underwriters in the Offering and their affiliates have provided, and may in the future provide, various investment banking, commercial banking and other financial services for us and our affiliates for which they have received, and may in the future receive, customary fees.</p> <p>Kempen &amp; Co N.V. is acting as issuer’s advisor in connection with the Offering. Kempen &amp; Co N.V. is not acting as an underwriter and will not sell or offer to sell any securities and will not identify, solicit or engage directly with potential investors. In addition, Kempen &amp; Co N.V. will not underwrite or purchase any of the offered securities or otherwise participate in any such undertaking.</p>
E.5	<p><b>Selling shareholders and lock-ups</b></p> <p><i>Selling shareholders</i></p> <p>No shares will be offered or sold.</p> <p><i>Lock-Up Agreements</i></p> <p>Pursuant to certain “lock-up” agreements, we, the members of our board of directors and the members of our executive management, have agreed, subject to certain exceptions, not to offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of or announce the intention to otherwise dispose of, or enter into any swap, hedge or similar agreement or arrangement that transfers, in whole or in part, the economic risk of ownership of, directly or indirectly, or make any demand or request or exercise any right with respect to the registration of, or file with the SEC a registration statement under the Securities Act relating to, any ordinary shares or securities convertible into or exchangeable or exercisable for any ordinary shares (including ADSs) without the prior written consent of Cowen and Company, LLC and Piper Jaffray &amp; Co., for a period of 90 days after the date of the underwriting agreement.</p> <p>This lock-up provision applies to ordinary shares or ADSs in the Offering or ordinary shares owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. The lock-up agreements include customary exceptions, including sales of securities acquired in the open market after the completion of the Offering; transfers of securities to an immediate family member of the party subject to the lock-up agreement, as a bona fide gift to a charity or educational institution or by will or intestate succession upon the death of the party subject to the lock-up agreement; distributions of securities in transactions not involving a disposition of value; transfers to us pursuant to agreements in effect as of the date of this Prospectus under which we have the option to repurchase securities upon the termination of the party subject to the lock-up agreement; transfers of securities solely in connection with the exercise of equity awards outstanding as of the date of this Prospectus, or the surrender or forfeiture to us of securities in partial or full settlement of any withholding tax obligation of the party subject to the lock-up agreement accruing upon the exercise or vesting of equity awards outstanding as of the date of this Prospectus; the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that (i) such plan does not provide for the transfer of common stock during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required or voluntarily made regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period; and transfers of securities pursuant to a change in control of us.</p> <p>Cowen and Company, LLC and Piper Jaffray &amp; Co., in their sole discretion, may release our ordinary shares and other securities subject to the lock-up agreements described above in whole or in part at any time. When determining whether or not to release our ordinary shares and other securities from</p>

Element	Disclosure requirement																																						
	lock-up agreements, Cowen and Company, LLC and Piper Jaffray & Co. will consider, among other factors, the holder's reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time of the request. In the event of such a release or waiver for one of our directors or officers, Cowen and Company, LLC and Piper Jaffray & Co. will provide us with notice of the impending release or waiver at least three business days before the effective date of such release or waiver and we will announce the impending release or waiver by issuing a press release at least two business days before the effective date of the release or waiver.																																						
<b>E.6</b>	<p><b>Dilution</b></p> <p>Our net tangible book value as of December 31, 2016 was €63.4 million (\$70.4 million), equivalent to €3.15 (\$3.50) per share/ADS. Net tangible book value is equal to our total assets less our intangible assets and our total liabilities. Net tangible book value per share is determined by dividing our total assets less our intangible assets and our total liabilities by the number of ordinary shares outstanding as of December 31, 2016. Dilution is determined by subtracting net tangible book value per share/ADS from the initial public offering price per ADS.</p> <p>After giving effect to our sale of 6,744,750 ADSs in the Offering at the initial public offering price of \$17.00 per ADS, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value as of December 31, 2016 would have been €156.3 million (\$173.8 million), or €5.82 (\$6.47) per share/ADS. This amount represents an immediate increase in net tangible book value of \$2.97 per share/ADS to our existing shareholders and an immediate dilution in net tangible book value of \$10.53 per ADS to new investors.</p> <p>The following table illustrates this dilution on a per share/ADS basis:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Initial public offering price per ADS .....</td> <td style="text-align: right; width: 20%;">\$17.00</td> </tr> <tr> <td>    Historical net tangible book value per share/ADS as of     December 31, 2016 .....</td> <td style="text-align: right; vertical-align: bottom;">\$3.50</td> </tr> <tr> <td>    Increase in net tangible book value per share/ADS     attributable to new investors participating in the Offering ....</td> <td style="text-align: right; vertical-align: bottom;"><u>2.97</u></td> </tr> <tr> <td>As adjusted net tangible book value per share/ADS after the Offering .....</td> <td style="text-align: right; vertical-align: bottom;"><u>6.47</u></td> </tr> <tr> <td>Dilution per share/ADS to new investors participating in the Offering .....</td> <td style="text-align: right; vertical-align: bottom;"><u>\$10.53</u></td> </tr> </table> <p>The following table sets forth, as of December 31, 2016, on the as adjusted basis described above, the consideration paid to us for ordinary shares or ADSs purchased from us by our existing shareholders and by new investors participating in the Offering, based on the initial public offering price of \$17.00 per ADS, before deducting underwriting discounts and commissions and estimated offering expenses payable by us:</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Ordinary shares / ADSs purchased from us</th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Total consideration</th> <th rowspan="2" style="text-align: center; border-bottom: 1px solid black;">Average price per ordinary share / ADS</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Number</th> <th style="text-align: center; border-bottom: 1px solid black;">Percent</th> <th style="text-align: center; border-bottom: 1px solid black;">Amount</th> <th style="text-align: center; border-bottom: 1px solid black;">Percent</th> </tr> </thead> <tbody> <tr> <td>Existing shareholders.....</td> <td style="text-align: right;">20,126,479</td> <td style="text-align: right;">74.9%</td> <td style="text-align: right;">\$149,524,883</td> <td style="text-align: right;">56.6%</td> <td style="text-align: right;">\$7.43</td> </tr> <tr> <td>New investors .....</td> <td style="text-align: right;">6,744,750</td> <td style="text-align: right;">25.1%</td> <td style="text-align: right;">\$114,660,750</td> <td style="text-align: right;">43.4%</td> <td style="text-align: right;">\$17.00</td> </tr> <tr> <td>Total.....</td> <td style="text-align: right;"><u>26,871,229</u></td> <td style="text-align: right;"><u>100.0%</u></td> <td style="text-align: right;"><u>\$264,185,633</u></td> <td style="text-align: right;"><u>100.0%</u></td> <td></td> </tr> </tbody> </table> <p>The table above excludes 2,293,636 ordinary shares issuable upon the exercise of share options outstanding as of December 31, 2016 at a weighted average exercise price of €7.72 (\$8.58) per share.</p>	Initial public offering price per ADS .....	\$17.00	Historical net tangible book value per share/ADS as of December 31, 2016 .....	\$3.50	Increase in net tangible book value per share/ADS attributable to new investors participating in the Offering ....	<u>2.97</u>	As adjusted net tangible book value per share/ADS after the Offering .....	<u>6.47</u>	Dilution per share/ADS to new investors participating in the Offering .....	<u>\$10.53</u>		Ordinary shares / ADSs purchased from us		Total consideration		Average price per ordinary share / ADS	Number	Percent	Amount	Percent	Existing shareholders.....	20,126,479	74.9%	\$149,524,883	56.6%	\$7.43	New investors .....	6,744,750	25.1%	\$114,660,750	43.4%	\$17.00	Total.....	<u>26,871,229</u>	<u>100.0%</u>	<u>\$264,185,633</u>	<u>100.0%</u>	
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<b>Element</b>	<b>Disclosure requirement</b>
<b>E.7</b>	<b>Estimated expenses charged to the investor</b> No expenses are charged to the investor. We will bear the expenses related to the Listing.

## PART II: RISK FACTORS

*Our existing shareholders and prospective shareholders should carefully consider the risk factors described below and the other information contained in this Prospectus. Any of the following risks, individually or together, could adversely affect our business, financial condition and results of operations and, accordingly, the value of the new ordinary shares.*

*The risks and uncertainties described below are those that we believe are material, but these risks and uncertainties may not be the only ones that we face. Additional risks and uncertainties, being those that we currently do not know about or deem immaterial may also result in decreased revenues, assets and cash inflows, increased expenses, liabilities or cash outflows, or other events that could result in a decline in the value of the new ordinary shares or which could have a material adverse effect on our business, financial condition, results of operations and future prospects.*

### **Risks Related to Our Financial Position and Need for Additional Capital**

***We are a clinical-stage biopharmaceutical company and have incurred significant losses since our inception. We expect to incur losses for the foreseeable future and may never achieve or maintain profitability.***

We are a clinical-stage biopharmaceutical company with a limited operating history. Since our inception, we have incurred significant operating losses. We incurred total comprehensive losses of €15.3 million and €21.4 million for the years ended December 31, 2015 and 2016, respectively. As of December 31, 2016, we had an accumulated loss of €72.5 million. Our losses resulted principally from costs incurred in research and development, preclinical testing, clinical development of our product candidates as well as costs incurred for research programs and from general and administrative costs associated with our operations. In the future, we intend to continue to conduct research and development, preclinical testing, clinical trials and regulatory compliance activities that, together with anticipated general and administrative expenses, will result in incurring further significant losses for the next several years. Our losses, among other things, will continue to cause our working capital and shareholders' equity to decrease. We anticipate that our expenses will increase substantially if and as we:

- complete the Phase 2 clinical trials of ARGX-113 and ARGX-110, our lead product candidates;
- start preparation of potential pivotal Phase 3 clinical trials of ARGX-113;
- continue the research and development of our other clinical- and preclinical-stage product candidates and discovery stage programs;
- continue the research and development of our other product candidates;
- seek to enhance our technology platform and discover and develop additional product candidates;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- potentially establish a sales, marketing and distribution infrastructure and scale-up manufacturing capabilities to commercialize any product candidates for which we may obtain regulatory approval;
- maintain, expand and protect our intellectual property portfolio, including litigation costs associated with defending against alleged patent infringement claims;
- add clinical, scientific, operational, financial and management information systems and personnel, including personnel to support our product development and potential future commercialization efforts; and
- experience any delays or encounter any issues relating to any of the above, including failed studies, ambiguous trial results, safety issues or other regulatory challenges.

Since our inception in 2008, we have invested most of our resources in developing our product candidates, building our intellectual property portfolio, developing our supply chain, conducting business planning, raising capital and providing general and administrative support for these operations. We do not currently have any

approved products and have never generated any revenue from product sales. To date, we have funded our operations through public and private placements of equity securities, upfront, milestone and expense reimbursement payments received from our collaborators, funding from governmental bodies and interest income from the investment of our cash, cash equivalents and financial assets.

To become and remain profitable, we must succeed in developing and eventually commercializing products that generate significant revenue. This will require us to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of our product candidates, discovering and developing additional product candidates, obtaining regulatory approval for any product candidates that successfully complete clinical trials, establishing manufacturing and marketing capabilities and ultimately selling any products for which we may obtain regulatory approval. We are only in the preliminary stages of most of these activities. We may never succeed in these activities and, even if we do, may never generate revenue that is significant enough to achieve profitability.

Because of the numerous risks and uncertainties associated with pharmaceutical and biological product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. If we are required by the U.S. Food and Drug Administration, or FDA, the European Medicines Agency, or EMA, or other comparable foreign authorities to perform studies in addition to those we currently anticipate, or if there are any delays in completing our clinical trials or the development of any of our product candidates, our expenses could increase and revenue could be further delayed.

Even if we do generate product royalties or product sales, we may never achieve or sustain profitability on a quarterly or annual basis. Our failure to sustain profitability would depress the market price of our ordinary shares and could impair our ability to raise capital, expand our business, diversify our product offerings or continue our operations. A decline in the market price of our ordinary shares also could cause you to lose all or a part of your investment.

***We may need substantial additional funding in order to complete the development and commercialization of our product candidates. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate certain of our product development or research operations.***

To date, we have funded our operations through public and private placements of equity securities, upfront, milestone and expense reimbursement payments received from our collaborators, funding from governmental bodies and interest income from the investment of our cash, cash equivalents and financial assets. We expect to require additional funding in the future to sufficiently finance our operations and advance development of our product candidates.

In our opinion, we have sufficient working capital for our present requirements, that is for at least 12 months from the date of publication of this Prospectus. We have based this opinion on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. Our future capital requirements for ARGX-113, ARGX-110 or our preclinical programs will depend on many factors, including:

- the progress, timing and completion of preclinical testing and clinical trials for our current or any future product candidates;
- the number of potential new product candidates we identify and decide to develop;
- the costs involved in growing our organization to the size needed to allow for the research, development and potential commercialization of our current or any future product candidates;
- the costs involved in filing patent applications and maintaining and enforcing patents or defending against claims or infringements raised by third parties;
- the maintenance of our existing collaboration agreements and the entry into new collaboration agreements;
- the time and costs involved in obtaining regulatory approval for our product candidates and any delays we may encounter as a result of evolving regulatory requirements or adverse results with respect to any of our product candidates;

- selling and marketing activities undertaken in connection with the potential commercialization of our current or any future product candidates, if approved, and costs involved in the creation of an effective sales and marketing organization; and
- the amount of revenues, if any, we may derive either directly or in the form of royalty payments from future sales of our product candidates, if approved.

Our ability to raise additional funds will depend on financial, economic and market conditions and other factors, over which we may have no or limited control. If adequate funds are not available on commercially acceptable terms when needed, we may be forced to delay, reduce or terminate the development or commercialization of all or part of our research programs or product candidates or we may be unable to take advantage of future business opportunities.

***Raising additional capital may cause dilution to holders of our ordinary shares or purchasers of ADSs in the Offering, restrict our operations or require us to relinquish rights to our technologies or product candidates.***

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our operations with our existing cash, cash equivalents and current financial assets, the net proceeds from the Offering, revenue from our collaborations, funding from governmental bodies and interest income from the investment of our cash, cash equivalents and financial assets. In order to further advance development of our product candidates, discover additional product candidates and pursue our other business objectives, however, we will need to seek additional funds.

We cannot guarantee that future financing will be available in sufficient amounts or on commercially reasonable terms, if at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of holders of our ordinary shares or the ADSs and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our ordinary shares or the ADSs to decline. The sale of additional equity or convertible securities would dilute all of our existing shareholders and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a holder of our ordinary shares or ADSs. The incurrence of indebtedness could result in increased fixed payment obligations and we may be required to agree to certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. We could also be required to seek funds through arrangements with collaborators or others at an earlier stage than otherwise would be desirable and we may be required to relinquish rights to some of our technologies or product candidates or otherwise agree to terms unfavorable to us, any of which may have a material adverse effect on our business, operating results and prospects. Further, any additional fundraising efforts may divert our management from its day-to-day activities, which may adversely affect our ability to develop and commercialize our product candidates.

If we are unable to obtain funding on a timely basis, we may be required to significantly curtail, delay or discontinue one or more of our research or development programs or the commercialization of any of our product candidates, or be unable to expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition and results of operations.

***Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.***

Since our inception in 2008, we have invested most of our resources in developing our product candidates, building our intellectual property portfolio, developing our supply chain, conducting business planning, raising capital and providing general and administrative support for these operations. Our most advanced candidate, ARGX-113, is in a Phase 2 clinical trial for the treatment of myasthenia gravis, or MG, and, in March 2017, we initiated a Phase 2 clinical trial of ARGX-113 for the treatment primary immune thrombocytopenia, or ITP. We have not yet demonstrated an ability to obtain regulatory approvals, manufacture a commercial-scale product or conduct sales and marketing activities necessary for successful product commercialization. In addition, given our limited operating history, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors in achieving our business objectives. If we are successful at completing the approval process for one of our product candidates, we may consider transitioning from our current research and development focus to focusing on commercializing our products. We may not be successful in such a transition or may incur greater costs than expected, which would materially adversely affect our business, prospects, financial condition and results of operation. Additionally, we expect our financial condition and operating results

to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we had a longer operating history or more experience developing antibody-based drugs.

### **Risks Related to the Development and Clinical Testing of Our Product Candidates**

*All of our product candidates are in preclinical or early-stage clinical development. Clinical drug development is a lengthy and expensive process with uncertain timelines and uncertain outcomes. If clinical trials of our product candidates, particularly ARGX-113 and ARGX-110, are prolonged or delayed, we or our collaborators may be unable to obtain required regulatory approvals, and therefore will be unable to commercialize our product candidates on a timely basis or at all, which will adversely affect our business.*

To obtain the requisite regulatory approvals to market and sell any of our product candidates, we or our collaborator for such candidates must demonstrate through extensive preclinical studies and clinical trials that our products are safe, pure and potent or effective in humans. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process and our future clinical trial results may not be successful.

We may experience delays in our ongoing clinical trials and we do not know whether planned clinical trials will begin on time, need to be redesigned, enroll patients on time or be completed on schedule, if at all.

Clinical trials can be delayed, suspended, or terminated for a variety of reasons, including the following:

- delays in or failure to obtain regulatory approval to commence a trial;
- delays in or failure to reach agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- delays in or failure to obtain institutional review board, or IRB, or ethics committee approval at each site;
- delays in or failure to recruit suitable patients to participate in a trial;
- failure to have patients complete a trial or return for post-treatment follow-up;
- clinical sites deviating from trial protocol or dropping out of a trial;
- adding new clinical trial sites;
- manufacturing sufficient quantities of product candidate for use in clinical trials;
- third-party actions claiming infringement by our product candidates in clinical trials and obtaining injunctions interfering with our progress;
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires;
- safety or tolerability concerns could cause us or our collaborators, as applicable, to suspend or terminate a trial if we or our collaborators find that the participants are being exposed to unacceptable health risks;
- changes in regulatory requirements, policies and guidelines;
- lower than anticipated retention rates of patients and volunteers in clinical trials;
- our third-party research contractors failing to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;

- delays in establishing the appropriate dosage levels in clinical trials;
- the difficulty in certain countries in identifying the sub-populations that we are trying to treat in a particular trial, which may delay enrollment and reduce the power of a clinical trial to detect statistically significant results; and
- the quality or stability of the product candidate falling below acceptable standards.

We could encounter delays if a clinical trial is suspended or terminated by us, by the IRBs of the institutions in which such trials are being conducted or ethics committees, by the Data Review Committee, or DRC, or Data Safety Monitoring Board, or DSMB, for such trial or by the EMA, the FDA or other regulatory authorities. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the EMA, the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, including those relating to the class to which our product candidates belong, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. If we experience delays in the completion of, or termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues. Significant clinical trial delays could also allow our competitors to bring products to market before we do or shorten any periods during which we have the exclusive right to commercialize our product candidates and impair our ability to commercialize our product candidates and may harm our business and results of operations.

Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates or result in the development of our product candidates being stopped early.

Clinical trials must be conducted in accordance with the FDA, the EMA and other applicable regulatory authorities' legal requirements and regulations, and are subject to oversight by these governmental agencies and IRBs at the medical institutions where the clinical trials are conducted or ethics committees. In addition, clinical trials must be conducted with supplies of our product candidates produced under current good manufacturing practices, or cGMP, requirements and other regulations. Furthermore, we rely on CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials and while we have agreements governing their committed activities, we have limited influence over their actual performance. We depend on our collaborators and on medical institutions and CROs to conduct our clinical trials in compliance with Good Clinical Practice, or GCP, requirements. To the extent our collaborators or the CROs or investigators fail to enroll participants for our clinical trials, fail to conduct the study to GCP standards or are delayed for a significant time in the execution of trials, including achieving full enrollment, we may be affected by increased costs, program delays or both, which may harm our business. In addition, clinical trials that are conducted in countries outside the European Union and the United States may subject us to further delays and expenses as a result of increased shipment costs, additional regulatory requirements and the engagement of non-European Union and non-U.S. CROs, as well as expose us to risks associated with clinical investigators who are unknown to the FDA or the EMA, and different standards of diagnosis, screening and medical care.

***Preclinical drug development is uncertain. Some or all of our preclinical programs, such as ARGX-115, ARGX-112 and ARGX-116, may experience delays or may never advance to clinical trials, which would adversely affect our ability to obtain regulatory approvals or commercialize these product candidates on a timely basis or at all, which would have an adverse effect on our business.***

In order to obtain FDA or EMA approval to market a new biological product we must demonstrate proof of safety, purity and potency or efficacy in humans. To meet these requirements we will have to conduct adequate and well-controlled clinical trials. Before we can commence clinical trials for a product candidate, we must complete extensive preclinical testing and studies that support our planned Investigational New Drug application, or IND, in the United States, or a Clinical Trial Authorization Application, or CTA, in Europe. While we have an IND in effect for ARGX-113 for the treatment of MG with the FDA, we have not conducted any of our clinical development to date in the United States. We cannot be certain of the timely completion or

outcome of our preclinical testing and studies and cannot predict if the FDA or EMA will accept our proposed clinical programs or if the outcome of our preclinical testing and studies will ultimately support the further development of these product candidates. Thus, we cannot be sure that we will be able to submit INDs or CTAs for our preclinical programs on the timelines we expect, if at all, and we cannot be sure that submission of INDs or CTAs will result in the FDA or EMA allowing clinical trials to begin.

Conducting preclinical testing is a lengthy, time-consuming and expensive process. The length of time may vary substantially according to the type, complexity, novelty and intended use of the product candidate, and often can be several years or more per product candidate. Delays associated with product candidates for which we are directly conducting preclinical testing and studies may cause us to incur additional operating expenses. Moreover, we may continue to be affected by delays associated with the preclinical testing and studies of certain product candidates conducted by our potential partners over which we have no control. The commencement and rate of completion of preclinical studies and studies for a product candidate may be delayed by many factors, including, for example:

- the inability to generate sufficient preclinical or other in vivo or in vitro data to support the initiation of clinical studies;
- delays in reaching a consensus with regulatory agencies on study design; and
- the FDA or EMA not allowing us to rely on previous findings of safety and efficacy for other similar but approved products and published scientific literature.

Moreover, even if clinical trials do begin for these preclinical programs, our development efforts may not be successful, and clinical trials that we conduct or that third parties conduct on our behalf may not demonstrate sufficient safety, purity and potency or efficacy to obtain the requisite regulatory approvals for any of our product candidates or product candidates employing our technology. Even if we obtain positive results from preclinical studies or initial clinical trials, we may not achieve the same success in future trials.

***The results of preclinical studies and early-stage clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. Initial success in our ongoing clinical trials may not be indicative of results obtained when these trials are completed or in later stage trials.***

Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. Furthermore, there can be no assurance that any of our clinical trials will ultimately be successful or support further clinical development of any of our product candidates. There is a high failure rate for drugs and biologics proceeding through clinical trials. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in clinical development even after achieving promising results in earlier studies, and any such setbacks in our clinical development could have a material adverse effect on our business and operating results.

***Interim, topline and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.***

From time to time, we may publish interim, topline or preliminary data from our clinical trials. Preliminary and interim data from our clinical trials may change as more patient data become available. Preliminary or interim data from our clinical trials are not necessarily predictive of final results. Preliminary and interim data are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues, more patient data become available and we issue our final clinical trial report. Interim, topline and preliminary data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, preliminary and interim data should be viewed with caution until the final data are available. Material adverse changes in the final data compared to the interim data could significantly harm our business prospects.

***Our product candidates may have serious adverse, undesirable or unacceptable side effects which may delay or prevent marketing approval. If such side effects are identified during the development of our product candidates or following approval, if any, we may need to abandon our development of such product candidates, the commercial profile of any approved label may be limited, or we may be subject to other significant negative consequences following marketing approval, if any.***

Undesirable side effects that may be caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, the EMA or other comparable foreign authorities. While our preclinical and clinical studies for our product candidates to date have generally been well tolerated from a risk-benefit perspective, the results from future trials may not support this conclusion.

In the single ascending dose part of the Phase 1 clinical trial of ARGX-113, there were no drug- or infusion-related serious adverse events associated with doses up to 50 mg/kg. The most frequently reported drug-related adverse events included abnormal white blood cell count, increased C-reactive protein levels, headache, dizziness and chills. All of these adverse events were mild or moderate and reported only in the two highest dose groups (25 mg/kg and 50 mg/kg). In the multiple ascending dose part of the Phase 1 clinical trial of ARGX-113, one serious adverse event, hyperventilation, was observed in the multiple ascending dose part. This event, which occurred six days after drug administration, was considered by the clinical investigator as unlikely to be related to ARGX-113. Some patients had changes to C-reactive protein levels that were considered clinically significant. The most frequently reported drug-related adverse events included headache, feeling cold, chills and fatigue, all of which were mild or moderate and reported only in the highest dose group of 25 mg/kg. In the dose-escalation part of the Phase 1 part of our Phase 1/2 clinical trial for ARGX-110 in patients with advanced malignancies expressing CD70, we observed serious adverse events in some patients, including seven patient deaths, of which five deaths were attributed to disease progression, one death was attributed to sepsis and one death was attributed to respiratory failure. None of these deaths were deemed to be drug-related according to the investigator. In the first two completed safety-expansion cohorts (one in patients with CD70-positive solid tumors and one in patients with CD70-positive hematological tumors), a similar safety profile as seen in the dose-escalation part was observed. Fourteen patient deaths were reported in these cohorts (all at a dose of 5 mg/kg), of which 10 deaths were attributed to disease progression, one death was attributed to aspergillosis, one death was attributed to a fatal pleural hemorrhage, one death was attributed to pneumonia and one death, which was deemed drug-related by the investigator, occurred in a heavily pre-treated patient with Waldenstrom Macroglobulinemia and was attributed to sepsis and general condition deterioration. In this context, heavily pre-treated means having failed multiple lines of prior treatment. In the dose-escalation part, anti-drug antibodies were observed in all doses except the 10 mg dose and appeared to be inversely related to the administered dose. In our two completed safety-expansion cohorts, anti-drug antibodies were detected. In a preclinical mouse efficacy model of acute lymphocytic leukemia, or ALL, the administration of an ARGX-110 variant at higher doses led to the acute death of some animals with high tumor load. The cause of death in this preclinical mouse study has not been determined, although a literature search conducted on our behalf revealed some similarities of this symptomatology with anecdotal reports in ALL patients treated with compounds having antibody-dependent cell-mediated cytotoxicity enhanced, or ADCC-enhanced, Fc regions who experienced a cytokine storm, a potentially fatal immune reaction to immunotherapy. We are not currently evaluating ARGX-110 for patients with ALL and have no intention of doing so. However, we cannot guarantee that we will not see evidence of cytokine storm or similar adverse events, which could potentially lead to serious life threatening side-effects or even death, in patients with other forms of cancer, such as those being evaluated in our current Phase 1/2 clinical trial in patients with either AML or high-risk MDS. In the dose-escalation part of the Phase 1 clinical trial for ARGX-111 in treatment-refractory patients whose tumors overexpress c-Met, we observed 19 serious adverse events in 12 patients (four events in two patients at a dose of 0.3 mg/kg, two events in one patient at a dose of 1 mg/kg, seven events in six patients at a dose of 3 mg/kg and six events in three patients at a dose of 10 mg/kg). Except for six events of infusion-related reactions and one event of bone pain, no drug-related serious adverse events were observed. Seven patient deaths were reported (one at a dose of 0.3 mg/kg, one at a dose of 1 mg/kg, four at a dose of 3 mg/kg and one at a dose of 10 mg/kg), all of which were due to underlying disease and disease progression and were not deemed to be drug-related according to the investigator. In the completed safety-expansion cohort of ARGX-111 in five treatment-refractory MET-amplified cancer patients using a 3 mg/kg dose of ARGX-111 every two weeks, eight serious adverse events were seen in four of these patients. Except for one case of infusion-related reaction, none of those were deemed drug-related according to the investigator. One patient death attributed to disease progression and pneumonia was reported and was not deemed to be drug-related according to the investigator.

The results of future clinical studies may show that our product candidates cause undesirable or unacceptable side effects or even death. In such an event, our trials could be suspended or terminated and the FDA, the EMA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all targeted indications. The drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly. Further, because all of our product candidates and preclinical programs, other than ARGX-113, are based on our SIMPLE Antibody platform, any adverse safety or efficacy findings related to any product candidate or preclinical program may adversely impact the viability of our other product candidates or preclinical programs.

Additionally, if any of our product candidates receives marketing approval and we or others later identify undesirable or unacceptable side effects caused by such products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw approvals of such products and require us to take our approved product off the market;
- regulatory authorities may require the addition of labeling statements, specific warnings, a contraindication or field alerts to physicians and pharmacies;
- regulatory authorities may require a medication guide outlining the risks of such side effects for distribution to patients, or that we implement a risk evaluation and mitigation strategy, or REMS, plan to ensure that the benefits of the product outweigh its risks;
- we may be required to change the way the product is administered, conduct additional clinical trials or change the labeling of the product;
- we may be subject to limitations on how we may promote the product;
- sales of the product may decrease significantly;
- we may be subject to litigation or product liability claims; and
- our reputation may suffer.

Any of these events could prevent us, our collaborators or our potential future partners from achieving or maintaining market acceptance of the affected product or could substantially increase commercialization costs and expenses, which in turn could delay or prevent us from generating significant revenue from the sale of our products.

***We face significant competition for our drug discovery and development efforts, and if we do not compete effectively, our commercial opportunities will be reduced or eliminated. We may not be successful in our efforts to use and expand our SIMPLE Antibody platform, our NHance and ABDEG technologies, or the licensed POTELLIGENT technology, to build a pipeline of product candidates and develop marketable products due to significant competition and technological change, which could limit or eliminate the market opportunity for our product candidates and technology platforms.***

The market for pharmaceutical products is highly competitive. Our competitors include many established pharmaceutical companies, biotechnology companies, universities and other research or commercial institutions, many of which have substantially greater financial, research and development resources than us. Large pharmaceutical companies, in particular, have extensive experience in clinical testing, obtaining regulatory approvals, recruiting patients and manufacturing pharmaceutical products. Smaller and early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, the development of our products. The fields in which we operate are characterized by rapid technological change and innovation. There can be no assurance that our competitors are not currently developing, or will not in the future develop, technologies and products that are equally or more effective or are more economically attractive as any of our current or future technology or product. Competing products or technology platforms may gain faster or greater market acceptance than our

products or technology platforms and medical advances or rapid technological development by competitors may result in our product candidates or technology platforms becoming non-competitive or obsolete before we are able to recover our research and development and commercialization expenses. If we, our product candidates or our technology platforms do not compete effectively, it may have a material adverse effect on our business, prospects, financial condition and results of operation.

Competition in the autoimmune space is intense and involves multiple monoclonal antibodies, other biologics and small molecules either already marketed or in development by many different companies including large pharmaceutical companies such as AbbVie Inc. (Humira/rheumatoid arthritis); Amgen Inc. (Enbrel/rheumatoid arthritis); Biogen, Inc. (Tysabri/multiple sclerosis); GlaxoSmithKline plc (Benlysta/lupus); F. Hoffmann-La Roche AG, or Roche (Rituxan/often used off label) and Janssen Pharmaceuticals Inc., or Janssen (Remicade/rheumatoid arthritis and Stelara/psoriasis). In some cases, these competitors are also our collaborators. In addition, these and other pharmaceutical companies have monoclonal antibodies or other biologics in clinical development for the treatment of autoimmune diseases. In addition to the current standard of care, we are aware that Alexion Pharmaceuticals, Inc.; GSK; Roche; Novartis AG; CSL Behring; Grifols, S.A.; BioMarin Pharmaceutical Inc.; Curavac and Millenium Pharmaceuticals, Inc., among others, are developing drugs that may have utility for the treatment of MG. We are aware that Rigel Pharmaceuticals, Inc.; Eisai Inc.; Bristol-Myers Squibb; Shire Immunomedics; Protalex Inc. and others are developing drugs that may have utility for the treatment of ITP. Furthermore, we are aware of competing products specifically targeting FcRn and being developed by UCB S.A.; Momenta, Inc.; Shire plc; Syntimmune Inc. and Hannal Biotech.

Competition in the leukemia and lymphoma space is intense, with many compounds in clinical trials by large multinational pharmaceutical companies and specialized biotech companies. Rituxan (Roche), Adcetris (Seattle Genetics Inc./Takeda Pharmaceutical Company Ltd), Darzalex (Janssen) and Poteligeo (Kyowa Hakko Kirin Co., Ltd.) are some examples of monoclonal antibodies approved for the treatment of Hodgkin's lymphoma, non-Hodgkin's lymphoma, multiple myeloma or other blood cancers. In addition, we are aware of a number of other companies with development stage programs that may compete with ARGX-110 in the future. We anticipate that we will face intense and increasing competition as new treatments enter the market and advanced technologies become available.

Similarly, other companies have monoclonal antibody drug discovery platforms that may compete with us in the search for novel therapeutic antibody targets, including Adimab LLC; Merus N.V.; Regeneron Pharmaceuticals Inc.; Xencor Inc. and MorphoSys AG. We are aware that a product candidate in development by Scholar Rock, Inc. may compete with ARGX-115 and a product candidate in development by Ionis Pharmaceuticals, Inc. may compete with ARGX-116, if they are approved.

***We depend on enrollment of patients in our clinical trials for our product candidates. If we are unable to enroll patients in our clinical trials, our research and development efforts and business, financial condition and results of operations could be materially adversely affected.***

Identifying and qualifying patients to participate in our clinical trials is critical to our success. Patient enrollment depends on many factors, including the size and nature of the patient population, eligibility criteria for the trial, the proximity of patients to clinical sites, the design of the clinical protocol, the availability of competing clinical trials, the availability of new drugs approved for the indication the clinical trial is investigating, and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies. Since some of our product candidates are focused on addressing rare diseases and conditions, there are limited patient pools from which to draw in order to complete our clinical trials in a timely and cost-effective manner. For example, the number of patients suffering from each of MG; ITP; T-cell lymphoma, or TCL; and acute myeloid leukemia, or AML, is small and has not been established with precision. If the actual number of patients with these disorders is smaller than we anticipate, we may encounter difficulties in enrolling patients in our clinical trials, thereby delaying or preventing development and approval of our drug candidates. Even once enrolled we may be unable to retain a sufficient number of patients to complete any of our trials.

Furthermore, our efforts to build relationships with patient communities may not succeed, which could result in delays in patient enrollment in our clinical trials. In addition, any negative results we may report in clinical trials of our drug candidate may make it difficult or impossible to recruit and retain patients in other clinical trials of that same drug candidate. Delays in the completion of any clinical trial of our product candidates will increase our costs, slow down our product candidate development and approval process and delay or potentially jeopardize our ability to commence product sales and generate revenue. In addition, some of the factors that

cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

***We may become exposed to costly and damaging liability claims, either when testing our product candidates in the clinic or at the commercial stage; and our product liability insurance may not cover all damages from such claims.***

We are exposed to potential product liability and professional indemnity risks that are inherent in the research, development, manufacturing, marketing and use of pharmaceutical products. Currently, we have no products that have been approved for commercial sale; however, the current and future use of product candidates by us and our corporate collaborators in clinical trials, and the potential sale of any approved products in the future, may expose us to liability claims. These claims might be made by patients who use the product, healthcare providers, pharmaceutical companies, our corporate collaborators or others selling such products. Any claims against us, regardless of their merit, could be difficult and costly to defend and could materially adversely affect the market for our product candidates or any prospects for commercialization of our product candidates. Although the clinical trial process is designed to identify and assess potential side effects, it is always possible that a drug, even after regulatory approval, may exhibit unforeseen side effects. If any of our product candidates were to cause adverse side effects during clinical trials or after approval of the product candidate, we may be exposed to substantial liabilities. Physicians and patients may not comply with any warnings that identify known potential adverse effects and patients who should not use our product candidates. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our products due to negative public perception;
- injury to our reputation;
- withdrawal of clinical trial participants or difficulties in recruiting new trial participants;
- initiation of investigations by regulators;
- costs to defend or settle the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenues from product sales; and
- the inability to commercialize any of our product candidates, if approved.

Although we maintain adequate product liability insurance for our product candidates, it is possible that our liabilities could exceed our insurance coverage. We intend to expand our insurance coverage to include the sale of commercial products if we obtain marketing approval for any of our product candidates. However, we may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired.

Should any of the events described above occur, this could have a material adverse effect on our business, financial condition and results of operations.

***The regulatory approval processes of the FDA, the EMA and comparable foreign authorities are lengthy, time consuming and inherently unpredictable, and if we are ultimately unable to obtain regulatory approval for our product candidates, our business will be substantially harmed.***

The time required to obtain approval by the FDA, the EMA and comparable foreign authorities is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies,

regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any product candidate and it is possible that none of our existing product candidates or any product candidates we may seek to develop in the future will ever obtain regulatory approval.

Our product candidates could fail to receive regulatory approval for many reasons, including the following:

- the FDA, the EMA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials;
- we may be unable to demonstrate to the satisfaction of the FDA, the EMA or comparable foreign regulatory authorities that a product candidate is safe, pure and potent or effective for its proposed indication;
- the results of clinical trials may not meet the level of statistical significance required by the FDA, the EMA or comparable foreign regulatory authorities for approval;
- we may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- the FDA, the EMA or comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our product candidates may not be sufficient to support the submission of a Biologics License Application, or BLA, to the FDA or other submission or to obtain regulatory approval in the United States, the European Union or elsewhere;
- the FDA, the EMA or comparable foreign regulatory authorities may find deficiencies with or fail to approve the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies;
- the FDA, the EMA or comparable foreign regulatory authorities may fail to approve the companion diagnostics we contemplate developing with partners; and
- the approval policies or regulations of the FDA, the EMA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

This lengthy approval process as well as the unpredictability of future clinical trial results may result in our failing to obtain regulatory approval to market any of our product candidates, which would significantly harm our business, results of operations and prospects. The FDA, the EMA and other comparable foreign authorities have substantial discretion in the approval process, and determining when or whether regulatory approval will be obtained for any of our product candidates. Even if we believe the data collected from clinical trials of our product candidates are promising, such data may not be sufficient to support approval by the FDA, the EMA or any other regulatory authority.

In addition, even if we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request, may not approve the price we intend to charge for our products, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates.

***Even if our product candidates obtain regulatory approval, we will be subject to ongoing obligations and continued regulatory review, which may result in significant additional expense. Additionally, our product candidates, if approved, could be subject to labeling and other restrictions and market withdrawal and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products.***

If the FDA, the EMA or a comparable foreign regulatory authority approves any of our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMPs and GCPs for any clinical trials that we conduct post-approval, all of which may result in significant expense and limit our ability to commercialize such products. In addition, any regulatory approvals that we receive for our product candidates may also be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the product candidate.

Our product candidates are classified as biologics in the United States and, therefore, can only be sold if we obtain a BLA from the FDA. The holder of a BLA is obligated to monitor and report adverse events and any failure of a product to meet the specifications in the BLA. The holder of a BLA must also submit new or supplemental applications and obtain FDA approval for certain changes to the approved product, product labeling or manufacturing process. Failure to comply with a BLA or any other ongoing regulatory obligation may result in suspension of approval to manufacture or distribute the relevant product, as well as fines or imprisonment for violations.

If there are changes in the application of legislation, regulations or regulatory policies, or if problems are discovered with a product or our manufacture of a product, or if we or one of our distributors, licensees or co-marketers fails to comply with regulatory requirements, the regulators could take various actions. These include imposing fines on us, imposing restrictions on the product or its manufacture and requiring us to recall or remove the product from the market. The regulators could also suspend or withdraw our marketing authorizations, requiring us to conduct additional clinical trials, change our product labeling or submit additional applications for marketing authorization. If any of these events occurs, our ability to sell such product may be impaired, and we may incur substantial additional expense to comply with regulatory requirements, which could materially adversely affect our business, financial condition and results of operations.

***Due to our limited resources and access to capital, we must, and have in the past decided to, prioritize development of certain product candidates over other potential candidates. These decisions may prove to have been wrong and may adversely affect our revenues.***

Because we have limited resources and access to capital to fund our operations, we must decide which product candidates to pursue and the amount of resources to allocate to each. Our decisions concerning the allocation of research, collaboration, management and financial resources toward particular compounds, product candidates or therapeutic areas may not lead to the development of viable commercial products and may divert resources away from better opportunities. Similarly, our decisions to delay, terminate or collaborate with third parties in respect of certain product development programs may also prove not to be optimal and could cause us to miss valuable opportunities. If we make incorrect determinations regarding the market potential of our product candidates or misread trends in the biopharmaceutical industry, in particular for our lead product candidates, our business, financial condition and results of operations could be materially adversely affected.

### **Risks Related to Commercialization of Our Product Candidates**

***Enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and may affect the prices we may set.***

In the United States, the European Union and other foreign jurisdictions, there have been a number of legislative and regulatory changes to the healthcare system that could affect our future results of operations. In particular, there have been and continue to be a number of initiatives at the United States federal and state levels that seek to reduce healthcare costs and improve the quality of healthcare. For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively the ACA, became law. The ACA is a sweeping law intended to broaden access to health

insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for the healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms.

Among the provisions of the ACA of importance to our potential product candidates are the following:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic products, apportioned among these entities according to their market share in certain government healthcare programs, although this fee would not apply to sales of certain products approved exclusively for orphan indications;
- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to certain individuals with income at or below 133% of the federal poverty level, thereby potentially increasing a manufacturer's Medicaid rebate liability;
- expansion of manufacturers' rebate liability under the Medicaid Drug Rebate Program by increasing the minimum rebate for both branded and generic drugs and revising the definition of "average manufacturer price," or AMP, for calculating and reporting Medicaid drug rebates on outpatient prescription drug prices and extending rebate liability to prescriptions for individuals enrolled in Medicare Advantage plans;
- a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for products that are inhaled, infused, instilled, implanted or injected;
- expanding the types of entities eligible for the 340B drug discount program;
- establishing the Medicare Part D coverage gap discount program, which requires manufacturers to provide a 50% point-of-sale-discount off the negotiated price of applicable products to eligible beneficiaries during their coverage gap period as a condition for the manufacturers' outpatient products to be covered under Medicare Part D;
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical effectiveness research, along with funding for such research;
- creation of the Independent Payment Advisory Board, or IPAB, which, if impeached, would have authority to recommend certain changes to the Medicare program to reduce expenditures by the program that could result in reduced payments for prescription products; and
- establishment of the Center for Medicare and Medicaid Innovation within Centers for Medicare & Medicaid, or CMS, to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription product spending (funding has been allocated to support the mission of the CMS Innovation through 2019).

The current administration supports a repeal of the ACA and an Executive Order has been signed commanding federal agencies to try to waive or delay requirements of the ACA that impose economic or regulatory burdens on states, families, the health-care industry and others. The Executive Order also declares that the administration will seek the "prompt repeal" of the law and that the government should prepare to "afford the States more flexibility and control to create a more free and open healthcare market." At this time, the immediate impact of the Executive Order is not clear. Congress also could consider subsequent legislation to replace elements of the ACA that are repealed. We cannot predict how the ACA, its possible repeal, or any legislation that may be proposed to replace the ACA will impact our business.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. These new laws may result in additional reductions in Medicare and other healthcare funding. For example, on August 2, 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least \$1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers of 2% per fiscal year. These reductions went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, including without limitation the

Bipartisan Budget Act of 2015, will remain in effect through 2025 unless additional Congressional action is taken. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other health care funding, which could have a material adverse effect on our customers and accordingly, our financial operations.

Moreover, payment methodologies may be subject to changes in healthcare legislation and regulatory initiatives. For example, CMS may develop new payment and delivery models, such as bundled payment models. The U.S. Department of Health and Human Services has set a goal of moving 30% of Medicare payments to alternative payment models by 2016 and 50% of Medicare payments into these alternative payment models by the end of 2018. In addition, recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products. Specifically, there have been several recent U.S. Congressional inquiries and proposed bills designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs and reform government program reimbursement methodologies for drugs. We expect that additional U.S. federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that the U.S. federal government will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures.

Further, legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals, if any, of our product candidates, may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing conditions and other requirements.

Individual states in the United States have also become increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Legally mandated price controls on payment amounts by third-party payors or other restrictions could harm our business, results of operations, financial condition and prospects. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce the ultimate demand for our products or put pressure on our product pricing, which could negatively affect our business, results of operations, financial condition and prospects.

In the European Union, similar political, economic and regulatory developments may affect our ability to profitably commercialize our current or any future products. In addition to continuing pressure on prices and cost containment measures, legislative developments at the European Union or member state level may result in significant additional requirements or obstacles that may increase our operating costs. The delivery of healthcare in the European Union, including the establishment and operation of health services and the pricing and reimbursement of medicines, is almost exclusively a matter for national, rather than European Union, law and policy. National governments and health service providers have different priorities and approaches to the delivery of health care and the pricing and reimbursement of products in that context. In general, however, the healthcare budgetary constraints in most European Union member states have resulted in restrictions on the pricing and reimbursement of medicines by relevant health service providers. Coupled with ever-increasing European Union and national regulatory burdens on those wishing to develop and market products, this could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to commercialize any products for which we obtain marketing approval. In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies.

We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we or our collaborators are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we or our collaborators are not able to maintain regulatory compliance, our product candidates may lose any regulatory

approval that may have been obtained and we may not achieve or sustain profitability, which would adversely affect our business.

***We may be subject to healthcare laws, regulation and enforcement. Our failure to comply with these laws could harm our results of operations and financial conditions.***

Although we do not currently have any products on the market, our current and future operations may be directly, or indirectly through our customers and third-party payors, subject to various U.S. federal and state healthcare laws and regulations, including, without limitation, the U.S. federal Anti-Kickback Statute. Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain marketing approval. These laws impact, among other things, our proposed sales, marketing and education programs and constrain our business and financial arrangements and relationships with third-party payors, healthcare professionals who participate in our clinical research program, healthcare professionals and others who recommend, purchase, or provide our approved products, and other parties through which we market, sell and distribute our products for which we obtain marketing approval. In addition, we may be subject to patient data privacy and security regulation by both the U.S. federal government and the states in which we conduct our business. Finally, our current and future operations are subject to additional healthcare-related statutory and regulatory requirements and enforcement by foreign regulatory authorities in jurisdictions in which we conduct our business. The laws that may affect our ability to operate include:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving or paying any remuneration (including any kickback, bribe, or certain rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, lease, order or recommendation of, any good, facility, item or service, for which payment may be made, in whole or in part, under U.S. federal and state healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- the U.S. federal false claims and civil monetary penalties laws, including, without limitation, the civil False Claims Act (which can be enforced through “qui tam,” or whistleblower actions, by private citizens on behalf of the federal government), which impose criminal and civil penalties against individuals or entities for, among other things, knowingly presenting, or causing to be presented, to the U.S. federal government, claims for payment or approval that are false or fraudulent or for knowingly making a false statement to avoid, decrease or conceal an obligation to pay money to the U.S. federal government;
- the U.S. federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which imposes criminal and civil liability for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement, in connection with the delivery of, or payment for, healthcare benefits, items or services;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and its implementing regulations, and as amended again by the Final HIPAA Omnibus Rule, published in January 2013, which imposes certain obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information without appropriate authorization by covered entities subject to the rule, such as health plans, healthcare clearinghouses and healthcare providers, as well as their business associates that perform certain services involving the use or disclosure of individually identifiable health information;
- the U.S. Federal Food, Drug, and Cosmetic Act, or FDCA, which prohibits, among other things, the adulteration or misbranding of drugs, biologics and medical devices;
- the U.S. federal legislation commonly referred to as Physician Payments Sunshine Act, and its implementing regulations, which requires certain manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children’s Health Insurance Program to report annually to the CMS information related to certain payments and other

transfers of value to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members;

- analogous state laws and regulations, including: state anti-kickback and false claims laws, which may apply to our business practices, including but not limited to, research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by any third-party payor, including private insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the U.S. federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; and state laws and regulations that require drug manufacturers to file reports relating to pricing and marketing information, which requires tracking gifts and other remuneration and items of value provided to healthcare professionals and entities, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts; and
- European and other foreign law equivalents of each of the laws, including reporting requirements detailing interactions with and payments to healthcare providers.

It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion of drugs from government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, reputational harm and the curtailment or restructuring of our operations.

The risk of us being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. For example, the definition of the "remuneration" under the federal Anti-Kickback Statute has been interpreted to include anything of value. Further, courts have found that if "one purpose" of remuneration is to induce referrals, the federal Anti-Kickback Statute is violated.

Additionally, recent healthcare reform legislation has strengthened federal and state healthcare fraud and abuse laws. For example, the ACA amends the intent requirement of the federal Anti-Kickback Statute and criminal healthcare fraud statutes to clarify that liability under these statutes does not require a person or entity to have actual knowledge of the statutes or a specific intent to violate them. Moreover, the ACA provides that the government may assert that a claim that includes items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act. Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. The shifting compliance environment and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance or reporting requirements increases the possibility that a healthcare company may run afoul of one or more of the requirements.

***If we fail to obtain orphan drug designation or obtain or maintain orphan drug exclusivity for our products, our competitors may sell products to treat the same conditions and our revenue will be reduced.***

Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is intended to treat a rare disease or condition, defined as a patient population of fewer than 200,000 in the United States, or a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. In the European Union, after a recommendation from the EMA's Committee for Orphan Medicinal Products, or COMP, the European Commission grants orphan drug designation to promote the development of products that are intended for the

diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than five in 10,000 persons in the European Union. Additionally, designation is granted for products intended for the diagnosis, prevention or treatment of a life-threatening, seriously debilitating or serious and chronic condition when, without incentives, it is unlikely that sales of the drug in the European Union would be sufficient to justify the necessary investment in developing the drug or biological product or where there is no satisfactory method of diagnosis, prevention or treatment, or, if such a method exists, the medicine must be of significant benefit to those affected by the condition.

In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. In addition, if a product receives the first FDA approval for the indication for which it has orphan designation, the product is entitled to orphan drug exclusivity, which means the FDA may not approve any other application to market the same drug for the same indication for a period of seven years, except in limited circumstances, such as a showing of clinical superiority over the product with orphan exclusivity or where the manufacturer is unable to assure sufficient product quantity. In the European Union, orphan drug designation entitles a party to financial incentives such as reduction of fees or fee waivers and ten years of market exclusivity following drug or biological product approval. This period may be reduced to six years if the orphan drug designation criteria are no longer met, including where it is shown that the product is sufficiently profitable not to justify maintenance of market exclusivity.

We may from time to time seek orphan drug designation in the United States or Europe for certain indications addressed by our product candidates. Even if we are able to obtain orphan designation, we may not be the first to obtain marketing approval for such indication due to the uncertainties associated with developing pharmaceutical products. In addition, exclusive marketing rights in the United States may be limited if we seek approval for an indication broader than the orphan-designated indication or may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition. Further, even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs with different active moieties can be approved for the same condition. Even after an orphan drug is approved, the FDA or the EMA can subsequently approve the same drug with the same active moiety for the same condition if the FDA or the EMA concludes that the later drug is safer, more effective, or makes a major contribution to patient care. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process.

***The successful commercialization of our product candidates will depend in part on the extent to which governmental authorities and health insurers establish adequate reimbursement levels and pricing policies. Failure to obtain or maintain adequate coverage and reimbursement for our product candidates, if approved, could limit our ability to market those products and decrease our ability to generate revenue.***

The availability and adequacy of coverage and reimbursement by governmental healthcare programs such as Medicare and Medicaid, private health insurers and other third-party payors are essential for most patients to be able to afford products such as our product candidates, assuming approval. Our ability to achieve acceptable levels of coverage and reimbursement for products by governmental authorities, private health insurers and other organizations will have an effect on our ability to successfully commercialize, and attract additional collaboration partners to invest in the development of our product candidates. Assuming we obtain coverage for a given product by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. We cannot be sure that coverage and reimbursement in the United States, the European Union or elsewhere will be available for any product that we may develop, and any reimbursement that may become available may be decreased or eliminated in the future.

Third-party payors increasingly are challenging prices charged for pharmaceutical products and services, and many third-party payors may refuse to provide coverage and reimbursement for particular drugs when an equivalent generic drug or a less expensive therapy is available. It is possible that a third-party payor may consider our product candidate and other therapies as substitutable and only offer to reimburse patients for the less expensive product. Even if we show improved efficacy or improved convenience of administration with our product candidate, pricing of existing drugs may limit the amount we will be able to charge for our product candidate. These payors may deny or revoke the reimbursement status of a given drug product or establish prices for new or existing marketed products at levels that are too low to enable us to realize an appropriate return on our investment in product development. If reimbursement is not available or is available only at limited levels,

we may not be able to successfully commercialize our product candidates, and may not be able to obtain a satisfactory financial return on products that we may develop.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, third-party payors, including private and governmental payors, such as the Medicare and Medicaid programs, play an important role in determining the extent to which new drugs and biologics will be covered. The Medicare and Medicaid programs increasingly are used as models for how private payors and other governmental payors develop their coverage and reimbursement policies for drugs and biologics. Some third-party payors may require pre-approval of coverage for new or innovative devices or drug therapies before they will reimburse health care providers who use such therapies. It is difficult to predict at this time what third-party payors will decide with respect to the coverage and reimbursement for our product candidates.

Obtaining and maintaining reimbursement status is time-consuming and costly. No uniform policy for coverage and reimbursement for drug products exists among third-party payors in the United States. Therefore, coverage and reimbursement for drug products can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. Furthermore, rules and regulations regarding reimbursement change frequently, in some cases at short notice, and we believe that changes in these rules and regulations are likely.

Outside the United States, international operations are generally subject to extensive governmental price controls and other market regulations, and we believe the increasing emphasis on cost-containment initiatives in Europe, Canada and other countries has and will continue to put pressure on the pricing and usage of our product candidates. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. Other countries allow companies to fix their own prices for medical products, but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we are able to charge for our product candidates. Accordingly, in markets outside the United States, the reimbursement for our products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenue and profits.

The delivery of healthcare in the European Union, including the establishment and operation of health services and the pricing and reimbursement of medicines, is almost exclusively a matter for national, rather than European Union, law and policy. National governments and health service providers have different priorities and approaches to the delivery of healthcare and the pricing and reimbursement of products in that context. In general, however, the healthcare budgetary constraints in most European Union member states have resulted in restrictions on the pricing and reimbursement of medicines by relevant health service providers. Coupled with ever-increasing European Union and national regulatory burdens on those wishing to develop and market products, this could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to commercialize any products for which we obtain marketing approval.

Moreover, increasing efforts by governmental and third-party payors in the European Union, the United States and abroad to cap or reduce healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for newly approved products and, as a result, they may not cover or provide adequate payment for our product candidates. We expect to experience pricing pressures in connection with the sale of any of our product candidates due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products.

***The future commercial success of our product candidates will depend on the degree of market acceptance of our potential products among physicians, patients, healthcare payers and the medical community.***

Our product candidates are at varying stages of development and we may never have a product that is commercially successful. To date, we have no product authorized for marketing. Our lead product candidates are in early stages of clinical development. Our lead product candidates will require further clinical investigation, regulatory review, significant marketing efforts and substantial investment before they can provide us with any revenues. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses,

and many other companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain regulatory approval for the marketing of their product. Due to the inherent risk in the development of pharmaceutical products, it is probable that not all or none of the product candidates in our portfolio will successfully complete development and be commercialized. We do not expect to be able to commercialize any of our products for a number of years. Furthermore, when available on the market, our products may not achieve an adequate level of acceptance by physicians, patients and the medical community, and we may not become profitable. In addition, efforts to educate the medical community and third-party payers on the benefits of our products may require significant resources and may never be successful which would prevent us from generating significant revenues or becoming profitable. Market acceptance of our future products by physicians, patients and healthcare payers will depend on a number of factors, many of which are beyond our control, including, but not limited to:

- the wording of the product label;
- changes in the standard of care for the targeted indications for any product candidate;
- sales, marketing and distribution support;
- potential product liability claims;
- acceptance by physicians, patients and healthcare payers of each product as safe, effective and cost-effective;
- relative convenience, ease of use, ease of administration and other perceived advantages over alternative products;
- prevalence and severity of adverse events or publicity;
- limitations, precautions or warnings listed in the summary of product characteristics, patient information leaflet, package labeling or instructions for use;
- the cost of treatment with our products in relation to alternative treatments;
- the extent to which products are approved for inclusion and reimbursed on formularies of hospitals and managed care organizations; and
- whether our products are designated in the label, under physician treatment guidelines or under reimbursement guidelines as a first-line, second-line, or third-line or last-line therapy.

If our product candidates fail to gain market acceptance, this will have a material adverse impact on our ability to generate revenues to provide a satisfactory, or any, return on our investments. Even if some products achieve market acceptance, the market may prove not to be large enough to allow us to generate significant revenues.

***We have never commercialized a product candidate before and may lack the necessary expertise, personnel and resources to successfully commercialize our products on our own or together with suitable collaboration partners.***

We do not have a sales or marketing infrastructure and have no experience in the sale or marketing of pharmaceutical products. To achieve commercial success for any approved product, we must develop or acquire a sales and marketing organization, outsource these functions to third parties or enter into collaboration arrangements with third parties.

We may decide to establish our own sales and marketing capabilities and promote our product candidates if and when regulatory approval has been obtained in the major European Union countries and the United States. There are risks involved should we decide to establish our own sales and marketing capabilities or enter into arrangements with third parties to perform these services. Even if we establish sales and marketing capabilities, we may fail to launch our products effectively or to market our products effectively since we have no experience in the sales and marketing of pharmaceutical products. In addition, recruiting and training a sales force is expensive and time consuming and could delay any product launch. In the event that any such launch is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization

expenses, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel. Factors that may inhibit our efforts to commercialize our products on our own include:

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to or persuade adequate numbers of physicians to prescribe any future products;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines;
- unforeseen costs and expenses associated with creating an independent sales and marketing organization; and
- costs of marketing and promotion above those anticipated by us.

If we enter into arrangements with third parties to perform sales and marketing services, our product revenues or the profitability of these product revenues to us could be lower than if we were to market and sell any products that we develop ourselves. Such collaborative arrangements may place the commercialization of our products outside of our control and would make us subject to a number of risks including that we may not be able to control the amount or timing of resources that our collaborative partner devotes to our products or that our collaborator's willingness or ability to complete its obligations, and our obligations under our arrangements may be adversely affected by business combinations or significant changes in our collaborator's business strategy. In addition, we may not be successful in entering into arrangements with third parties to sell and market our products or may be unable to do so on terms that are favorable to us. Acceptable third parties may fail to devote the necessary resources and attention to sell and market our products effectively.

If we do not establish sales and marketing capabilities successfully, either on our own or in collaboration with third parties, we may not be successful in commercializing our products, which in turn would have a material adverse effect on our business, prospects, financial condition and results of operations.

***Our product candidates for which we intend to seek approval as biologic products may face competition sooner than anticipated.***

The Biologics Price Competition and Innovation Act of 2009, or BPCIA, created an abbreviated approval pathway for biological products that are biosimilar to or interchangeable with an FDA-licensed reference biological product. Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date that the reference product was first licensed by the FDA. In addition, the approval of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first licensed. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA for the competing product containing the sponsor's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation and meaning are subject to uncertainty. See also Part X "Business—Government Regulation-Licensure and Regulation of Biologics in the United States."

We believe that any of our product candidates approved as a biological product under a BLA should qualify for the 12-year period of exclusivity. However, there is a risk that this exclusivity could be shortened due to congressional action or otherwise, or that the FDA will not consider our product candidates to be reference products for competing products, potentially creating the opportunity for generic competition sooner than anticipated. Other aspects of the BPCIA, some of which may impact the BPCIA exclusivity provisions, have also been the subject of recent litigation. Moreover, the extent to which a biosimilar, once approved, will be substituted for any one of our reference products in a way that is similar to traditional generic substitution for non-biological products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing.

## Risks Related to Our Business and Industry

*Nearly all aspects of our activities are subject to substantial regulation. No assurance can be given that any of our product candidates will fulfill regulatory compliance. Failure to comply with such regulations could result in delays, suspension, refusals and withdrawal of approvals, as well as fines.*

The international biopharmaceutical and medical technology industry is highly regulated by the FDA, the EMA and other comparable foreign authorities and by other national or supra-national regulatory authorities that impose substantial requirements covering nearly all aspects of our activities notably on research and development, manufacturing, preclinical tests, clinical trials, labeling, marketing, sales, storage, record keeping, promotion and pricing of our product candidates. Such regulation is further subject to regular review by the FDA, the EMA and other comparable foreign authorities which may result in changes in applicable regulation. If we do not comply with one or more of these requirements in a timely manner, or at all, our product development could experience significant delays as a result of the FDA, the EMA or other comparable regulatory authorities recommending non-approval or restrictions on approval of a product candidate, leading to an inability to successfully commercialize any of our product candidates, which would materially harm our business. Any failure of any of our product candidates in clinical studies or to receive regulatory approval could have a material adverse effect on our business, results of operations and financial condition. If any of our product candidates fails to obtain approval on the basis of any applicable condensed regulatory approval process, this will prevent such product candidate from obtaining approval in a shortened time frame, or at all, resulting in increased expenses which would materially harm our business.

Compliance with requirements laid down by local regulatory authorities is necessary in each country where we, or any of our partners or licensees, conduct said activities in whole or in part. Local regulatory authorities notably include the EMA and the FDA. In order to market our future products in regions such as the European Economic Area, United States of America, Asia Pacific and many other foreign jurisdictions, we must obtain separate regulatory approvals. The approval procedures vary among countries and can require additional clinical testing, and the time required to obtain approval may differ from that required to obtain for example FDA or EMA approval. Moreover, clinical studies conducted in one country may not be accepted by regulatory authorities in other countries. Approval by the FDA or EMA does not ensure approval by the comparable foreign authorities in other countries, and approval by one or more foreign regulatory authorities does not ensure approval by regulatory authorities in other foreign countries or by the FDA or EMA.

There can be no assurance that our product candidates will fulfil the criteria required to obtain necessary regulatory approval to access the market. Also, at this time, we cannot guarantee or know the exact nature, precise timing and detailed costs of the efforts that will be necessary to complete the remainder of the development of our research programs and products candidates. Each of the FDA, the EMA and other comparable foreign authorities may impose its own requirements, may discontinue an approval or revoke a license, may refuse to grant approval, or may require additional data before granting approval, notwithstanding that approval may have been granted by the FDA, the EMA or one or more other comparable foreign authority. The FDA, the EMA or other comparable foreign authorities may also approve a product candidate for fewer or more limited indications or patient sub-segments than requested or may grant approval subject to the performance of post-marketing studies. The EMA's, the FDA's or other regulatory authority's approval may be delayed, limited or denied for a number of reasons, most of which are beyond our control. Such reasons could include, among others, the production process or site not meeting the applicable requirements for the manufacture of regulated products, or the products not meeting applicable requirements for safety, purity or potency, or efficacy, during the clinical development stage or after marketing. No assurance can be given that clinical trials will be approved the FDA, the EMA or other comparable foreign authorities or that products will be approved for marketing by such regulatory authorities in any pre-determined indication or intended use. Any of the FDA, the EMA and other comparable foreign authorities may disagree with our interpretation of data submitted for their review.

We and our collaborative partners are, or may become subject to, numerous ongoing other regulatory obligations, such as data protection, environmental, health and safety laws and restrictions on the experimental use of animals. The costs of compliance with such applicable regulations, requirements or guidelines could be substantial, and failure to comply could result in sanctions, including fines, injunctions, civil penalties, denial of applications for marketing authorization of our products, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could significantly increase our or our collaborative partners' costs or delay the development and commercialization of our product candidates.

***Because we are subject to environmental, health and safety laws and regulations, we may become exposed to liability and substantial expenses in connection with environmental compliance or remediation activities which may adversely affect our business and financial condition.***

Our operations, including our research, development, testing and manufacturing activities, are subject to numerous environmental, health and safety laws and regulations. These laws and regulations govern, among other things, the controlled use, handling, release and disposal of and the maintenance of a registry for, hazardous materials and biological materials, such as chemical solvents, human cells, carcinogenic compounds, mutagenic compounds and compounds that have a toxic effect on reproduction, laboratory procedures and exposure to blood-borne pathogens. If we fail to comply with such laws and regulations, we could be subject to fines or other sanctions.

As with other companies engaged in activities similar to ours, we face a risk of environmental liability inherent in our current and historical activities, including liability relating to releases of or exposure to hazardous or biological materials. Environmental, health and safety laws and regulations are becoming more stringent. We may be required to incur substantial expenses in connection with future environmental compliance or remediation activities, in which case, our production and development efforts may be interrupted or delayed and our financial condition and results of operations may be materially adversely affected.

***Our employees, independent contractors, principal investigators, CROs, consultants, vendors and collaboration partners may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on our business.***

We are exposed to the risk that our employees, independent contractors, principal investigators, CROs, consultants, vendors and collaboration partners may engage in fraudulent conduct or other illegal activities. Misconduct by these parties could include intentional, reckless and negligent conduct or unauthorized activities that violate: (i) the regulations of the FDA, the EMA and other comparable foreign authorities, including those laws that require the reporting of true, complete and accurate information to such authorities; (ii) manufacturing standards; (iii) federal and state data privacy, security, fraud and abuse and other healthcare laws and regulations in the United States and abroad; or (iv) laws that require the reporting of true, complete and accurate financial information and data. Specifically, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Activities subject to these laws could also involve the improper use or misrepresentation of information obtained in the course of clinical trials or creating fraudulent data in our preclinical studies or clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter misconduct by employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. Additionally, we are subject to the risk that a person could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and results of operations, including the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, disgorgements, possible exclusion from participation in Medicare, Medicaid and other U.S. federal healthcare programs, individual imprisonment, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, other sanctions, contractual damages, reputational harm, diminished profits and future earnings and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

***Our high dependency on public perception of our products may negatively influence the success of these products.***

If any of our product candidates are approved for commercial sale, we will be highly dependent upon consumer perceptions of the safety and quality of our products. We could be adversely affected if we were subject to negative publicity or if any of our products or any similar products distributed by other companies prove to be, or are asserted to be, harmful to patients. Because of our dependence upon consumer perception, any adverse publicity associated with illness or other adverse effects resulting from patients' use or misuse of our products or

any similar products distributed by other companies could have a material adverse impact on our business, prospects, financial condition and results of operations.

Future adverse events in research into the cancer, inflammation and severe autoimmune diseases that we focus our research efforts on, or the biopharmaceutical industry more generally, could also result in greater governmental regulation, stricter labeling requirements and potential regulatory delays in the testing or approvals of our products. Any increased scrutiny could delay or increase the costs of obtaining regulatory approval for our product candidates.

***Failure to successfully identify, develop and commercialize additional products or product candidates could impair our ability to grow.***

Although a substantial amount of our efforts will focus on the continued preclinical and clinical testing and potential approval of our product candidates in our current pipeline, a key element of our long-term growth strategy is to develop and market additional products and product candidates. Because we have limited financial and managerial resources, research programs to identify product candidates will require substantial additional technical, financial and human resources, whether or not any product candidates are ultimately identified. The success of this strategy depends partly upon our ability to identify, select and develop promising product candidates and products. Our technology platforms may fail to discover and to generate additional product candidates that are suitable for further development. All product candidates are prone to risks of failure typical of pharmaceutical product development, including the possibility that a product candidate may not be suitable for clinical development as a result of its harmful side effects, limited efficacy or other characteristics that indicate that it is unlikely to be a product that will receive approval by the FDA, the EMA and other comparable foreign regulatory authorities and achieve market acceptance. If we do not successfully develop and commercialize product candidates based upon our technological approach, we may not be able to obtain product or collaboration revenues in future periods, which would adversely affect our business, prospects, financial condition and results of operations.

Our long-term growth strategy to develop and market additional products and product candidates is heavily dependent on precise, accurate and reliable scientific data to identify, select and develop promising pharmaceutical product candidates and products. Our business decisions may therefore be adversely influenced by improper or fraudulent scientific data sourced from third parties. Any irregularities in the scientific data used by us to determine our focus in research and development of product candidates and products could have a material adverse effect on our business, prospects, financial condition and results of operations.

***Service or supply failures, or other failures, business interruptions or other disasters affecting the manufacturing facilities of any party participating in the supply chain would adversely affect our ability to supply our products.***

Our product candidates are biologics and require processing steps that are more difficult than those required for most chemical pharmaceuticals. Accordingly, multiple steps are needed to control the manufacturing processes. Problems with these manufacturing processes, even minor deviations from the normal process or from the materials used in the manufacturing process, which may not be detectable by us in a timely manner, could lead to product defects or manufacturing failures, resulting in lot failures, product recalls, product liability claims and insufficient inventory.

Also, certain raw materials or other products necessary for the manufacture and formulation of our product candidates, some of which are difficult to source, are provided by single-source unaffiliated third-party suppliers. In addition, we rely on certain third parties to perform filling, finishing, distribution, laboratory testing and other services related to the manufacture of our product candidates, and to supply various raw materials and other products. We would be unable to obtain these raw materials, other products, or services for an indeterminate period of time if any of these third parties were to cease or interrupt production or otherwise fail to supply these materials, products, or services to us for any reason, including due to regulatory requirements or actions (including recalls), adverse financial developments at or affecting the supplier, failure by the supplier to comply with cGMPs, contamination, business interruptions, or labor shortages or disputes. In any such circumstances, we may not be able to engage a backup or alternative supplier or service provider in a timely manner or at all. This, in turn, could materially and adversely affect our ability to supply product candidates, which could materially and adversely affect our business and future prospects.

Certain of the raw materials required in the manufacture and the formulation of our product candidates may be derived from biological sources, including mammalian tissues, bovine serum and human serum albumin. There are certain European regulatory restrictions on using these biological source materials. If we are required to substitute for these sources to comply with European regulatory requirements, our clinical development or commercial activities may be delayed or interrupted.

***Our business may be adversely affected as a result of computer system failures.***

Any of the internal computer systems belonging to us or our third-party service providers are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failure. Any system failure, accident or security breach that causes interruptions in our own or in third-party service vendors' operations could result in a material disruption of our product development programs. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our or our partners' regulatory approval efforts and significantly increase our costs in order to recover or reproduce the lost data. To the extent that any disruption or security breach results in a loss or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we may incur liability, our product development programs and competitive position may be adversely affected and the further development of our product candidates may be delayed. Furthermore, we may incur additional costs to remedy the damage caused by these disruptions or security breaches.

**Risks Related to Our Dependence on Third Parties**

***We rely, and expect to continue to rely, on third parties, including independent clinical investigators and CROs, to conduct our preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.***

We have relied upon and plan to continue to rely upon third parties, including independent clinical investigators and third-party CROs, to conduct our preclinical studies and clinical trials and to monitor and manage data for our ongoing preclinical and clinical programs. We rely on these parties for execution of our preclinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies and trials is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and our reliance on these third parties does not relieve us of our regulatory responsibilities. We and our third party contractors and CROs are required to comply with GCP requirements, which are regulations and guidelines enforced by the FDA, the EMA and comparable foreign regulatory authorities for all of our products in clinical development. Regulatory authorities enforce these GCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we, our investigators or any of our CROs fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, the EMA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP regulations. In addition, our clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

Further, these investigators and CROs are not our employees and we will not be able to control, other than by contract, the amount of resources, including time, which they devote to our product candidates and clinical trials. If independent investigators or CROs fail to devote sufficient resources to the development of our product candidates, or if their performance is substandard, it may delay or compromise the prospects for approval and commercialization of any product candidates that we develop. In addition, the use of third-party service providers requires us to disclose our proprietary information to these parties, which could increase the risk that this information will be misappropriated.

Our CROs have the right to terminate their agreements with us in the event of an uncured material breach. In addition, some of our CROs have an ability to terminate their respective agreements with us if it can be reasonably demonstrated that the safety of the subjects participating in our clinical trials warrants such termination, if we make a general assignment for the benefit of our creditors or if we are liquidated.

There is a limited number of third-party service providers that specialize or have the expertise required to achieve our business objectives. If any of our relationships with these third-party CROs or clinical investigators

terminate, we may not be able to enter into arrangements with alternative CROs or investigators or to do so on commercially reasonable terms. If CROs or clinical investigators do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed.

Switching or adding additional CROs (or investigators) involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

***We rely and will continue to rely on collaborative partners regarding the development of our research programs and product candidates. If we fail to enter into new strategic relationships our business, financial condition, commercialization prospects and results of operations may be materially adversely affected.***

We are, and expect to continue to be, dependent on partnerships with partners relating to the development and commercialization of our existing and future research programs and product candidates. We currently have collaborative research relationships with various pharmaceutical companies such as AbbVie, Bird Rock Bio Inc. and Shire and with various academic and research institutions worldwide, for the development of product candidates resulting from such collaborations. We had, have and will continue to have discussions on potential partnering opportunities with various pharmaceutical companies. If we fail to enter into or maintain collaborations on reasonable terms or at all, our ability to develop our existing or future research programs and product candidates could be delayed, the commercial potential of our products could change and our costs of development and commercialization could increase.

Our dependence on collaborative partners subjects us to a number of risks, including, but not limited to, the following:

- we may not be able to control the amount and timing of resources that the collaboration partner devotes to our research programs and product candidates;
- for collaboration agreements where we are solely or partially responsible for funding development expenses through a defined milestone event, the payments we receive from the collaboration partner may not be sufficient to cover the expenses we have or would need to incur in order to achieve that milestone event;
- we may be required to relinquish significant rights, including intellectual property, marketing and distribution rights;
- our anticipated payments under any partnership agreement (e.g., royalty payments for licensed products) may not materialize;
- our current and future collaborators, including AbbVie and Shire, may fail to exercise their options to license certain of our product candidates, which may occur for reasons unrelated to the therapeutic or commercial potential of our product candidates but may nevertheless adversely impact our ability to develop and commercialize such product candidates;
- we rely on the information and data received from third parties regarding their research programs and product candidates and will not have control of the process conducted by the third party in gathering and composing such data and information. We may not have formal or appropriate guarantees from its contract parties with respect to the quality and the completeness of such data;
- if our collaborators fail to exercise their options to license our product candidates, or if rights to develop and commercialize our product candidates subject to collaborations revert to us for any reason, we may not have sufficient financial resources to develop such product candidates, which

may result in us failing to recognize any value from our investments in developing such product candidates;

- a collaborative partner may develop a competing product either by itself or in collaboration with others, including one or more of our competitors;
- our collaborative partners' willingness or ability to complete their obligations under our partnership arrangements may be adversely affected by business combinations or significant changes in a collaborative partner's business strategy;
- we may experience delays in, or increases in the costs of, the development of our research programs and product candidates due to the termination or expiration of collaborative research and development arrangements;
- we may have disagreements with collaborative partners, including disagreements over proprietary rights, contract interpretation or the preferred course of development, that might cause delays or termination of the research, development or commercialization of product candidates, might lead to additional responsibilities for us with respect to product candidates, or might result in litigation or arbitration, any of which would be time-consuming and expensive;
- collaborative partners may not properly maintain or defend our intellectual property rights or may use proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential litigation; or
- collaborative partners may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability.

We face significant competition in seeking appropriate collaborative partners. Our ability to reach a definitive agreement for a partnership will depend, among other things, upon an assessment of the collaborator's resources and expertise, the terms and conditions of the proposed partnership and the proposed collaborator's evaluation of a number of factors. These factors may include the design or results of clinical trials, the likelihood of regulatory approval, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership regardless of the merits of the challenge and industry and market conditions generally. The collaborator may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a partnership could be more attractive than the one with us.

***We rely on third parties to supply and manufacture our product candidates, and we expect to continue to rely on third parties to manufacture our products, if approved. The development of such product candidates and the commercialization of any products, if approved, could be stopped, delayed or made less profitable if any such third party fails to provide us with sufficient quantities of product candidates or products or fails to do so at acceptable quality levels or prices or fails to maintain or achieve satisfactory regulatory compliance***

We do not currently have, nor do we plan to acquire, the infrastructure or capability internally to manufacture our product candidates for use in the conduct of our clinical studies or for commercial supply, if our products are approved. Instead, we rely on, and expect to continue to rely on contract manufacturing organizations, or CMOs. We currently rely mainly on Lonza Sales AG, or Lonza, based in Slough, UK for the manufacturing of the drug substance of all our products and the production cell line POTELLIGENT CHOK1SV jointly owned by Lonza and Biowa, Inc. for clinical and commercial scale production of ADCC enhanced antibody products. Reliance on third-party providers may expose us to more risk than if we were to manufacture our product candidates ourselves. We do not control the manufacturing processes of the CMOs we contract with and are dependent on those third parties for the production of our product candidates in accordance with relevant regulations (such as cGMP), which includes, among other things, quality control, quality assurance and the maintenance of records and documentation.

If we were to experience an unexpected loss of supply of or if any supplier were unable to meet our demand for any of our product candidates, we could experience delays in our research or planned clinical studies or commercialization. We could be unable to find alternative suppliers of acceptable quality, in the appropriate volumes and at an acceptable cost. Moreover, our suppliers are often subject to strict manufacturing

requirements and rigorous testing requirements, which could limit or delay production. The long transition periods necessary to switch manufacturers and suppliers, if necessary, would significantly delay our clinical studies and the commercialization of our products, if approved, which would materially adversely affect our business, prospects, financial condition and results of operation.

In complying with the manufacturing regulations of the FDA, the EMA and other comparable foreign authorities, we and our third-party suppliers must spend significant time, money and effort in the areas of design and development, testing, production, record-keeping and quality control to assure that the products meet applicable specifications and other regulatory requirements. The failure to comply with these requirements could result in an enforcement action against us, including the seizure of products and shutting down of production. We and any of these third-party suppliers may also be subject to audits by the FDA, the EMA or other comparable foreign authorities. If any of our third-party suppliers fails to comply with cGMP or other applicable manufacturing regulations, our ability to develop and commercialize the products could suffer significant interruptions. We face risks inherent in relying on a single CMO, as any disruption, such as a fire, natural hazards or vandalism at the CMO could significantly interrupt our manufacturing capability. We currently do not have alternative production plans in place or disaster-recovery facilities available. In case of a disruption, we will have to establish alternative manufacturing sources. This would require substantial capital on our part, which we may not be able to obtain on commercially acceptable terms or at all. Additionally, we would likely experience months of manufacturing delays as we build or locate replacement facilities and seek and obtain necessary regulatory approvals. If this occurs, we will be unable to satisfy manufacturing needs on a timely basis, if at all. Also, operating any new facilities may be more expensive than operating our current facility. Further, business interruption insurance may not adequately compensate us for any losses that may occur and we would have to bear the additional cost of any disruption. For these reasons, a significant disruptive event of the manufacturing facility could have drastic consequences, including placing our financial stability at risk.

The manufacturing of all of our product candidates requires using cells which are stored in a cell bank. We have one master cell bank for each product manufactured in accordance with cGMP. Working cell banks have not yet been manufactured. Half of each master cell bank is stored at a separate site so that in case of a catastrophic event at one site we believe sufficient vials of the master cell banks are left at the alternative storage site to continue manufacturing. We believe sufficient working cell banks could be produced from the vials of the master cell bank stored at a given site to assure product supply for the future. However, it is possible that we could lose multiple cell banks and have our manufacturing significantly impacted by the need to replace these cell banks, which could materially adversely affect our business, prospects, financial condition and results of operations.

### **Risks Related to Intellectual Property**

*We rely on patents and other intellectual property rights to protect our product candidates and the SIMPLE Antibody, NHance and ABDEG platform technologies, the enforcement, defense and maintenance of which may be challenging and costly. Failure to enforce or protect these rights adequately could harm our ability to compete and impair our business.*

Our commercial success depends in part on obtaining and maintaining patents and other forms of intellectual property rights for our product candidates, methods used to manufacture those products and the methods for treating patients using those products, or on licensing in such rights. Failure to protect or to obtain, maintain or extend adequate patent and other intellectual property rights could materially adversely affect our ability to develop and market our products and product candidates.

We cannot be certain that patents will be issued or granted with respect to applications that are currently pending, or that issued or granted patents will not later be found to be invalid or enforceable. The patent position of biopharmaceutical companies is generally uncertain because it involves complex legal and factual considerations. The standards applied by the European Patent Office, the United States Patent and Trademark Office, or USPTO, and foreign patent offices in granting patents are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in biopharmaceutical patents. Consequently, patents may not issue from our pending patent applications. As such, we do not know the degree of future protection that we will have on our proprietary products and technology. The scope of patent protection that the European Patent Office and the USPTO will grant with respect to the antibodies in our antibodies product pipeline is uncertain. It is possible that the European Patent Office and the USPTO will not allow broad antibody claims that cover antibodies closely related to our product candidates as well as the specific antibody. As a result, upon receipt of EMA or FDA approval, competitors may be free to market antibodies almost identical to ours, including biosimilar antibodies,

thereby decreasing our market share. However, a competitor cannot submit to the FDA an application for a biosimilar product based on one of our products until four years following the date of approval of our “reference product,” and the FDA may not approve such a biosimilar product until 12 years from the date on which the reference product was approved. See Part X “Business—Government Regulation—Licensure and Regulation of Biologics in the United States—Biosimilars and Exclusivity” for more details regarding biosimilar regulatory exclusivities.

The patent prosecution process is expensive and time-consuming, and we and our current or future licensors, licensees or collaboration partners may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we or our licensors, licensees or collaboration partners will fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. Further, the issuance, scope, validity, enforceability and commercial value of our and our current or future licensors’, licensees’ or collaboration partners’ patent rights are highly uncertain. Our and our licensors’ pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. Moreover, in some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology that we license from or license to third parties and are reliant on our licensors, licensees or collaboration partners. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. If our current or future licensors, licensees or collaboration partners fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated. If our licensors, licensees or collaboration partners are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised. The patent examination process may require us or our licensors, licensees or collaboration partners to narrow the scope of the claims of our or our licensors’, licensees’ or collaboration partners’ pending and future patent applications, which may limit the scope of patent protection that may be obtained. We cannot assure you that all of the potentially relevant prior art relating to our patents and patent applications has been found. If such prior art exists, it can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue and even if such patents cover our product candidates, third parties may initiate an opposition, interference, re-examination, post-grant review, *inter partes* review, nullification or derivation action in court or before patent offices, or similar proceedings challenging the validity, enforceability or scope of such patents, which may result in the patent claims being narrowed or invalidated. Our and our licensors’, licensees’ or collaboration partners’ patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications, and then only to the extent the issued claims cover the technology.

Because patent applications are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we or our licensors were the first to file any patent application related to a product candidate. Furthermore, if third parties have filed such patent applications on or before March 15, 2013, an interference proceeding can be initiated by such third parties to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. If third parties have filed such applications after March 15, 2013, a derivation proceeding can be initiated by such third parties to determine whether our invention was derived from theirs. Even where we have a valid and enforceable patent, we may not be able to exclude others from practicing our invention where the other party can show that they used the invention in commerce before our filing date or the other party benefits from a compulsory license.

***Issued patents covering one or more of our products or the SIMPLE Antibody, NHance and ABDEG platform technologies could be found invalid or unenforceable if challenged in court.***

To protect our competitive position, we may from time to time need to resort to litigation in order to enforce or defend any patents or other intellectual property rights owned by or licensed to us, or to determine or challenge the scope or validity of patents or other intellectual property rights of third parties. As enforcement of intellectual property rights is difficult, unpredictable and expensive, and many of our or our licensors’ or collaboration partners’ adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we or our licensors or collaboration partners can. Accordingly, despite our or our licensors’ or collaboration partners’ efforts, we or our licensors or collaboration partners may not prevent third parties from infringing upon or misappropriating intellectual property rights we own or control, particularly in countries where the laws may not protect those rights as fully as in the European Union and the United States. We may fail in enforcing our rights—in which case our competitors may be permitted to use our technology without being required to pay us any license fees. In addition, however, litigation involving our patents carries

the risk that one or more of our patents will be held invalid (in whole or in part, on a claim-by-claim basis) or held unenforceable. Such an adverse court ruling could allow third parties to commercialize our products or use our SIMPLE Antibody, NHance and ABDEG platform technologies, and then compete directly with us, without payment to us.

If we were to initiate legal proceedings against a third party to enforce a patent covering one of our products, the defendant could counterclaim that our patent is invalid or unenforceable. In patent litigation in the United States or in Europe, defendant counterclaims alleging invalidity or unenforceability are commonplace. A claim for a validity challenge may be based on failure to meet any of several statutory requirements, for example, lack of novelty, obviousness or non-enablement. A claim for unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the European Patent Office or the USPTO or made a misleading statement, during prosecution. The outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on one or more of our products or certain aspects of our SIMPLE Antibody, NHance and ABDEG platform technologies. Such a loss of patent protection could have a material adverse impact on our business. Further, litigation could result in substantial costs and diversion of management resources, regardless of the outcome, and this could harm our business and financial results. Patents and other intellectual property rights also will not protect our technology if competitors design around our protected technology without infringing our patents or other intellectual property rights.

***Intellectual property rights of third parties could adversely affect our ability to commercialize our product candidates, such that we could be required to litigate or obtain licenses from third parties in order to develop or market our product candidates. Such litigation or licenses could be costly or not available on commercially reasonable terms.***

Our competitive position may suffer if patents issued to third parties or other third-party intellectual property rights cover our products or elements thereof, our manufacture or uses relevant to our development plans, the targets of our product candidates, or other attributes of our product candidates or our technology. In such cases, we may not be in a position to develop or commercialize products or product candidates unless we successfully pursue litigation to nullify or invalidate the third-party intellectual property right concerned, or enter into a license agreement with the intellectual property right holder, if available on commercially reasonable terms. We are aware of certain U.S. issued patents held by third parties that some may argue cover certain aspects of our product candidates, including ARGX-110 and ARGX-111. The patent relating to ARGX-110 is scheduled to expire in 2026, and the patents relating to ARGX-111 are scheduled to expire between 2024 and 2032. In the event that a patent has not expired at the time of approval of such product candidate and the patent owner were to bring an infringement action against us, we may have to argue that our product, its manufacture or use does not infringe a valid claim of the patent in question. Alternatively, if we were to challenge the validity of any issued U.S. patent in court, we would need to overcome a statutory presumption of validity that attaches to every U.S. patent. This means that in order to prevail, we would need to present clear and convincing evidence as to the invalidity of the patent's claims. There is no assurance that a court would find in our favor on questions of infringement or validity. In the event that a patent is successfully asserted against us such that the patent is found to be valid and enforceable and infringed by our product, unless we obtain a license to such a patent, which may not be available on commercially reasonable terms or at all, we could be prevented from continuing to develop or commercialize our product. Similarly, the targets for certain of our product candidates have also been the subject of research by other companies, which have filed patent applications or have patents on aspects of the targets or their uses. There can be no assurance any such patents will not be asserted against us or that we will not need to seek licenses from such third parties. We may not be able to secure such licenses on acceptable terms, if at all, and any such litigation would be costly and time-consuming.

It is also possible that we failed to identify relevant patents or applications. For example, certain U.S. applications filed after November 29, 2000 that will not be filed outside the United States may remain confidential until patents issue. In general, patent applications in the United States and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our products or platform technology could have been filed by others without our knowledge. Furthermore, we operate in a highly competitive field, and given our limited resources, it is unreasonable to monitor all patent applications purporting to gain broad coverage in the areas in which we are active. Additionally, pending patent applications which have

been published can, subject to certain limitations, be later amended in a manner that could cover our platform technologies, our products or the use of our products.

Third-party intellectual property right holders, including our competitors, may actively bring infringement claims against us. The granting of orphan drug status in respect of any of our product candidates does not guarantee our freedom to operate and is separate from our risk of possible infringement of third parties' intellectual property rights. We may not be able to successfully settle or otherwise resolve such infringement claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in marketing our products.

If we fail in any such dispute, in addition to being forced to pay damages, we or our licensees may be temporarily or permanently prohibited from commercializing any of our product candidates that are held to be infringing. We might, if possible, also be forced to redesign product candidates so that we no longer infringe the third-party intellectual property rights. Or, we may be required to seek a license to any such technology that we are found to infringe, which license may not be available on commercially reasonable terms, or at all. Even if we or our licensors or collaboration partners obtain a license, it may be non-exclusive (for example, the POTELLIGENT platform), thereby giving our competitors access to the same technologies licensed to us or our licensors or collaboration partners. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business.

In addition, if the breadth or strength of protection provided by our or our licensors' or collaboration partners' patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

***Our ability to compete may be adversely affected if we are unsuccessful in defending against any claims by competitors or others that we are infringing upon their intellectual property rights.***

The various markets in which we plan to operate are subject to frequent and extensive litigation regarding patents and other intellectual property rights. In addition, companies producing therapeutics to treat and potentially cure cancer, have employed intellectual property litigation as a means to gain an advantage over their competitors. As a result, we may be required to defend against claims of intellectual property infringement that may be asserted by our competitors against us and, if the outcome of any such litigation is adverse to us, it may affect our ability to compete effectively.

Our involvement in litigation, and in, *e.g.*, any interference, derivation, reexamination, *inter partes* review opposition or post-grant proceedings or other intellectual property proceedings inside and outside of the European Union or the United States may divert management time from focusing on business operations, could cause us to spend significant amounts of money and may have no guarantee of success. Any current and potential intellectual property litigation also could force us to do one or more of the following:

- stop selling, incorporating, manufacturing or using our products in the United States or other jurisdictions that use the subject intellectual property;
- obtain from a third party asserting its intellectual property rights, a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all, or may be non-exclusive thereby giving our competitors access to the same technologies licensed to us;
- redesign those products or processes that use any allegedly infringing or misappropriated technology, which may result in significant cost or delay to us, or which redesign could be technically infeasible; or
- pay damages, including the possibility of treble damages in a patent case if a court finds us to have willfully infringed certain intellectual property rights.

***Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.***

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, we could have a substantial adverse effect on the price of our ordinary shares or the ADSs. Such litigation or proceedings could substantially increase our operating losses and reduce our resources available for development activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

***We may not be successful in obtaining or maintaining necessary rights to our product candidates through acquisitions and in-licenses.***

Because our programs may require the use of proprietary rights held by third parties, the growth of our business will likely depend in part on our ability to acquire, in-license, maintain or use these proprietary rights. We may be unable to acquire or in-license any compositions, methods of use, processes, or other third-party intellectual property rights from third parties that we identify as necessary for our product candidates. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities.

For example, we sometimes collaborate with U.S. and non-U.S. academic institutions to accelerate our preclinical research or development under written agreements with these institutions. Typically, these institutions provide us with an option to negotiate a license to any of the institution's rights in technology resulting from the collaboration. Regardless of such option, we may be unable to negotiate a license within the specified timeframe or under terms that are acceptable to us. If we are unable to do so, the institution may offer the intellectual property rights to other parties, potentially blocking our ability to pursue our applicable product candidate or program.

In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment. If we are unable to successfully obtain a license to third-party intellectual property rights necessary for the development of a product candidate or program, we may have to abandon development of that product candidate or program and our business and financial condition could suffer.

***If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.***

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition by potential partners or customers in our markets of interest. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. If other entities use trademarks similar to ours in different jurisdictions, or have senior rights to ours, it could interfere with our use of our current trademarks throughout the world.

***If we do not obtain protection under the Hatch-Waxman Amendments and similar non-U.S. legislation for extending the term of patents covering each of our product candidates, our business may be materially harmed.***

Patents have a limited duration. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our

product candidates, their manufacture, or use are obtained, once the patent life has expired, we may be open to competition from competitive medications, including biosimilar medications. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

Depending upon the timing, duration and conditions of FDA marketing approval of our product candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Act and similar legislation in the European Union. The Hatch-Waxman Act permits a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. The patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, and only one patent applicable to an approved drug may be extended. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened and our competitors may obtain approval to market competing products sooner than we expect. As a result, our revenue from applicable products could be reduced, possibly materially.

***We enjoy only limited geographical protection with respect to certain patents and may face difficulties in certain jurisdictions, which may diminish the value of intellectual property rights in those jurisdictions.***

We often file our first patent application (*i.e.*, priority filing) at the European Patent Office or the USPTO. International applications under the Patent Cooperation Treaty, or PCT, are usually filed within twelve months after the priority filing. Based on the PCT filing, national and regional patent applications may be filed in additional jurisdictions where we believe our product candidates may be marketed. We have so far not filed for patent protection in all national and regional jurisdictions where such protection may be available. In addition, we may decide to abandon national and regional patent applications before grant. Finally, the grant proceeding of each national/regional patent is an independent proceeding which may lead to situations in which applications might in some jurisdictions be refused by the relevant patent offices, while granted by others. It is also quite common that depending on the country, the scope of patent protection may vary for the same product candidate or technology.

Competitors may use our and our licensors' or collaboration partners' technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we and our licensors or collaboration partners have patent protection, but enforcement is not as strong as that in the United States and the European Union. These products may compete with our product candidates, and our and our licensors' or collaboration partners' patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws in the United States and the European Union, and companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. If we or our licensors encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished and we may face additional competition from others in those jurisdictions.

Some countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, some countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired and our business and results of operations may be adversely affected.

Proceedings to enforce our and our licensors' or collaboration partners' patent rights in foreign jurisdictions could result in substantial costs and divert our and our licensors' or collaboration partners' efforts and attention from other aspects of our business, could put our and our licensors' or collaboration partners' patents at risk of being invalidated or interpreted narrowly and our and our licensors' or collaboration partners' patent applications

at risk of not issuing and could provoke third parties to assert claims against us or our licensors or collaboration partners. We or our licensors or collaboration partners may not prevail in any lawsuits that we or our licensors or collaboration partners initiate and the damages or other remedies awarded, if any, may not be commercially meaningful.

***If we fail to comply with our obligations under the agreements pursuant to which we license intellectual property rights from third parties, or otherwise experience disruptions to our business relationships with our licensors, we could lose the rights to intellectual property that are important to our business.***

We are a party to license agreements under which we are granted rights to intellectual property that are important to our business and we expect that we may need to enter into additional license agreements in the future. Existing license agreements impose, and we expect that future license agreements will impose, various development obligations, payment of royalties and fees based on achieving certain milestones, as well as other obligations. If we fail to comply with our obligations under these agreements, the licensor may have the right to terminate the license. The termination of any license agreements or failure to adequately protect such license agreements could prevent us from commercializing product candidates covered by the licensed intellectual property. Several of our existing license agreements are sublicenses from third parties which are not the original licensor of the intellectual property at issue. Under these agreements, we must rely on our licensor to comply with its obligations under the primary license agreements under which such third party obtained rights in the applicable intellectual property, where we may have no relationship with the original licensor of such rights. If the licensors fail to comply with their obligations under these upstream license agreements, the original third-party licensor may have the right to terminate the original license, which may terminate the sublicense. If this were to occur, we would no longer have rights to the applicable intellectual property and, in the case of a sublicense, if we were not able to secure our own direct license with the owner of the relevant rights, which it may not be able to do at a reasonable cost or on reasonable terms, it may adversely affect our ability to continue to develop and commercialize the product candidates incorporating the relevant intellectual property.

Disputes may arise regarding intellectual property subject to a licensing agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under any collaboration relationships we might enter into in the future;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and
- the priority of invention of patented technology.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates.

***Intellectual property rights do not necessarily address all potential threats to our competitive advantage.***

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- Others may be able to make compounds that are the same as or similar to our product candidates but that are not covered by the claims of the patents that we own or have exclusively licensed.
- The patents of third parties may have an adverse effect on our business.

- We or our licensors or any current or future strategic partners might not have been the first to conceive or reduce to practice the inventions covered by the issued patent or pending patent application that we own or have exclusively licensed.
- We or our licensors or any future strategic partners might not have been the first to file patent applications covering certain of our inventions.
- Others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights.
- It is possible that our pending patent applications will not lead to issued patents.
- Issued patents that we own or have exclusively licensed may not provide us with any competitive advantage, or may be held invalid or unenforceable, as a result of legal challenges by our competitors.
- Our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets.
- Third parties performing manufacturing or testing for us using our products or technologies could use the intellectual property of others without obtaining a proper license.
- We may not develop additional technologies that are patentable.
- the patents of others may have an adverse effect on our business. In particular, our product candidates are currently not tested focusing on a specific indication. If one of our product candidates would prove to be effective against a specific indication, we may be confronted with existing patents covering such indication.

***Changes in patent laws or patent jurisprudence could diminish the value of patents in general, thereby impairing our ability to protect our products.***

As is the case with other biotechnology companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involve both technological complexity and legal complexity. Therefore, obtaining and enforcing biopharmaceutical patents is costly, time-consuming and inherently uncertain. In addition, the America Invents Act, or the AIA, has been enacted in the United States, resulting in significant changes to the U.S. patent system.

An important change introduced by the AIA is that, as of March 16, 2013, the United States transitioned to a “first-to-file” system for deciding which party should be granted a patent when two or more patent applications are filed by different parties claiming the same invention. A third party that files a patent application in the USPTO after that date but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by the third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application, but circumstances could prevent us from promptly filing patent applications on our inventions.

Among some of the other changes introduced by the AIA are changes that limit where a patentee may file a patent infringement suit and providing opportunities for third parties to challenge any issued patent in the USPTO. This applies to all of our U.S. patents, even those issued before March 16, 2013. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in U.S. federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. The AIA and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

Additionally, the U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

***Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and protect other proprietary information.***

We consider proprietary trade secrets, confidential know-how and unpatented know-how to be important to our business. We may rely on trade secrets or confidential know-how to protect our technology, especially where patent protection is believed to be of limited value. However, trade secrets and confidential know-how are difficult to maintain as confidential.

To protect this type of information against disclosure or appropriation by competitors, our policy is to require our employees, consultants, contractors and advisors to enter into confidentiality agreements with us. However, current or former employees, consultants, contractors and advisors may unintentionally or willfully disclose our confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Enforcing a claim that a third party obtained illegally and is using trade secrets or confidential know-how is expensive, time consuming and unpredictable. The enforceability of confidentiality agreements may vary from jurisdiction to jurisdiction. Furthermore, if a competitor lawfully obtained or independently developed any of our trade secrets, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position. Additionally, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret.

Failure to obtain or maintain trade secrets or confidential know-how trade protection could adversely affect our competitive position. Moreover, our competitors may independently develop substantially equivalent proprietary information and may even apply for patent protection in respect of the same. If successful in obtaining such patent protection, our competitors could limit our use of our trade secrets or confidential know-how.

Under certain circumstances, we may also decide to publish some know-how to attempt to prevent others from obtaining patent rights covering such know-how.

***We may be subject to claims by third parties asserting that our employees or we have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.***

Many of our employees, including our senior management, were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these employees executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed confidential information or intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. Litigation may be necessary to defend against these claims.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel or sustain damages. Such intellectual property rights could be awarded to a third party, and we could be required to obtain a license from such third party to commercialize our technology or products. Such a license may not be available on commercially reasonable terms or at all. Even if we successfully prosecute or defend against such claims, litigation could result in substantial costs and distract management.

***Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.***

Periodic maintenance and annuity fees on any issued patent are due to be paid to the USPTO, the European Patent Office and foreign patent agencies in several stages over the lifetime of the patent. The USPTO, the

European Patent Office and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our licensors or collaboration partners fail to maintain the patents and patent applications covering our product candidates, our competitors might be able to enter the market, which would have an adverse effect on our business.

## **Risks Related to Our Organization and Operations**

### ***Our future growth and ability to compete depends on retaining our key personnel and recruiting additional qualified personnel.***

Our success depends upon the continued contributions of our key management, scientific and technical personnel, many of whom have been instrumental for us and have substantial experience with our therapies and related technologies. These key management individuals include the members of our board of directors, including Tim Van Hauwermeiren, our co-founder and Chief Executive Officer; Eric Castaldi, our Chief Financial Officer; Prof. Hans de Haard, our co-founder and Chief Scientific Officer; Dr. Nicolas Leupin, our Chief Medical Officer; Torsten Dreier, our co-founder and Chief Development Officer; Debbie Allen, our Senior Vice President of Business Development; and Dirk Beusaert, our General Counsel.

The loss of key managers and senior scientists could delay our research and development activities. In addition, our ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon our ability to attract and retain highly qualified management, scientific and medical personnel. Many other biotechnology and pharmaceutical companies and academic institutions that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. Therefore, we might not be able to attract or retain these key persons on conditions that are economically acceptable. Furthermore, we will need to recruit new managers and qualified scientific personnel to develop our business if we expand into fields that will require additional skills. Our inability to attract and retain these key persons could prevent us from achieving our objectives and implementing our business strategy, which could have a material adverse effect on our business and prospects.

### ***We expect to expand our development, regulatory and sales and marketing capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.***

We expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of drug development, regulatory affairs and sales and marketing. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

### ***We may not be able to integrate efficiently or achieve the expected benefits of any acquisitions of complementary businesses, product candidates or technologies.***

Since our inception in 2008, we have grown organically without any acquisitions. Should we in the future contemplate to acquire any complementary business, product candidates or technologies, our ability to integrate and manage acquired businesses, product candidates or technologies effectively will depend upon a number of factors including the size of the acquired business, the complexity of any product candidate or technology and the resulting difficulty of integrating the acquired business's operations, if any. Our relationship with current employees or employees of any acquired business may become impaired. We may also be subject to unexpected claims and liabilities arising from such acquisitions. These claims and liabilities could be costly to defend, could be material to our financial position and might exceed either the limitations of any applicable indemnification provisions or the financial resources of the indemnifying parties. There can also be no assurance that we will be

able to assess ongoing profitability and identify all actual or potential liabilities of a business, product candidate or technology prior to its acquisition. If we acquire businesses, product candidates or technologies that result in assuming unforeseen liabilities in respect of which it has not obtained contractual protections or for which protection is not available, this could materially adversely affect our business, prospects, financial condition and results of operations.

***Our business is subject to economic, political, regulatory and other risks associated with international operations.***

Our business is subject to risks associated with conducting business internationally. Accordingly, our future results could be harmed by a variety of factors, including:

- economic weakness, including inflation, or political instability in particular non-U.S. economies and markets;
- differing regulatory requirements for drug approvals;
- differing jurisdictions could present different issues for securing, maintaining or obtaining freedom to operate in such jurisdictions;
- potentially reduced protection for intellectual property rights;
- difficulties in compliance with different, complex and changing laws, regulations and court systems of multiple jurisdictions and compliance with a wide variety of foreign laws, treaties and regulations;
- changes in regulations and customs, tariffs and trade barriers;
- changes in currency exchange rates of the euro, U.S. dollar, British pound and Swiss francs and currency controls;
- changes in a specific country's or region's political or economic environment;
- trade protection measures, import or export licensing requirements or other restrictive actions by governments;
- differing reimbursement regimes and price controls in certain international markets;
- negative consequences from changes in tax laws;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad, including, for example, the variable tax treatment in different jurisdictions of stock options granted under our employee stock plan;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- difficulties associated with staffing and managing international operations, including differing labor relations;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires.

***We have obtained significant funding from agencies of the government of the Flemish region of Belgium and have benefited from certain research and development incentives. The tax authorities may challenge our eligibility for or our calculation of such incentives.***

We have contracted over the past year numerous funding agreements with agencies of the Flemish government to partially finance our research and development programs. These funding agreements are subject to various criteria linked to employment and investment in the Flemish region of Belgium. We have committed to establish our operational site in the Flemish region, which must remain our major effective operational site, and to maintain our site and all our existing activities, including research and development in the Flemish region. Similarly, our funding agreement with one such agency of the Flemish government requires us to maintain substantial research and development activities in the Flemish region. Such undertakings restrict our ability to choose the most convenient or cost-effective location of our premises.

If we were to breach these contractual obligations, we may be held liable by the agencies of the Flemish government with which we have funding agreements for any damage incurred by the such agencies resulting from the breach of contract and we could be required to reimburse in full the subsidies granted by such agencies.

Further, pursuant to the general terms of each grant, certain Flemish agencies are entitled to re-evaluate the subsidies granted to us in case of a fundamental change in our shareholding base, which is not defined in the general terms, but we believe would involve a change of control of us. Any such reevaluation could negatively impact the funding that we receive or have received from the Flemish agencies.

The research and development incentives from which we have benefited as a company active in research and development in Belgium can be offset against Belgian corporate income tax due. The excess portion may be refunded at the end of a five-year fiscal period for the Belgian research and development incentive. The research and development incentives are both calculated based on the amount of eligible research and development expenditure. The Belgian tax authorities may audit each research and development program in respect of which a tax credit has been claimed and assess whether it qualifies for the tax credit regime. The tax authorities may challenge our eligibility for, or our calculation of, certain tax reductions or deductions in respect of our research and development activities and, should such a claim of the Belgian tax administration be successful, we may be liable for additional corporate income tax, and penalties and interest related thereto, which could have a significant impact on our results of operations and future cash flows. Furthermore, if the Belgian government decide to eliminate, or reduce the scope or the rate of, the research and development incentive benefit, either of which it could decide to do at any time, our results of operations could be adversely affected.

***Exchange rate fluctuations or abandonment of the euro currency may materially affect our results of operations and financial condition.***

Due to the international scope of our operations, our assets, earnings and cash flows are influenced by movements in exchange rates of several currencies, particularly the U.S. dollar, British pound and Swiss francs. Our functional currency is the euro and the majority of our operating expenses are paid in euros, but we also receive payments from our main business partners AbbVie and Shire in U.S. dollars and we regularly acquire services, consumables and materials in U.S. dollars, Swiss francs and British pounds. Further, potential future revenue may be derived from abroad, particularly from the United States. As a result, our business and share price may be affected by fluctuations in foreign exchange rates between the euro and these other currencies, which may also have a significant impact on our reported results of operations and cash flows from period to period. Currently, we do not have any exchange rate hedging arrangements in place.

In addition, the possible abandonment of the euro by one or more members of the European Union could materially affect our business in the future. Despite measures taken by the European Union to provide funding to certain European Union member states in financial difficulties and by a number of European countries to stabilize their economies and reduce their debt burdens, it is possible that the euro could be abandoned in the future as a currency by countries that have adopted its use. This could lead to the re-introduction of individual currencies in one or more European Union member states, or in more extreme circumstances, the abandonment of the euro or the dissolution of the European Union. The effects on our business of a potential dissolution of the European Union, the exit of one or more European Union member states from the European Union or the abandonment of the euro as a currency, are impossible to predict with certainty, and any such events could have a material adverse effect on our business, financial condition and results of operations

***Recent developments relating to the United Kingdom's referendum vote in favor of withdrawal from the European Union could adversely affect us.***

The United Kingdom held a referendum on June 23, 2016 in which a majority voted for the United Kingdom's withdrawal from the European Union, or Brexit. As a result of this vote, on March 29, 2017 the United Kingdom officially started the separation process and negotiations are expected to commence to determine the terms of the United Kingdom's withdrawal from the European Union as well as its relationship with the European Union going forward, including the terms of trade between the United Kingdom and the European Union. The effects of Brexit have been and are expected to continue to be far-reaching. Brexit and the perceptions as to its impact may adversely affect business activity and economic conditions in Europe and globally and could continue to contribute to instability in global financial and foreign exchange markets. Brexit could also have the effect of disrupting the free movement of goods, services and people between the United Kingdom and the European Union; however, the full effects of Brexit are uncertain and will depend on any agreements the United Kingdom may make to retain access to European Union markets.

In addition, we expect that Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replicate or replace. If the United Kingdom were to significantly alter its regulations affecting the pharmaceutical industry, we could face significant new costs. It may also be time-consuming and expensive for us to alter our internal operations in order to comply with new regulations. Altered regulations could also add time and expense to the process by which our product candidates receive regulatory approval in the United Kingdom and European Union. Similarly, it is unclear at this time what Brexit's impact will have on our intellectual property rights and the process for obtaining, maintaining and defending such rights. It is possible that certain intellectual property rights, such as trademarks, granted by the European Union will cease being enforceable in the United Kingdom absent special arrangements to the contrary, and we may be required to refile our trademarks and other intellectual property applications domestically in the United Kingdom. As a result of the Brexit, other European countries may seek to conduct referenda with respect to their continuing membership in the European Union. Given these possibilities and others we may not anticipate, as well as the lack of comparable precedent, we cannot be certain of the full extent to which Brexit could adversely affect our business, results of operations and financial condition.

***We are exposed to unanticipated changes in tax laws and regulations, adjustments to our tax provisions, exposure to additional tax liabilities, or forfeiture of our tax assets.***

The determination of our provision for income taxes and other tax liabilities requires significant judgment, including the adoption of certain accounting policies and our determination of whether our deferred tax assets are, and will remain, tax effective. We cannot guarantee that our interpretation or structure will not be questioned by the relevant tax authorities, or that the relevant tax laws and regulations, or the interpretation thereof, including through tax rulings, by the relevant tax authorities, will not be subject to change. Any adverse outcome of such a review may lead to adjustments in the amounts recorded in our financial statements, and could have a materially adverse effect on our operating results and financial condition.

We are subject to laws and regulations on tax levies and other charges or contributions in different countries, including transfer pricing and tax regulations for the compensation of personnel and third parties. Our tax structure involves a number of transfers and transfer price determinations between our parent company and our wholly owned subsidiary and our former subsidiaries.

Our effective tax rates could be adversely affected by changes in tax laws, treaties and regulations, both internationally and domestically, or the interpretation thereof by the relevant tax authorities, including changes to the patent income deduction, possible changes to the corporate income tax base, wage withholding tax incentive for qualified research and development personnel in Belgium and other tax incentives and the implementation of new tax incentives such as the innovation deduction. An increase of the effective tax rates could have an adverse effect on our business, financial position, results of operations and cash flows.

In addition, we may not be able to use, or changes in tax regulations may affect the use of, certain tax assets or credits that we have built over the years. For instance, as of December 31, 2016, we had approximately € 82.4 million of consolidated tax loss carry forwards. In general, some of these tax loss carry forwards may be forfeited in whole, or in part, as a result of various transactions, or their utilization may be restricted by statutory law in the relevant jurisdiction. Any corporate reorganization by us or any transaction relating to our shareholding structure may result in partial or complete forfeiture of tax loss carry forwards. For instance, under

Belgian law, argenx BVBA may lose its tax loss carry forwards in case of a change of control, through an acquisition or otherwise, not meeting legitimate financial or economic needs as well as in case of a tax neutral reorganization, such as a merger or a demerger, involving argenx BVBA. The tax burden would increase if profits, if any, could not be offset against tax loss carry forwards. As such, our redomiciliation as described in Part XI “Overview of Our Restructuring and Anticipated Redomiciliation—Transfer of Our Registered Office from the Netherlands to Belgium,” will have no impact on the tax loss carry forwards of argenx BVBA. For a description of the tax impact of our restructuring, see the risk factor below and Part XI “Overview of Our Restructuring and Anticipated Redomiciliation.”

***The restructuring and its contemplated tax treatment is subject to approval by the Belgian tax authorities.***

We have engaged with the Dutch and Belgian tax authorities in order to reach an agreement on the tax effects of our proposed restructuring. The Dutch tax authorities have confirmed in a ruling dated April 20, 2017 that they agree (i) that, for Dutch corporate income tax purposes, the economic ownership of our intellectual property rights was transferred to argenx BVBA on August 28, 2009 and (ii) that the indemnification payment to be paid by argenx BVBA to argenx SE entails an arm’s length consideration for (a) the value of economic ownership of our intellectual property rights at that time, (b) accrued interest thereon and (c) related transfer pricing adjustments. See Part XI “Overview of Our Restructuring and Anticipated Redomiciliation.”

The Belgian tax authorities have not yet issued a binding ruling confirming these points and may take a different position. The Belgian tax authorities may consider that the economic ownership of the intellectual property rights will not be transferred to argenx BVBA until the completion of our restructuring. The Belgian tax authorities may not accept the amount of the indemnification payment to be paid by argenx BVBA to argenx SE as agreed upon with the Dutch tax authorities and may disagree with its arm’s length character and its qualification as a deductible cost for argenx BVBA. If the Belgian tax authorities do not accept the qualification of the indemnification payment as a deductible cost for argenx BVBA, we will not be allowed to treat the amount of €80 million as a deductible cost, and would thus not be able to offset this amount against potential taxable profits in the future. See Part XI “Overview of Our Restructuring and Anticipated Redomiciliation.”

***If our redomiciliation is not successfully completed, we will not be able to reduce our compliance burden and costs.***

We face a compliance burden from an organizational and regulatory perspective as a European public company with limited liability under Dutch law with our shares listed on Euronext Brussels and with the majority of our operations in Belgium. Accordingly, after the Offering is completed, we intend to seek shareholder approval for our redomiciliation from the Netherlands to Belgium. The redomiciliation is expected to be implemented through a series of complex cross-border steps, including obtaining shareholder and governmental approvals, all of which are beyond our control. See Part XI “Overview of Our Restructuring and Anticipated Redomiciliation.” We cannot assure you that we will receive these approvals, and we may be unable to implement our redomiciliation.

If our redomiciliation is not successfully completed, we will remain a European public company with limited liability under Dutch law. In such event, we will not be able to reduce our compliance burden. Our legal and financial compliance costs will remain higher and some activities will continue to be more time-consuming and costly than if we would be a company incorporated under Belgian law. For example, if our redomiciliation is not successfully completed, we would continue to need the services provided by our independent auditors as required under both Dutch law in respect of argenx SE and Belgian law in respect of argenx BVBA and would continue to owe increased fees in respect thereof. In addition, if our redomiciliation is not successfully completed, we would need to continue leasing our office in Breda, the Netherlands.

**Risks Related to the Offering and Our Ordinary Shares**

***The price of our ordinary shares may be volatile and may fluctuate due to factors beyond our control.***

The share price of publicly-traded emerging biopharmaceutical and drug discovery and development companies has been highly volatile and is likely to remain highly volatile in the future. The market price of our ordinary shares may fluctuate significantly due to a variety of factors, including:

- positive or negative results of testing and clinical trials by us, strategic partners or competitors;

- delays in entering into strategic relationships with respect to development or commercialization of our product candidates or entry into strategic relationships on terms that are not deemed to be favorable to us;
- technological innovations or commercial product introductions by us or competitors;
- changes in government regulations;
- developments concerning proprietary rights, including patents and litigation matters;
- public concern relating to the commercial value or safety of any of our product candidates;
- financing or other corporate transactions;
- publication of research reports or comments by securities or industry analysts;
- general market conditions in the pharmaceutical industry or in the economy as a whole; or
- other events and factors, many of which are beyond our control.

These and other market and industry factors may cause the market price and demand for our securities to fluctuate substantially, regardless of our actual operating performance, which may limit or prevent investors from readily selling their ordinary shares and may otherwise negatively affect the liquidity of our ordinary shares. In addition, the stock market in general, and biopharmaceutical companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies.

***We will incur increased costs as a result of operating as a U.S.-listed public company, and our board of directors will be required to devote substantial time to new compliance initiatives and corporate governance practices.***

As a public company, and particularly after we no longer qualify as an emerging growth company, we will incur significant legal, accounting and other expenses that we did not incur as a public company listed on Euronext Brussels. We are a Dutch European public company with limited liability (*Societas Europaea* or *SE*). If and when our redomiciliation is completed, we will be a Belgian European public company with limited liability (*Societas Europaea* or *SE*). The Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The NASDAQ Stock Market, or NASDAQ, and other applicable securities rules and regulations impose various requirements on non-U.S. reporting public companies, including the establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our board of directors and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified members of our board of directors.

However, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, we will be required to furnish a report by our board of directors on our internal control over financial reporting. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous

reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

***Certain significant shareholders will continue to own a substantial number of our securities and as a result, may be able to exercise control over us, including the outcome of shareholder votes. These shareholders may have different interests from us or your interests.***

We have a number of significant shareholders. For an overview of our current significant shareholders, please see Part XV “Principal Shareholders.” Following the completion of the Offering, these significant shareholders and their affiliates, in the aggregate, will own approximately 58.12% of our ordinary shares (including ordinary shares represented by the ADSs).

Currently, we are not aware that any of our existing shareholders have entered or will enter into a shareholders’ agreement with respect to the exercise of their voting rights. Nevertheless, depending on the level of attendance at our general meetings of shareholders, or the General Meeting, these significant shareholders could, alone or together, have the ability to determine the outcome of decisions taken at any such General Meeting. Any such voting by these shareholders may not be in accordance with our interests or those of our shareholders. Among other consequences, this concentration of ownership may have the effect of delaying or preventing a change in control and might therefore negatively affect the market price of our ordinary shares.

***Future sales, or the possibility of future sales, of a substantial number of our securities could adversely affect the price of the shares and dilute shareholders.***

If our existing shareholders sell, or indicate an intent to sell, substantial amounts of our securities in the public market, the trading price of our securities could decline significantly and could decline below the public offering price in the Offering. Upon completion of the Offering, we will have 26,871,229 outstanding ordinary shares (including ordinary shares represented by the ADSs), approximately 206,643 of which are subject to a 90-day contractual lock-up. The representatives of the underwriters may permit us and the holders of the lock-up shares to sell shares or ADSs prior to the expiration of the lock-up agreements. See Part XVIII “Listing and Admission to Trading.” After the lock-up agreements pertaining to the Offering expire, and based on the number of ordinary shares (including ordinary shares represented by ADSs) outstanding upon completion of the Offering, these 206,643 additional ordinary shares will be eligible for sale in the public market, all of which shares are held by directors and certain members of our executive management and will be subject to volume limitations under Rule 144 under the U.S. Securities Act of 1933, as amended, or the Securities Act, for sales in the United States. In addition, ordinary shares subject to outstanding options under our equity incentive plans and the ordinary shares reserved for future issuance under our equity incentive plan will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. The Securities Act requires a company to file a registration statement with the SEC before it may publicly offer its securities for sale in the U.S. The registration statement must comply with a prescribed form. We also intend to enter into a registration rights agreement upon the closing of the Offering pursuant to which we will agree under certain circumstances to file a registration statement to register the resale of the ordinary shares held by certain of our existing shareholders, as well as to cooperate in certain public offerings of such ordinary shares. In addition, we intend to register all ordinary shares that we may issue under our equity compensation plans. Once we register these ordinary shares, they can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements described in Part XVIII “Listing and Admission to Trading.”

***Provisions of our Articles of Association or Dutch corporate law, or, following our redomiciliation, our Belgian Articles of Association or Belgian corporate law, might deter acquisition bids for us that might be considered favorable and prevent or frustrate any attempt to replace or remove the then board of directors.***

Provisions of our Articles of Association may make it more difficult for a third party to acquire control of us or effect a change in our board of directors. We have adopted several provisions that may have the effect of making a takeover of our company more difficult or less attractive. These provisions include a requirement that certain matters, including an amendment of our Articles of Association, may only be brought to our shareholders for a vote upon a proposal by our board of directors. If we complete our redomiciliation, Belgian corporate law will allow for various protective measures. In addition, several provisions of Belgian corporate law and certain other provisions of Belgian law, such as obligations to disclose significant shareholdings and merger control

regulations may apply to us following completion of our redomiciliation and may make an unsolicited tender offer, merger, change in management or other change in control of our company more difficult. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of our securities. These provisions may also have the effect of depriving the holders of our ordinary shares or the ADSs of the opportunity to sell their securities at a premium. In addition, the board of directors of Belgian companies may in certain instances, and subject to prior authorization by the shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (pursuant to the authorized capital) or through share buy-backs. Although the authorization of the board of directors to increase a company's share capital through contributions in kind or in cash with restriction or limitation of the preferential subscription right of the existing shareholders is suspended upon the notification to the company by the FSMA of a public takeover bid on the securities of the company, the company's shareholders at the General Meeting can, under certain conditions, expressly authorize the board of directors to increase the capital of the company by issuing shares in an amount of not more than 10% of the existing shares of the company at the time of such a public takeover bid.

***We have broad discretion in the use of the net proceeds from the Offering and may not use them effectively.***

Our board of directors will have broad discretion in the application of the net proceeds from the Offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our ordinary shares. The failure by our board of directors to apply these funds effectively could result in financial losses that could have a material adverse effect on our business, cause the price of our ordinary shares to decline and delay the development of our product candidates. Pending their use, we may invest the net proceeds from the Offering in a manner that does not produce income or that loses value.

***Fluctuations in exchange rates may increase the risk of holding our ADSs and ordinary shares.***

Due to the international scope of our operations, our assets, earnings and cash flows are influenced by movements in exchange rates of several currencies, particularly the euro, U.S. dollar, British pound and Swiss franc. Our functional currency is the euro, and the majority of our operating expenses are paid in euros, but we also receive payments from our main business partners AbbVie and Shire in U.S. dollars, and we regularly acquire services, consumables and materials in U.S. dollars, Swiss francs and British pounds. Further, potential future revenue may be derived from abroad, particularly from the United States. As a result, our business and the price of the ADSs and ordinary shares may be affected by fluctuations in foreign exchange rates between the euro and these other currencies, which may also have a significant impact on our reported results of operations and cash flows from period to period. Currently, we do not have any exchange rate hedging arrangements in place.

Moreover, because our ordinary shares currently trade on Euronext Brussels in euros, and the ADSs will trade on The NASDAQ Global Select Market in U.S. dollars, fluctuations in the exchange rate between the U.S. dollar and the euro may result in temporary differences between the value of the ADSs and the value of our ordinary shares, which may result in heavy trading by investors seeking to exploit such differences.

In addition, as a result of fluctuations in the exchange rate between the U.S. dollar and the euro, the U.S. dollar equivalent of the proceeds that a holder of the ADSs would receive upon the sale on Euronext Brussels of any ordinary shares withdrawn from the depositary and the U.S. dollar equivalent of any cash dividends paid in euros on our shares represented by the ADSs could also decline.

***We do not expect to pay cash dividends in the foreseeable future.***

We have not paid any cash dividends since our incorporation. Even if future operations lead to significant levels of distributable profits, we currently intend that any earnings will be reinvested in our business and that cash dividends will not be paid until we have an established revenue stream to support continuing cash dividends. In addition, payment of any future dividends to shareholders would be subject to shareholder approval at our General Meeting, upon proposal of the board of directors, which proposal would be subject to the approval of the majority of the non-executive directors after taking into account various factors including our business prospects, cash requirements, financial performance and new product development. In addition, payment of future cash dividends may be made only if our shareholders' equity exceeds the sum of our paid-in and called-up share capital plus the reserves required to be maintained by Dutch law or by our Articles of Association.

If we complete our redomiciliation, under Belgian corporate law, we may pay dividends only up to an amount equal to the excess of our shareholders' equity over the sum of (i) paid-up or called-up share capital, and (ii) reserves not available for distribution pursuant to law or our Belgian Articles of Association, based on the most recent statutory audited financial statements, prepared in accordance with the generally accepted accounting principles in Belgium, or Belgian GAAP. In addition, under Belgian law, prior to distributing dividends, we must allocate an amount of 5% of our annual net profit on an unconsolidated basis to a legal reserve in our unconsolidated financial statements until such reserve equals 10% of our share capital.

Accordingly, investors cannot rely on cash dividend income from our ordinary shares or the ADSs and any returns on an investment in our ordinary shares or the ADSs will likely depend entirely upon any future appreciation in the price of our ordinary shares or the ADSs.

***Holders of our ordinary shares outside the Netherlands, or, if we complete our redomiciliation, Belgium, and ADS holders may not be able to exercise pre-emptive rights.***

In the event of an increase in our share capital, holders of our ordinary shares are generally entitled under Dutch law (Section 2:96a paragraph 1 of the DCC) to full pre-emptive rights, unless these rights are excluded either by a resolution of the shareholders at the General Meeting, or by a resolution of the board of directors (if the board of directors has been designated by the shareholders at the General Meeting for this purpose). See Part XVI "Description of Share Capital—Pre-emptive Rights." If we complete our redomiciliation, in the event of a share capital increase for cash by way of the issue of new shares, or in the event of an issue of shares, convertible bonds or warrants, or equity interests, all our shareholders will generally have a preferential subscription right unless these rights are restricted or canceled either by a resolution of the shareholders at the General Meeting or by a resolution of our board of directors in Belgium, or our Belgian Board, (if the Belgian Board has been authorized by the shareholders at the General Meeting for this purpose). See Part XVII "Description of Share Capital and Group Structure Upon Completion of Our Redomiciliation—Preferential Subscription Rights." However, making pre-emptive rights available to holders of ordinary shares or ADSs representing ordinary shares also requires compliance with applicable securities laws in the jurisdictions where holders of those securities are located, which we may be unable or unwilling to do. In particular, holders of ordinary shares or ADSs located in the United States would not be able to participate in a pre-emptive rights offering unless we registered the securities to which the rights relate under the Securities Act or an exemption from the registration requirements of that Act is available. In addition, ADS holders would not be able to participate in a pre-emptive rights offering unless we made arrangements with the depositary to extend that offering to ADS holders, which we are not required to do.

***We are a Dutch European public company with limited liability (Societas Europaea or SE). If we complete our redomiciliation, we will be a Belgian European public company with limited liability (Societas Europaea or SE). The rights of our shareholders may be different from the rights of shareholders in companies governed by the laws of U.S. jurisdictions.***

We are a Dutch European public company with limited liability (*Societas Europaea* or *SE*). If we complete our redomiciliation, we will be a Belgian European public company with limited liability (*Societas Europaea* or *SE*). Our corporate affairs are, or will be, governed by our Articles of Association and by the laws governing companies incorporated in the Netherlands, and if we complete our redomiciliation, by our Belgian Articles of Association and by the laws governing companies incorporated in Belgium, respectively. The rights of shareholders and the responsibilities of members of our board of directors or, if our redomiciliation is completed, our Belgian Board may be different from the rights and obligations of shareholders in companies governed by the laws of U.S. jurisdictions. In the performance of its duties, our board of directors is required by Dutch law to, and the Belgian Board may under Belgian law, consider the interests of our company, our shareholders, our employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a shareholder. See Part XII "Management" and Part XIII "Management Upon Completion of Our Redomiciliation."

***We are not obligated to, and do not, comply with all the best practice provisions of the Dutch Corporate Governance Code, and we do not expect to comply with all principles and provisions of the Belgian Corporate Governance Code if we complete our redomiciliation, which may affect your rights as a shareholder.***

As a Dutch European public company with limited liability (*Societas Europaea* or *SE*), we are subject to the Dutch Corporate Governance Code dated December 8, 2016, which is in force as of the financial year starting on

or after January 1, 2017, or the Dutch Corporate Governance Code. The Dutch Corporate Governance Code contains both principles and best practice provisions for board of directors, management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. The Dutch Corporate Governance Code applies to all Dutch companies listed on a regulated market, including Euronext Brussels. The principles and best practice provisions apply to our board of directors (in relation to role and composition, conflicts of interest and independency requirements, board committees and remuneration), shareholders and the General Meeting (for example, regarding anti-takeover protection and our obligations to provide information to our shareholders) and financial reporting (such as external auditor and internal audit requirements). We do not comply with all the best practice provisions of the Dutch Corporate Governance Code. As a Dutch company, we are required to disclose in our annual report, filed in the Netherlands, whether we comply with the provisions of the Dutch Corporate Governance Code. If we do not comply with the provisions of the Dutch Corporate Governance Code (for example, because of a conflicting NASDAQ requirement or otherwise), we must list the reasons for any deviation from the Dutch Corporate Governance Code in our annual report. See Part XII “Management.”

If we complete our redomiciliation, as a Belgian European public company with limited liability (*Societas Europaea* or *SE*), we will be subject to the Belgian Corporate Governance Code of March 12, 2009, or the Belgian Corporate Governance Code. The Belgian Corporate Governance Code contains principles, provisions and guidelines for the management and control of companies. The Belgian Corporate Governance Code applies to all Belgian companies listed on a regulated market, including Euronext Brussels. If we complete our redomiciliation, the principles, provisions and guidelines will apply to the Belgian Board (in relation to role and composition, conflicts of interest and independency requirements, board committees and remuneration), our executive management (in relation to role and composition, conflicts of interest and remuneration) and shareholders and the General Meeting (for example, regarding their role and our obligations to provide information to our shareholders). We do not expect to comply with all the provisions and guidelines of the Belgian Corporate Governance Code. If we complete our redomiciliation, under the Belgian Corporate Governance Code, as a Belgian company, we will be required to include a corporate governance statement in our annual report describing whether we comply with all provisions of the Belgian Corporate Governance Code. If we do not comply with the provisions of the Belgian Corporate Governance Code (for example, because of a conflicting NASDAQ requirement or otherwise), we must explain our reasons for any deviation from the Belgian Corporate Governance Code in this corporate governance statement. See Part XIII “Management Upon Completion of Our Redomiciliation.”

This may affect your rights as a shareholder and you may not have the same level of protection as a shareholder in another Dutch or Belgian European public company with limited liability (*Societas Europaea* or *SE*) listed on a regulated market that fully complies with the Dutch Corporate Governance Code or the Belgian Corporate Governance Code, as applicable.

***Claims of U.S. civil liabilities may not be enforceable against us.***

We are incorporated under the laws of the Netherlands. If we complete our redomiciliation, we will be incorporated under the laws of Belgium. Substantially all of our assets are located outside the United States. The majority of the members of our board of directors reside outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against them or us in U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws.

The United States currently does not have a treaty with either the Netherlands or Belgium providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognized or enforceable in the Netherlands or Belgium. In order to obtain a judgment which is enforceable in the Netherlands, the party in whose favor a final and conclusive judgment of the U.S. court has been rendered will be required to file its claim with a court of competent jurisdiction in the Netherlands. Such party may submit to the Dutch court the final judgment rendered by the U.S. court. If and to the extent that the Dutch court finds that the jurisdiction of the U.S. court has been based on grounds which are internationally acceptable and that proper legal procedures have been observed, the court of the Netherlands will, in principle, give binding effect to the judgment of the U.S. court, unless such judgment contravenes principles of public policy of the Netherlands. Dutch courts may deny the recognition and enforcement of punitive damages or other awards. Moreover, a Dutch court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to

compensate actual losses or damages. Enforcement and recognition of judgments of U.S. courts in the Netherlands are solely governed by the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

In order to obtain a judgment for the payment of money based on civil liability which is enforceable in Belgium, the judgment must be recognized and be declared enforceable by a Belgian court pursuant to the relevant provisions of the 2004 Belgian Code of Private International Law, or the PIL Code. Recognition or enforcement does not imply a review of the merits of the case and is irrespective of any reciprocity requirement. A U.S. judgment will, however, not be recognized or declared enforceable in Belgium if it infringes upon one or more of the grounds for refusal which are listed in article 25 of the PIL Code. In addition to recognition or enforcement, a judgment by a federal or state court in the United States against us may also serve as evidence in a similar action in a Belgian court if it meets the conditions required for the authenticity of judgments according to the law of the state where it was rendered. In addition, with regard to enforcements by legal proceedings in Belgium (including the recognition of foreign court decisions in Belgium), a registration tax at the rate of 3% of the amount of the judgment is payable by the debtor, if the sum of money which the debtor is ordered to pay by a Belgian court, or by a foreign court judgment that is either (i) automatically enforceable and registered in Belgium, or (ii) rendered enforceable by a Belgian court, exceeds €12,500. The registration tax is payable by the debtor. The creditor is jointly liable up to a maximum of one-half of the amount the creditor recovers from the debtor. A stamp duty is payable for each original copy of an enforcement judgment rendered by a Belgian court, with a maximum of €1,450.

Based on the lack of a treaty as described above, U.S. investors may not be able to enforce against us or members of our board of directors or certain experts named herein who are residents of the Netherlands or Belgium or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

***We are a foreign private issuer and, as a result, we will not be subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.***

Upon the closing of the Offering, we will report under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year. Foreign private issuers are also exempt from the Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers. However, we are subject to Dutch laws and regulations, and if we complete our redomiciliation, Belgian laws and regulations, with regard to such matters and intend to furnish quarterly unaudited financial information to the SEC on Form 6-K.

***As a foreign private issuer and as permitted by the listing requirements of NASDAQ, we will rely on certain home country governance practices rather than the corporate governance requirements of NASDAQ.***

We qualify as a foreign private issuer. As a result, in accordance with the listing requirements of NASDAQ, we will rely on home country governance requirements and certain exemptions thereunder rather than relying on the corporate governance requirements of NASDAQ. In accordance with Dutch law (Section 2:120 paragraph 1 of the DCC) and generally accepted business practices, our Articles of Association do not provide quorum requirements generally applicable to General Meetings. To this extent, our practice varies from the requirement of NASDAQ Listing Rule 5620(c), which requires an issuer to provide in its bylaws for a generally applicable quorum, and that such quorum may not be less than one-third of the outstanding voting stock. Although we must provide shareholders with an agenda and other relevant documents for the General Meeting, Dutch law does not have a regulatory regime for the solicitation of proxies and the solicitation of proxies is not a generally accepted

business practice in the Netherlands, thus our practice will vary from the requirement of NASDAQ Listing Rule 5620(b). In addition, we have opted out of certain Dutch shareholder approval requirements for the issuance of securities in connection with certain events such as the acquisition of stock or assets of another company, the establishment of or amendments to equity-based compensation plans for employees, a change of control of us and certain private placements. To this extent, our practice varies from the requirements of NASDAQ Rule 5635, which generally requires an issuer to obtain shareholder approval for the issuance of securities in connection with such events. For an overview of our corporate governance principles, see Part XII “Management.” In addition, if we complete our redomiciliation, these and other variations from the corporate governance requirements of NASDAQ may exist. Accordingly, you may not have the same protections afforded to shareholders of companies that are subject to these NASDAQ requirements.

***We may lose our foreign private issuer status which would then require us to comply with the Exchange Act’s domestic reporting regime and cause us to incur significant legal, accounting and other expenses.***

We are a foreign private issuer and therefore we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers. We may no longer be a foreign private issuer as of June 30, 2018 (the end of our second fiscal quarter in the fiscal year after the Offering), which would require us to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers as of January 1, 2018. In order to maintain our current status as a foreign private issuer, either (a) a majority of our ordinary shares must be either directly or indirectly owned of record by non-residents of the United States or (b)(i) a majority of our executive officers or directors may not be U.S. citizens or residents, (ii) more than 50 percent of our assets cannot be located in the United States and (iii) our business must be administered principally outside the United States. If we lost this status, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC and NASDAQ rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be significantly higher than the cost we would incur as a foreign private issuer. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs and would make some activities highly time consuming and costly. We also expect that if we were required to comply with the rules and regulations applicable to U.S. domestic issuers, it would make it more difficult and expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified members of our board of directors.

***We are an “emerging growth company,” and we cannot be certain if the reduced reporting requirements applicable to “emerging growth companies” will make our securities less attractive to investors.***

We are an “emerging growth company,” as defined in the U.S. Jumpstart Our Business Startups Act of 2012, or the JOBS Act. For as long as we continue to be an “emerging growth company,” we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including not being required to comply with the auditor attestation requirements of Section 404, exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As an “emerging growth company,” we are required to report only two years of financial results and selected financial data compared to three and five years, respectively, for comparable data reported by other public companies. We may take advantage of these exemptions until we are no longer an “emerging growth company.” We could be an “emerging growth company” for up to the last day of the fiscal year ending after the fifth anniversary of the Offering, although circumstances could cause us to lose that status earlier, including if the aggregate market value of our ordinary shares held by non-affiliates exceeds \$700 million as of any June 30 (the end of our second fiscal quarter) before that time, in which case we would no longer be an “emerging growth company” as of the following December 31 (our fiscal year-end). We cannot predict if investors will find our securities less attractive because we may rely on these exemptions. If some investors find our securities less attractive as a result, there may be a less active trading market for our securities and the price of our securities may be more volatile.

***If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, shareholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our securities.***

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our securities.

We will be required to disclose changes made in our internal controls and procedures on a quarterly basis and our management will be required to assess the effectiveness of these controls annually. However, for as long as we are an “emerging growth company” under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting pursuant to Section 404. We could be an “emerging growth company” for up to five years. An independent assessment of the effectiveness of our internal controls could detect problems that our management’s assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation.

***If securities or industry analysts cease coverage of us, or publish inaccurate or unfavorable research about our business, the price of our securities and our trading volume could decline.***

The trading market for our securities will depend in part on the research and reports that securities or industry analysts publish about us or our business. If no or too few securities or industry analysts cover us, the trading price for our securities would likely be negatively affected. If one or more of the analysts who cover us downgrade our securities or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our securities could decrease, which might cause the price of our securities and trading volume to decline.

***We do not anticipate being treated as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for the current taxable year, but this conclusion is a factual determination that is made annually and thus may be subject to change. If we were to qualify as a PFIC, this could result in adverse U.S. tax consequences to certain U.S. holders.***

Generally, if, for any taxable year, at least 75% of our gross income is passive income, or at least 50% of the value of our assets is attributable to assets that produce passive income or are held for the production of passive income, including cash, we would be characterized as a PFIC for U.S. federal income tax purposes. For purposes of these tests, passive income includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. Our status as a PFIC depends on the composition of our income and the composition and value of our assets (for which purpose the total value of our assets may be determined in part by the market value of our ordinary shares and the ADSs, which are subject to change) from time to time. If we are characterized as a PFIC, U.S. holders of our ordinary shares or the ADSs may suffer adverse tax consequences, including having gains realized on the sale of our ordinary shares or the ADSs treated as ordinary income, rather than capital gain, the loss of the preferential rate applicable to dividends received on our ordinary shares or the ADSs by individuals who are U.S. holders, and having interest charges apply to distributions by us and the proceeds of sales of our ordinary shares or the ADSs. See Part XIX “Taxation—Certain Material U.S. Federal Income Tax Considerations to U.S. Holders—Passive Foreign Investment Company Considerations.”

Based upon the expected value of our assets, including any goodwill, and the expected composition of our income and assets, we do not anticipate being treated as a PFIC with respect to the current taxable year, and should not be treated as such for subsequent taxable years. However, our status as a PFIC is a fact-intensive determination made on an annual basis, and we cannot provide any assurances regarding our PFIC status for the current, prior or future taxable years.

## **PART III: IMPORTANT INFORMATION**

### **Responsibility Statements**

We, represented by our board of directors, assume responsibility for the information contained in this Prospectus. We, represented by our board of directors, declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of our knowledge and the knowledge of our directors, in accordance with the facts and contains no omission likely to affect its import. Any information from third parties identified in this Prospectus as such, has been accurately reproduced and as far as we are aware and are able to ascertain from the information published by a third party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The information contained in this Prospectus is up to date as of the date hereof unless expressly stated otherwise, and may be subject to subsequent change, completion and amendment without notice. The publication and delivery of this Prospectus will not, under any circumstances, imply that there has been or will be no changes in our business or affairs or that the information contained herein is correct as of any time, subsequent to the date of this Prospectus. In accordance with Section 5:23 of the DFSA, a supplement to the Prospectus will be published in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the new ordinary shares and which arises or is noted between the time when this Prospectus is approved and the trading of the new ordinary shares on Euronext Brussels begins. Any supplement is subject to approval by the AFM, in the same manner as this Prospectus and must be made public in the same manner as this Prospectus.

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

### **Approval of the Prospectus**

This Prospectus has been prepared in the form of a single document and on May 22, 2017 approved by the AFM in its capacity as competent authority under the DFSA and passported to the FSMA in accordance with article 18 of the Prospectus Directive.

The approval of the Prospectus by the AFM does not constitute an appreciation of the soundness of the transaction proposed to investors.

### **Capitalized Terms**

Unless otherwise stated, capitalized terms used in this Prospectus have the meaning set out in Part XXII “Glossary of selected terms” of this Prospectus.

### **Available Information**

This Prospectus is available in English. The Prospectus is available, subject to certain conditions, on our website ([www.argenx.com](http://www.argenx.com)). The posting of the Prospectus on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the new ordinary shares to or from any person. The electronic version of this Prospectus may not be copied, made available or printed for distribution. Except as set out in Part XXIII “Documents incorporated by reference” of this Prospectus, other information on our website ([www.argenx.com](http://www.argenx.com)) or any other website should not be considered part of or in any way incorporated by reference into this Prospectus.

### **Further Information**

During the twelve months following the date of this Prospectus, the following documents can be obtained free of charge, by electronic means, on our website ([www.argenx.com](http://www.argenx.com)):

- copies of our Articles of Association and Board By-laws;
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at our request any part of which is included or referred to in this Prospectus, if any; and

- our historical financial information, and the historical financial information for argenx SE and our subsidiary undertakings, for each of the three financial years preceding the date of this Prospectus.

As a listed company, we are required to also disclose price sensitive information, information about the shareholder structure and certain other information to the public. In accordance with the Belgian Royal Decree of November 4, 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market (*Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis aux négociations sur un marché réglementé / Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een Belgische gereguleerde markt*), such information and documentation will be made available through press releases, the financial press in Belgium, our website, the communication channels of Euronext Brussels or a combination of these media.

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

### **Note on Presentation**

In this Prospectus, references to we, us or our are to argenx SE together with its wholly owned subsidiary, argenx BVBA and, as applicable, its former wholly owned subsidiaries.

All references to “USD”, “dollars”, “U.S. dollars”, “\$” and “cents” are to the lawful currency of the United States. All references to “euro”, “Euro” “€” and “EUR” are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the treaty establishing the European Community, as amended.

### **Presentation of Financial Information**

This Prospectus incorporates by reference our audited consolidated financial statements as at and for the years ended December 31, 2015 and 2016 as contained within our annual reports for the years ended December 31, 2015 and 2016. Such financial information was prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and as adopted by the European Union, or IFRS. See Part XXIII “Documents incorporated by reference” of this Prospectus for a comprehensive list of documents incorporated by reference in this Prospectus.

This Prospectus also includes our summary unaudited and unreviewed results of operations for the three-month periods ended March 31, 2016 and 2017 and statement of financial position data as of March 31, 2016 and 2017. These data have been prepared solely on the basis of currently available information by, and are the responsibility of, management. Our independent public accounting firm, Deloitte Accountants B.V., has not audited or reviewed, and does not express an opinion with respect to, these data. These data are not a comprehensive statement of our financial results for these periods. The interim data are not necessarily indicative of the data to be expected for the annual period.

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

### **Rounding**

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

## Exchange Rate Information

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

### U.S. Dollar

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

	2012	2013	2014	2015	2016	2017*
High	1.3463	1.3816	1.3927	1.2015	1.1516	1.0996
Low	1.2062	1.2774	1.2101	1.0524	1.0375	1.0416
Rate at end of period	1.3186	1.3779	1.2101	1.0859	1.0552	1.0926
Average rate per period	1.2859	1.3281	1.3297	1.1096	1.1072	1.0699

\*Through May 12, 2017.

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

	November 2016	December 2016	January 2017	February 2017	March 2017	April 2017
High	1.1121	1.0758	1.0794	1.0802	1.0882	1.0895
Low	1.0560	1.0375	1.0416	1.0551	1.0514	1.0611
Rate at end of period	1.0578	1.0552	1.0794	1.0618	1.0698	1.0895

On May 17, 2017, the exchange rate for the euro was €1.00 = \$1.1117 as published by the European Central Bank. Unless otherwise indicated, currency translations in this Prospectus reflect the May 17, 2017 exchange rate.

## Market and Industry Information

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

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

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

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. We have not independently verified and cannot give any assurance as to the accuracy of market data contained in this

Prospectus that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, shareholders should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus and estimates and assumptions based on that information are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Part II “Risk Factors” and elsewhere in this Prospectus.

### **Cautionary Note Regarding Forward-Looking Statements**

This Prospectus, particularly in Part I “Summary”, Part IX “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part X “Business”, contains forward-looking statements. All statements other than present and historical facts and conditions contained in this Prospectus, including statements regarding our future results of operations and financial positions, business strategy, plans and our objectives for future operations, are forward-looking statements. When used in this Prospectus, the words “anticipate,” “believe,” “can,” “could,” “estimate,” “expect,” “intend,” “is designed to,” “may,” “might,” “will,” “plan,” “potential,” “predict,” “objective,” “should,” or the negative of these and similar expressions identify forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the initiation, timing, progress and results of clinical trials of our product candidates, including statements regarding when results of the trials will be made public;
- the potential attributes and benefits of our product candidates and their competitive position with respect to other alternative treatments;
- our ability to advance product candidates into, and successfully complete, clinical trials;
- our plans related to the commercialization of our product candidates, if approved;
- the anticipated pricing and reimbursement of our product candidates, if approved;
- the timing or likelihood of regulatory filings and approvals for any product candidates;
- our ability to establish sales, marketing and distribution capabilities for any of our product candidates that achieve regulatory approval;
- our ability to establish and maintain manufacturing arrangements for our product candidates;
- the scope and duration of protection we are able to establish and maintain for intellectual property rights covering our product candidates, platform and technology;
- our expectations regarding the use of proceeds from the Offering;
- our plans regarding, and consequences of, our restructuring and redomiciliation;
- our estimates regarding expenses, future revenues, capital requirements and our needs for additional financing;
- the rate and degree of market acceptance of our product candidates, if approved;
- our plans to enter into collaborations for some of our product candidates; and
- the impact of government laws and regulations on our business.

You should refer to Part II “Risk Factors” for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Prospectus will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You should read this Prospectus and the documents that we reference in this Prospectus completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

#### **PART IV: REASONS FOR THE ISSUE AND USE OF PROCEEDS**

The net proceeds from the Offering, including the exercise in full of the underwriters' over-allotment option, amount to approximately \$103.4 million, based on the initial public offering price of \$17.00 per ADS, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of the Offering are to increase our financial flexibility to advance our clinical pipeline, create a public market for our securities in the United States and facilitate our future access to the U.S. public equity markets. We currently expect to use the net proceeds from the Offering as follows:

- approximately \$35.5 million to advance clinical development of ARGX-113 for the treatment of autoimmune diseases, which we expect will be sufficient to complete our Phase 2 clinical trials in MG and ITP and start preparations for a potential pivotal trial in one selected indication;
- approximately \$10.2 million to advance clinical development of ARGX-110 for the treatment of hematological malignancies, which we expect will be sufficient to complete our Phase 2 clinical trial in CTCL and our Phase 1/2 clinical trial in newly diagnosed AML and high-risk MDS;
- approximately \$3.5 million to expand applications of ARGX-113 to develop a subcutaneous formulation and explore additional indications, which we expect will be sufficient to complete a Phase 1 clinical trial in healthy volunteers for a subcutaneous formulation; and
- the remainder to fund other current and future research and development activities and technology development and for working capital and other general corporate purposes.

This expected use of the net proceeds from the Offering represents our intentions based upon our current plans and business conditions. We may also use a portion of the net proceeds to in-license, acquire, or invest in additional businesses, technologies, products or assets. We cannot predict with certainty all of the particular uses for the net proceeds to be received upon the closing of the Offering or the amounts that we will actually spend on the uses set forth above. Predicting the costs necessary to develop antibody candidates can be difficult. The amounts and timing of our actual expenditures and the extent of clinical development may vary significantly depending on numerous factors, including the progress, timing and completion of our development efforts, the status of and results from preclinical studies and any ongoing clinical trials or clinical trials we may commence in the future, the time and costs involved in obtaining regulatory approval for our product candidates as well as maintaining our existing collaborations and any collaborations that we may enter into with third parties for our product candidates and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds from the Offering.

Pending their use, we plan to invest the net proceeds from the Offering in short- and intermediate-term interest-bearing obligations and certificates of deposit.

## **PART V: DIVIDEND POLICY**

We have never paid or declared any cash dividends, and we do not anticipate paying any cash dividends in the foreseeable future. All of our new ordinary shares will have the same dividend rights as all of our outstanding ordinary shares. We intend to retain all available funds and any future earnings to fund the development and expansion of our business.

Under Dutch law (Section 2:105 paragraph 2 of the DCC), a Dutch European public company with limited liability (*Societas Europaea* or *SE*) may only pay dividends if the shareholders' equity (*eigen vermogen*) exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or our Articles of Association. Subject to such restrictions, any future determination to pay dividends would be at the discretion of the shareholders at our General Meeting.

If we complete our redomiciliation, under Belgian law, a Belgian European public company with limited liability (*Societas Europaea* or *SE*) may pay dividends only up to an amount equal to the excess of the shareholders' equity over the sum of (i) paid-up or called-up share capital, and (ii) reserves not available for distribution pursuant to law or the Belgian Articles of Association, based on the most recent statutory audited financial statements, prepared in accordance with Belgian GAAP. Under Belgian law, prior to distributing dividends, we must allocate an amount of 5% of our annual net profit on an unconsolidated basis to a legal reserve in our unconsolidated financial statements until such reserve equals 10% of our share capital. Subject to such restrictions, any future determination to pay dividends would be at the discretion of the shareholders at our General Meeting.

## PART VI: CAPITALIZATION AND INDEBTEDNESS

The table below sets forth our capitalization and indebtedness as of March 31, 2017 on:

- an actual basis; and
- an as adjusted basis to reflect our issuance and sale of 6,744,750 ADSs in the Offering and our receipt of the net proceeds therefrom at the initial public offering price of \$17.00 per ADS, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with our consolidated financial statements and related notes incorporated by reference in this Prospectus, as well as Part VIII “Selected Consolidated Financial Data” and Part IX “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	<b>At March 31, 2017 (unaudited)</b>	<b>Pro Forma Impact of the Offering</b>	<b>Pro Forma Total</b>
	<b>(In thousands)</b>		
<b>Total current debt</b>	0	0	0
Guaranteed	0	0	0
Secured	0	0	0
Unguaranteed/unsecured	0	0	0
<b>Total non-current debt (excluding current portion of long-term debt)</b>	0	0	0
Guaranteed	0	0	0
Secured	0	0	0
Unguaranteed/unsecured	0	0	0
<b>Shareholder’s equity</b>	55,955	92,970	148,925
Share capital	2,012	674	2,686
Share premium	126,358	92,295	218,653
Accumulated deficits	-80,902	0	-80,902
Other reserves	8,487	0	8,487
<b>Total</b>	55,955	92,970	148,925
Cash	78,147	92,970	171,117
Cash equivalent	0	0	0
Trading securities	0	0	0
<b>Liquidity</b>	78,147	92,970	171,117
<b>Current Financial Assets</b>	6,830	0	6,830
Current bank debt	0	0	0
Current portion of non-current debt	0	0	0
Other current financial debt	0	0	0
<b>Net Current financial Indebtedness</b>	0	0	0
Non current bank loans	0	0	0
Bonds issued	0	0	0
Other non current loan	0	0	0
<b>Non Current Financial Indebtedness</b>	0	0	0
<b>Net Financial Indebtedness (cash)</b>	-84,977	-92,970	-177,947

## PART VII: DILUTION

Our net tangible book value as of December 31, 2016 was €63.4 million (\$70.4 million), equivalent to €3.15 (\$3.50) per share/ADS. Net tangible book value is equal to our total assets less our intangible assets and our total liabilities. Net tangible book value per share is determined by dividing our total assets less our intangible assets and our total liabilities by the number of ordinary shares outstanding as of December 31, 2016. Dilution is determined by subtracting net tangible book value per share/ADS from the initial public offering price per ADS.

After giving effect to our sale of 6,744,750 ADSs in the Offering at the initial public offering price of \$17.00 per ADS, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value as of December 31, 2016 would have been €156.3 million (\$173.8 million), or €5.82 (\$6.47) per share/ADS. This amount represents an immediate increase in net tangible book value of \$2.97 per share/ADS to our existing shareholders and an immediate dilution in net tangible book value of \$10.53 per ADS to new investors.

The following table illustrates this dilution on a per share/ADS basis:

Initial public offering price per ADS .....		\$17.00
Historical net tangible book value per share/ADS as of December 31, 2016.....	\$3.50	
Increase in net tangible book value per share/ADS attributable to new investors participating in the Offering .....	2.97	
As adjusted net tangible book value per share/ADS after the Offering	6.47	
Dilution per share/ADS to new investors participating in the Offering		\$10.53

The following table sets forth, as of December 31, 2016, on the as adjusted basis described above, the consideration paid to us for ordinary shares or ADSs purchased from us by our existing shareholders and by new investors participating in the Offering, based on the initial public offering price of \$17.00 per ADS, before deducting underwriting discounts and commissions and estimated offering expenses payable by us:

	<b>Ordinary shares / ADSs purchased from us</b>		<b>Total consideration</b>		<b>Average price per ordinary share / ADS</b>
	<b>Number</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	
Existing shareholders.....	20,126,479	74.9%	\$149,524,883	56.6%	\$7.43
New investors .....	6,744,750	25.1%	\$114,660,750	43.4%	\$17.00
Total .....	26,871,229	100.0%	\$264,185,633	100.0%	

The table above excludes 2,293,636 ordinary shares issuable upon the exercise of share options outstanding as of December 31, 2016 at a weighted average exercise price of €7.72 (\$8.58) per share.

## PART VIII: SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth our selected consolidated financial data for the periods indicated. The selected consolidated financial data as of and for the years ended December 31, 2015 and 2016 have been derived from our audited consolidated financial statements incorporated by reference in this Prospectus.

Our historical results for any prior period are not necessarily indicative of results to be expected in any future period. The information set forth below should be read in conjunction with Part IX “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and with our consolidated financial statements and notes thereto incorporated by reference in this Prospectus.

We present our financial data in euros and prepare our financial statements in accordance with IFRS.

	Year ended December 31,			
	2015		2016	
	(In thousands, except share and per share data)			
<b>Statement of profit and loss and other comprehensive income data:</b>				
Revenue.....	€	6,854	€	14,713
Other operating income.....		3,101		2,439
Research and development expenses .....		(20,635)		(31,557)
General and administrative expenses .....		(4,925)		(7,011)
Operating loss .....		(15,605)		(21,416)
Financial income.....		112		73
Exchange gains (losses) .....		181		(31)
Total comprehensive loss .....	€	(15,312)	€	(21,374)
Weighted average number of shares outstanding.....		15,734,007		18,820,612
Basic and diluted loss per share .....	€	(0.97)	€	(1.14)
<b>Statement of financial position data:</b>				
	As of December 31,			
	2015		2016	
(In thousands)				
Cash, cash equivalents and current financial assets .....	€	42,327	€	96,728
Total assets.....		45,962		105,772
Deferred revenue.....		4,141		30,206
Total liabilities .....		8,684		42,398
Total equity .....		37,278		63,374

## **PART IX: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*You should read the following discussion of our financial condition and results of operations in conjunction with Part VIII "Selected Consolidated Financial Data" and our audited consolidated financial statements, including the notes thereto, incorporated by reference in this Prospectus. The following discussion includes forward-looking statements that involve certain risks and uncertainties. Our actual results could differ materially from those discussed in these statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Prospectus, particularly in Part II "Risk Factors."*

### **Overview**

We are a clinical-stage biotechnology company developing a deep pipeline of differentiated antibody-based therapies for the treatment of severe autoimmune diseases and cancer. Utilizing our suite of technologies, we are focused on developing product candidates with the potential to be either first-in-class against novel targets or best-in-class against known, but complex, targets in order to treat diseases with a significant unmet medical need. Our SIMPLE Antibody Platform, based on the powerful llama immune system, allows us to exploit novel and complex targets, and our three antibody Fc engineering technologies are designed to enable us to expand the therapeutic index of our product candidates. Together with our antibody discovery and development expertise, this suite of technologies has enabled our pipeline of seven product candidates. Two of our product candidates are in clinical proof-of-concept trials for three indications.

Our most advanced product candidate, ARGX-113, is in a Phase 2 clinical trial for the treatment of the rare autoimmune disease MG, and, in March 2017, we initiated a Phase 2 clinical trial of ARGX-113 for the treatment of another rare autoimmune disease, primary ITP. We are currently developing our second lead product candidate, ARGX-110, for rare and aggressive hematological cancers, initially for TCL and AML, as well as high-risk myelodysplastic syndrome, or MDS. In December 2016, we commenced a Phase 1/2 clinical trial of ARGX-110 in combination with azacitidine for the treatment of newly diagnosed AML or high-risk MDS patients, and in April 2017, we initiated the Phase 2 part of a Phase 1/2 clinical trial of ARGX-110 for the treatment of cutaneous TCL, or CTCL.

We have a disciplined strategy to maximize the value of our pipeline whereby we plan to retain development and commercialization rights to those product candidates that we believe we can ultimately commercialize successfully on our own if they are approved. We plan to collaborate on product candidates that we believe have promising utility in disease areas or patient populations that are better served by the resources of larger biopharmaceutical companies. We have entered into collaborations with a number of biopharmaceutical companies, including our collaboration with AbbVie S.Á.R.L., or AbbVie, for ARGX-115, a cancer immunotherapy-focused product candidate, against the novel target glycoprotein A repetitions predominant. We received a \$40.0 million (€35.1 million as of the date the payment was received) upfront payment in connection with this collaboration.

Since our inception in 2008, we have focused most of our financial resources and efforts towards developing our SIMPLE Antibody Platform and antibody engineering technologies, identifying potential product candidates, establishing process, development and manufacturing capabilities for our product candidates and advancing multiple discovery programs into the clinic. We have advanced four internally developed product candidates into clinical development—ARGX-113, ARGX-110, ARGX-111 and ARGX-109—three into the preclinical stage—ARGX-115, ARGX-112 and ARGX-116—and currently have multiple programs in the discovery stages. Through December 31, 2016, we have raised an aggregate of €144.5 million, including (i) an aggregate of €46.0 million from the private placement of equity securities in 2008, 2009 and 2011, (ii) €41.8 million from our initial public offering on the Euronext Brussels in 2014, (iii) €46.0 million from the private placement of equity securities, primarily to U.S.-based institutional investors, in 2016 and (iv) €10.7 million from governmental bodies. In addition, we have received upfront payments, milestone payments and research and development service fees from our collaborators totaling €61.0 million as of December 31, 2016. As of December 31, 2016, we had cash, cash equivalents and current financial assets of €96.7 million.

Since our inception, we have incurred significant operating losses. We do not currently have any approved products and have never generated any revenue from product sales. Our ability to generate revenue sufficient to achieve profitability will depend significantly upon the successful development and eventual commercialization of one or more of our product candidates, which may never occur. For the years ended December 31, 2015 and

2016, we incurred total comprehensive losses of €15.3 million and €21.4 million, respectively. As of December 31, 2016, we had an accumulated deficit of €72.5 million.

We expect our expenses to increase substantially in connection with our ongoing development activities related to our preclinical and clinical programs. In addition, upon the closing of the Offering, we expect to incur additional costs associated with operating as a public company in the United States. We anticipate that our expenses will increase substantially if and as we:

- complete the Phase 2 clinical trials of ARGX-113 and ARGX-110, our lead product candidates;
- develop a subcutaneous formulation of ARGX-113, including a Phase 1 clinical trial in healthy volunteers to explore additional indications;
- start preparation of potential pivotal Phase 3 clinical trials of ARGX-113;
- continue the research and development of our other clinical- and preclinical-stage product candidates and discovery stage programs;
- seek to enhance our technology platform and discover and develop additional product candidates;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- potentially establish a sales, marketing and distribution infrastructure and scale-up manufacturing capabilities to commercialize any product candidates for which we may obtain regulatory approval;
- maintain, expand and protect our intellectual property portfolio, including litigation costs associated with defending against alleged patent infringement claims;
- add clinical, scientific, operational, financial and management information systems and personnel, including personnel to support our product development and potential future commercialization efforts; and
- experience any delays or encounter any issues any of the above, including failed studies, ambiguous trial results, safety issues or other regulatory challenges.

As a result, we will need additional financing to support our continuing operations. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through a combination of public or private equity or debt financings or other sources, which may include collaborations with third parties. Adequate additional financing may not be available to us on acceptable terms, or at all. Our inability to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy.

### **Collaboration Agreements**

We have a disciplined strategy to maximize the value of our pipeline whereby we plan to retain all development and commercialization rights to those product candidates that we believe we can ultimately commercialize successfully, if approved. We have partnered, and plan to continue to partner, product candidates that we believe have promising utility in disease areas or patient populations that are better served by resources of larger biopharmaceutical companies. Below are summaries of our key collaborations. See Part X “Business—Collaborations” for a more detailed description of these agreements.

**AbbVie.** In April 2016, we entered into a collaboration agreement with AbbVie to develop and commercialize ARGX-115. Under the terms of the collaboration agreement, we will be responsible for conducting and funding all ARGX-115 research and development activities up to completion of IND-enabling studies.

We have granted AbbVie an exclusive option, for a specified period following completion of IND-enabling studies, to obtain a worldwide, exclusive license to the ARGX-115 program to develop and commercialize products. Following the exercise of the option, AbbVie will assume certain development obligations, and will be solely responsible for all research, development and regulatory costs relating to the products. We received an upfront, non-refundable, non-creditable payment of \$40.0 million (€35.1 million as of the date the payment was

received) from AbbVie for the exclusive option to license ARGX-115, and we achieved the first of two preclinical milestones, triggering a \$10.0 million payment, and are eligible to receive a second near-term preclinical milestone of \$10.0 million. We are also eligible, if AbbVie exercises its option, to receive additional development, regulatory and commercial milestone payments in aggregate amounts of up to \$110.0 million, \$190.0 million and \$325.0 million, respectively, as well as tiered royalties on sales at percentages ranging from the mid-single digits to the lower teens, subject to customary reductions. In addition to the ARGX-115 program, and upon reaching a predetermined preclinical stage milestone, AbbVie will fund further GARP-related research by us for an initial period of two years. AbbVie will have the right to license additional therapeutic programs emerging from this research, for which we could receive associated milestone and royalty payments.

If AbbVie does not exercise its option to license ARGX-115, we have the right to pursue development and commercialization of ARGX-115 by ourselves or with another partner.

**Bird Rock Bio.** In October 2012, we entered into an exclusive license agreement with Bird Rock Bio, Inc. (formerly known as RuiYi, Inc. and Anaphore, Inc.), or Bird Rock Bio, under which we granted Bird Rock Bio an exclusive, worldwide, royalty-bearing license to develop and commercialize ARGX-109. We received a non-refundable, non-creditable upfront payment from Bird Rock Bio of €0.5 million in cash plus shares of Bird Rock Bio stock, and we are eligible to receive additional development milestone payments of up to approximately €10.0 million in cash and additional shares of Bird Rock Bio stock, regulatory milestone payments of up to €10.0 million in cash and commercial milestone payments of up to €12.0 million in cash. We are eligible to receive tiered royalties on Bird Rock Bio's commercial sales of ARGX-109 at percentages ranging from the low to high single digits and a tiered percentage of Bird Rock Bio's sublicensing income ranging from the mid teens to high twenties, subject to customary reductions.

**LEO Pharma.** In May 2015, we entered into a collaboration agreement with LEO Pharma A/S, or LEO Pharma, to develop and commercialize ARGX-112. We received a non-refundable, non-creditable upfront payment from LEO Pharma of €3.0 million in cash. We are also eligible to receive development, regulatory and commercial milestone payments in aggregate amounts of up to €11.5 million, €6.0 million and €102.5 million, respectively, as well as tiered royalties on product sales at percentages ranging from the low single digits to the low teens, subject to customary reductions. Under the terms of the collaboration, LEO Pharma will fund more than half of all product development costs up to approval of a CTA in Europe for a first product in a Phase 1 clinical trial, with our share of such costs capped. After CTA approval of a first product in a Phase 1 clinical trial, LEO Pharma will be solely responsible to fund the clinical development of the program.

**Shire.** In February 2012, we entered into a collaboration agreement with Shire AG (now known as Shire International GmbH), or Shire, to discover, develop and commercialize novel human therapeutic antibodies against up to three targets to address diverse rare and unmet diseases. In May 2014, we expanded the collaboration agreement to accommodate research and development on several novel targets implicated in multiple disease areas.

Through December 31, 2016, Shire has paid us an aggregate total of (i) €3.4 million in upfront payments, (ii) €0.3 million in milestone payments and (iii) \$9.6 million in research and development fees. In addition, Shire purchased €12.0 million of our ordinary shares in July 2014 by participating in our initial public offering on Euronext Brussels.

Shire has the option to license antibodies discovered under the agreement for further development and commercialization worldwide, in return for milestone payments and single-digit percentage royalties on product sales.

**Bayer.** In May 2014, we entered into a research collaboration and exclusive product license option agreement with Bayer AG, focused on the creation of novel human therapeutic antibodies against complex targets in various therapeutic indications using our SIMPLE Antibody technology. We received technology access fees and research funding totaling €3.3 million. We concluded all research under this collaboration in 2016 and we have no further commitment pursuant to this agreement.

## **Basis of Presentation**

### ***Revenue***

To date, our revenue has consisted principally of collaboration revenue consisting of (i) upfront payments, including upfront licensing fees, (ii) milestone payments based on achievement of research and development goals and (iii) research and development service fees related to charges for full time equivalents, or FTEs, at contracted rates and reimbursement of research and development expenses. We currently have no products approved for sale. Other than the sources of revenue described above, we do not expect to receive any revenue from any product candidates that we develop, including ARGX-113, ARGX-110 and our preclinical product candidates, until we obtain regulatory approval and commercialize such products, or until we potentially enter into collaborative agreements with third parties for the development and commercialization of such candidates and when we have obtained regulatory approval.

Collaborations typically contain license fees, non-refundable upfront fees, research and development service fees and milestone payments and may involve multiple elements. We evaluate whether the elements under these arrangements have value to our collaboration partner on a standalone basis. If we determine 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.

### ***Other Operating Income***

As a company that carries extensive research and development activities, we benefit from various grants, research and development incentives and payroll tax rebates from certain governmental agencies. These grants and research and development incentives generally aim to partly reimburse approved expenditures incurred in our research and development efforts. The primary grants, research and development incentives and payroll tax rebates are as follows:

#### *Government Grants*

- We have received several grants from agencies of the Flemish government to support various research programs focused on technological innovation in Flanders. These grants require us to maintain a presence in the Flemish region for a number of years and invest according to pre-agreed budgets.

#### *Research and Development Incentives*

- Companies in Belgium can benefit from tax savings on amounts spent on research and development by applying a one-time or periodic tax deduction on research and development expenditures for the acquisition or development of patents. This tax credit is a reduction of the corporate income taxes for Belgian statutory purposes and is transferrable to the next four accounting periods. These tax credits are paid to us in cash after five years to the extent they have not been offset against corporate taxes due.

#### *Payroll Tax Rebates*

- We also benefit from certain rebates on payroll withholding taxes for scientific personnel.

The government grants and research and development incentives generally aim to partly reimburse approved expenditures incurred in our research and development efforts and are credited to the income statement, under other operating income, when the relevant expenditure has been incurred and there is reasonable assurance that the grant or research and development incentive is receivable.

### ***Research and Development Expenses***

Research and development expenses consist principally of:

- personnel expense related to compensation of research and development staff and related expenses, including salaries, benefits and share-based compensation expenses;

- external research and development expenses related to (i) chemistry, manufacturing and control costs for our product candidates, both for preclinical and clinical testing, all of which is conducted by specialized contract manufacturers, (ii) costs associated with regulatory submissions and approvals, quality assurance and pharmacovigilance and (iii) fees and other costs paid to contract research organizations in connection with preclinical testing and the performance of clinical trials for our product candidates;
- materials and consumables expenses;
- depreciation and amortization of tangible and intangible fixed assets used to develop our product candidates; and
- other expenses consisting of (i) costs associated with obtaining and maintaining patents and other intellectual property and (ii) allocated facilities costs.

The table below shows our research and development expenses for the past three fiscal years:

	<b>Years ended December 31,</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>(in thousands)</b>		
Total research and development expenses .....	€12,641	€20,635	€31,557

We incur various external expenses under our collaboration agreements for material and services consumed in the discovery and development of our partnered product candidates. Under our agreements with Shire, LEO Pharma and Bayer, our collaboration partner reimburses us for part or all of these external expenses and compensates us for time spent on the project by our employees. Under our agreement with AbbVie, our own research and development expenses are not reimbursed. Research and development expenses are recognized in the period in which they are incurred.

We typically utilize our employee, consultant and infrastructure resources across all of our development programs. We separately track external development costs with respect to ARGX-113 and ARGX-110, our most advanced product candidates.

Our research and development expenses may vary substantially from period to period based on the timing of our research and development activities, including the timing of the initiation of clinical trials, production of product batches and enrolment of patients in clinical trials. Research and development expenses are expected to increase as we advance the clinical development of ARGX-113 and ARGX-110 and the preclinical development of ARGX-115 and further advance the research and development of our other preclinical and discovery stage product candidates. The successful development of our product candidates is highly uncertain. At this time, we cannot reasonably estimate the nature, timing and estimated costs of the efforts that will be necessary to complete the development of, or the period, if any, in which material net cash inflows may commence from, any of our product candidates. This is due to numerous risks and uncertainties associated with developing drugs, including the uncertainty of:

- the scope, rate of progress and expense of our research and development activities;
- the successful enrollment in, and completion of clinical trials;
- the successful completion of preclinical studies necessary to support IND applications in the United States or similar applications in other countries;
- establishing and maintaining a continued acceptable safety profile for our product candidates;
- the terms, timing and receipt of regulatory approvals from applicable regulatory authorities;
- the expense of filing, prosecuting, defending and enforcing patent claims and other intellectual property rights; and

- the ability to market, commercialize and achieve market acceptance for ARGX-113, ARGX-110 or any other product candidate that we may develop in the future, if approved.

Any of these variables with respect to the development of ARGX-113, ARGX-110 or any other product candidate that we may develop could result in a significant change in the costs and timing associated with, and the viability of, the development of such product candidates. For example, if the FDA, the EMA or other regulatory authority were to require us to conduct preclinical studies or clinical trials beyond those we currently anticipate will be required for the completion of clinical development or if we experience significant delays in enrolment in any clinical trials, we could be required to expend significant additional financial resources and time on the completion of our clinical development programs and the viability of the product candidate in question could be adversely affected.

### ***General and Administrative Expenses***

General and administrative expenses consist primarily of (i) personnel expenses relating to salaries and related costs for personnel, including share-based compensation, of our employees in executive, finance, business development and support functions, (ii) consulting fees relating to professional fees for accounting, business development, IT, audit and legal services and investor relations costs, (iii) board expenses consisting of directors' fees, travel expenses and share-based compensation for non-executive board members, (iv) allocated facilities costs and (v) other general and administrative expenses, including leasing costs, office expenses, travel costs.

We expect our general and administrative expenses to increase as we continue to support our growth and as we prepare to become and operate as a public company in the United States. Such costs include increases in our finance and legal personnel, additional external legal and audit fees, and expenses and costs associated with compliance with the regulations governing public companies. We also expect to incur increased costs for directors' and officers' liability insurance and an enhanced investor relations function.

### ***Financial Income (Expense)***

Financial income reflects interest earned on the financial investments of our cash and cash equivalents and financial assets. Financial expense corresponds to interest expenses.

### ***Exchange Gains (Losses)***

Our exchange gains (losses) relate to our transactions denominated in foreign currencies, mainly in U.S. dollar and British pounds, which generate exchange gains or losses.

### ***Income tax***

We have a history of losses. We expect to continue incurring losses as we continue to invest in our clinical and pre-clinical development programs and our discovery platform. Consequently, we do not have any deferred tax asset on our statement of financial position.

## **Results of Operation**

### ***Comparison of Years Ended December 31, 2015 and 2016***

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2016</b>
	<b>(In thousands)</b>	
Revenue.....	€6,854	€14,713
Other operating income.....	3,101	2,439
Total operating income .....	9,955	17,152
Research and development expenses .....	(20,635)	(31,557)
General and administrative expenses .....	(4,925)	(7,011)
Operating loss .....	(15,605)	(21,416)
Financial income .....	112	73

Exchange gains (losses) .....	181	(31)
Total comprehensive loss .....	<u>€(15,312)</u>	<u>€(21,374)</u>

#### Revenue

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2016</b>
	<b>(In thousands)</b>	
Upfront payments.....	€2,194	€9,103
Milestone payments .....	343	500
Research and development service fees .....	4,317	5,110
Total revenue .....	<u>€6,854</u>	<u>€14,713</u>

Our revenue increased by €7.8 million for the year ended December 31, 2016 to €14.7 million, compared to €6.9 million for the year ended December 31, 2015.

The increase of €6.9 million in upfront payments for the year ended December 31, 2016 compared to the year ended December 31, 2015 corresponds principally to the payments received in connection with entering into the collaboration agreements with LEO Pharma in May 2015 and with AbbVie in April 2016. These upfront payments were recognized in revenue based on the progress of the research and development programs that are the subject of both collaborations.

The milestone payment recognized for the year ended December 31, 2016 related to a payment received under the LEO Pharma collaboration. The milestone payments recognized for the year ended December 31, 2015 related to a €0.2 million payment received from the Leukemia and Lymphoma Society under a partnership agreement relating to ARGX-110 and a €0.1 million milestone payment received from Bird Rock Bio following the announcement in September 2015 of the first human dosing of ARGX-109 for the treatment of autoimmune disorders including rheumatoid arthritis.

The increase of €0.8 million in research and development service fees for the year ended December 31, 2016 compared to the year ended December 31, 2015 related to payments under the collaboration agreements with LEO Pharma and Shire.

#### Other Operating Income

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2016</b>
	<b>(In thousands)</b>	
Government grants .....	€1,598	€779
Research and development incentives .....	608	641
Payroll tax rebates .....	895	1,019
Total.....	<u>€3,101</u>	<u>€2,439</u>

Other operating income decreased by €0.7 million for the year ended December 31, 2016 to €2.4 million, compared to €3.1 million for the year ended December 31, 2015, as a result of a decrease in grants received from the Flemish government. For the years ended December 31, 2015 and 2016, we accrued research and development incentives income of €0.6 million, corresponding to Belgian research and development incentives with regard to incurred research and development expenses which will be paid to us in cash after a five-year period, if not offset against the taxable basis over the respective period. We received €1 million of payroll tax rebates in the year ended December 31, 2016, compared to €0.9 million in the year ended December 31, 2015, for employing certain research and development personnel.

## Research and Development Expenses

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2016</b>
	<b>(In thousands)</b>	
Personnel expense .....	€6,665	€9,844
External research and development expenses.....	11,653	17,562
Materials and consumables.....	1,050	1,180
Depreciation and amortization.....	196	335
Other expenses.....	1,071	2,636
<b>Total.....</b>	<b>€20,635</b>	<b>€31,557</b>

Our research and development expenses totaled €20.6 million and €31.6 million for the years ended December 31, 2015 and 2016, respectively. The increase of €3.2 million in personnel expense for the year ended December 31, 2016 corresponded principally to (i) costs associated with additional research and development personnel and (ii) increased share-based compensation expense related to the grant of stock options to our research and development employees. We employed 48 employees in our research and development function on December 31, 2016, compared to 35 employees on December 31, 2015.

Our external research and development expenses for the year ended December 31, 2016 totalled €17.6 million, compared to €11.7 million for the year ended December 31, 2015, reflecting higher clinical trial costs related to the development of our product candidate portfolio but lower manufacturing expenses compared to the same period in 2015. The increase of €1.6 million in other expenses for the year ended December 31, 2016 corresponded to (i) patent expenses of €0.3 million related to the growth of our product portfolio, (ii) license fees of €0.7 million we paid to one of our licensors as a result of the signing of the AbbVie agreement, and (iii) €0.6 million of expenses corresponding principally to travel expenses, clinical trial insurance premiums and recruitment for research and development employees. The table below provides additional detail on our external research and development expenses by program:

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2016</b>
	<b>(In thousands)</b>	
ARGX-113.....	€4,148	€8,988
ARGX-110.....	3,816	2,914
Other programs .....	3,689	5,660
<b>Total.....</b>	<b>€11,653</b>	<b>€17,562</b>

External research and development expenses for our lead product candidate ARGX-113 totaled €9.0 million for the year ended December 31, 2016, compared to €4.1 million for the year ended December 31, 2015. The increase of €4.8 million of external research and development expenses for the year ended December 31, 2016 for ARGX-113 corresponded to increased manufacturing and clinical development activities linked with the preparation of the Phase 2 clinical trials for MG and ITP. External research and development expenses for ARGX-110 decreased by €0.9 million to €2.9 million during the year ended on December 31, 2016 compared to €3.8 million for the year ended December 31, 2015. For the year ended December 31, 2016, we increased clinical development expenses in connection with the preparation of the TCL and AML clinical trials, offset by a reduction in expenses on drug material compared to the year ended December 31, 2015. External research and development expenses on other programs increased by €2.0 million to €5.7 million for the year ended December 31, 2016, compared to €3.7 million for the year ended December 31, 2015. This increase was primarily due to external research and development expenses incurred under our collaboration agreements with LEO Pharma and AbbVie.

## General and Administrative Expenses

	Year ended December 31,	
	2015	2016
	<b>(In thousands)</b>	
Personnel expense.....	€1,607	€3,256
Consulting fees .....	2,395	2,563
Supervisory board.....	165	446
Office costs .....	758	746
Total.....	<u>€4,925</u>	<u>€7,011</u>

Our general and administrative expenses totaled €7.0 million and €4.9 million for the years ended December 31, 2016 and 2015, respectively. The increase in our general and administrative expenses in the year ended December 31, 2016 was principally due to (i) an increase of €1.6 million of personnel expenses related to employees recruited to strengthen our general and administrative activities, including the share based compensation expenses related to the grant of stock options to our general and administrative employees, (ii) an increase of €0.2 million of consulting fees related to investor relations, business development, IT, legal and audit activities and (iii) an increase of €0.3 million of supervisory board expenses due to the reclassification of share based compensation expenses related to the grant of stock options to board members from personnel expenses to supervisory board expenses and to increases in the remuneration and travel expenses of the non-executive members of our board of directors. On December 31, 2016, we employed 10 employees in our general and administration function, compared to six employees on December 31, 2015.

### Financial Income (Expense)

For the year ended December 31, 2016, financial income amounted to €0.07 million compared to €0.1 million for the year ended December 31, 2015.

### Exchange Gains (Losses)

The exchange losses of €0.03 million for the year ended December 31, 2016 and the exchange gains of €0.2 million recorded for the year ended December 31, 2015 were both realized by converting foreign currencies into euros.

## Statement of Financial Position

### Comparison of Years Ended December 31, 2015 and 2016

	Year ended December 31,	
	2015	2016
	<b>(In thousands)</b>	
Non-current assets.....	€1,825	€3,979
Current assets .....	44,137	101,793
Total assets.....	<u>€45,962</u>	<u>€105,772</u>
Equity.....	37,278	63,374
Non-current liabilities .....	0	1
Current liabilities.....	8,684	42,398
Total equity and liabilities.....	<u>€45,962</u>	<u>€105,772</u>

### Assets

Our non-current assets include primarily our laboratory and office equipment, and the non-current parts of our restricted cash and of our research and development incentive receivables. The non-current part of restricted cash

corresponds to a deposit guarantee related to the lease agreement for our laboratory and offices and to the long-term part (more than 12 months) of an escrow account with a third party involved in the collaboration with AbbVie. The non-current research and development incentive receivables relate to a research and development incentive tax scheme in Belgium under which the research and development incentives can be refunded after five years if not offset against future income tax expense. The increase in non-current assets in 2016 results principally from the increase in the non-current parts of restricted cash and of research and development incentive receivables. On December 31, 2016, the non-current assets amounted to €4.0 million compared to €1.8 million at the same date in 2015, and included notably €2.0 million of non-current research and development incentive receivables, €1.1 million of non-current restricted cash and €0.8 million of laboratory and office equipment.

On December 31, 2016, the current assets totaled €101.8 million compared to €44.1 million on December 31, 2015. Our main current assets consist principally of our cash and cash equivalents, current financial assets, prepaid expenses and trade and other receivables. Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. On December 31, 2016, our cash and cash equivalents amounted to €89.9 million compared to € 35.5 million on December 31, 2015. The significant increase in cash and cash equivalents in 2016 relates to the upfront payment of \$40 million (€35.1 million as of the date the payment was received) received from AbbVie in April 2016 and to the two private placements of ordinary shares issued to institutional investors in January and June 2016 for total gross proceeds of €46 million. Current financial assets correspond to financial instruments in the form of money market funds with a recommended maturity of 6 months. On December 31, 2016 and 2015, current financial assets amounted to EUR 6.8 million. The prepaid expenses on December 31, 2016 amounted to €2.1 million compared to €0.5 million on December 31, 2015 and include notably €1.4 million of prepaid expenses in relation with a license fee paid to a third party involved in the license agreement signed with AbbVie in April 2016. The trade and other receivables correspond to (i) amounts invoiced in relation with the collaboration agreements or strategic alliances of the Group, (ii) grants to be received from the Flanders Innovation and Entrepreneurship agency and (iii) to VAT receivable to be recovered in 2017. On December 31, 2016 trade and other receivables amounted to €2 million compared to €1.4 million on December 31, 2015.

### ***Equity***

Our equity includes our share capital, share premium, accumulated deficits and other reserves. On December 31, 2016, the total equity amounted to €63.4 million compared to €37.3 million on December 31, 2015 and consisted of share capital of €2.0 million, share premium of €126.4 million, accumulated deficits of €72.5 million and other reserves of €7.5 million. The increase in equity in 2016 results principally from the significant increase in share premium following the two private placements of ordinary shares issued in 2016 to institutional investors.

### ***Liabilities***

Our current liabilities relate primarily to trade and other payables and deferred revenue from our collaboration agreements and strategic alliances with pharmaceutical and biotechnology companies.

On December 31, 2016, the trade payables and other payables were €12.2 million compared to €4.5 million on December 31, 2015. On December 31, 2016 trade payables amounted to €4.4 million and relates primarily to invoices received in relation with clinical and manufacturing activities. Other payables included (i) accruals for invoice to be received from clinical manufacturing and research organizations in an amount of €5.1 million on December 31, 2016, (ii) short term employee benefits for salaries and bonuses to paid to our employees in an amount of €2.4 million on December 31, 2016.

Deferred revenue totaled €30.2 million on December 31, 2016 compared to €4.1 million on December 31, 2015. The increase in 2016 mainly relates to the upfront payment received from the collaboration agreement signed with AbbVie in April 2016, which will be recognized as revenue over the course of the agreement.

We had no loan outstanding or any long term financial lease commitments on December 31, 2016.

### **Recent Developments**

The following table presents our summary unaudited and unreviewed statement of profit and loss and other income data for the three-month periods ended March 31, 2016 and 2017, and statement of financial position data as of March 31, 2016 and 2017. These data have been prepared solely on the basis of currently available

information by, and are the responsibility of, management. Our independent registered public accounting firm, Deloitte, has not audited or reviewed, and does not express an opinion with respect to, these data. This summary is not a comprehensive statement of our financial results for these periods. The interim data below are not necessarily indicative of the data to be expected for the annual period.

	<b>Three months ended March 31,</b>		<b>Variance</b>
	<b>2016</b>	<b>2017</b>	
	<b>(in thousands of euros)</b>		
Revenue.....	€2,216	€6,659	€4,443
Other operating income.....	619	552	(67)
Total operating income .....	2,835	7,211	4,376
Research and development expenses .....	(4,408)	(12,196)	(7,788)
General and administrative expenses .....	(1,401)	(3,411)	(2,010)
Operating loss .....	(2,974)	(8,396)	(5,422)
Financial income .....	42	(3)	(45)
Exchange gains (losses) .....	(38)	(11)	27
Total comprehensive loss.....	€(2,970)	€(8,410)	€(5,440)
Net increase (decrease) in cash, cash equivalents and current financial assets at the end of the period compared to year end 2015 & 2016.....	€11,520	€(11,752)	€(23,272)
Cash, cash equivalents and current financial assets at the end of the period.....	€53,847	€84,977	€31,130

## Liquidity and Capital Resources

### Sources of Funds

Since our inception in 2008, we have invested most of our resources to developing our product candidates, building our intellectual property portfolio, developing our supply chain, conducting business planning, raising capital and providing general and administrative support for these operations. We do not currently have any approved products and have never generated any revenue from product sales. To date, we have funded our operations through public and private placements of equity securities, upfront, milestone and expense reimbursement payments received from our collaborators, funding from governmental bodies and interest income from the investment of our cash, cash equivalents and financial assets. Through December 31, 2016, we have raised gross proceeds of €133.8 million from private and public offerings of equity securities, received aggregate gross proceeds of €61.0 million from our collaborators, and received €10.7 million in grants and incentives from governmental bodies.

Our cash flows may fluctuate and are difficult to forecast and will depend on many factors. On December 31, 2016, we had cash, cash equivalents and current financial assets of €96.7 million.

We have no ongoing material financing commitments, such as lines of credit or guarantees, that are expected to affect our liquidity over the next five years, other than operating leases.

### Cash Flows

The table below summarizes our cash flows for the years ended December 31, 2015 and 2016:

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2016</b>
	<b>(In thousands)</b>	
Net cash flows (used in) provided by operating activities .....	€(13,897)	€10,599
Net cash flows provided by (used in) investing activities.....	16,812	(806)
Net cash flows provided by financing activities .....	238	44,621
Net increase in cash and cash equivalents .....	3,153	54,414

#### *Net Cash (Used in) Provided by Operating Activities*

Cash provided by operating activities for the year ended December 31, 2016 was a net inflow of €10.6 million. Cash used by operating activities for the year ended December 31, 2015 was a net outflow of €13.9 million. The net cash inflow in the year ended December 31, 2016 relates to the upfront payment of \$40 million (€35.1 million as of the date the payment was received) received from AbbVie in April 2016. The net cash outflow for the year ended December 31, 2015 related to increased operating losses due to increased clinical trial and product candidate manufacturing activities in 2015.

#### *Net Cash Provided by (Used in) Investing Activities*

Investing activities consist primarily of purchase of laboratory equipment and interest received from the placements of our cash and cash equivalents and current financial assets. Cash flow from investing activities represented a net outflow of €0.8 million for the year ended December 31, 2016, compared to a net inflow of €16.8 million for the year ended December 31, 2015. The net outflow for the year ended December 31, 2016 related to €0.7 million to purchase office and laboratory equipment and €0.1 million to purchase IT equipment. The net inflow in 2015 corresponded to the sale of a money market fund previously classified in current financial assets.

#### *Net Cash Provided by Financing Activities*

Financing activities consist of net proceeds from our private placements of our ordinary shares and exercise of stock options. The net cash inflow from financing activities was €44.6 million for the year ended December 31, 2016, compared to €0.2 million for the year ended December 31, 2015. The net cash inflow for the year ended December 31, 2016 was attributed to two private placements of our ordinary shares issued to institutional investors in January and June 2016 for total gross proceeds of €46.0 million.

#### *Operating and Capital Expenditure Requirements*

We have never achieved profitability and, as of December 31, 2016, we had an accumulated loss of €72.5 million. We expect to continue to incur significant operating losses for the foreseeable future as we continue our research and development efforts and seek to obtain regulatory approval and commercialization of our product candidates.

In our opinion, we have sufficient working capital for our present requirements, that is for at least 12 months from the date of publication of this Prospectus. We have based this opinion on assumptions that may prove to be wrong, and we may use our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development of ARGX-113, ARGX-110 and our other product candidates and discovery stage programs and because the extent to which we may enter into collaborations with third parties for development of these product candidates is unknown, we are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidates. Our future capital requirements for ARGX-113, ARGX-110 and our other product candidates and discovery stage programs will depend on many factors, including:

- the progress, timing and completion of preclinical testing and clinical trials for our current or any future product candidates;
- the number of potential new product candidates we identify and decide to develop;
- the costs involved in growing our organization to the size needed to allow for the research, development and potential commercialization of our current or any future product candidates;
- the costs involved in filing patent applications and maintaining and enforcing patents or defending against claims or infringements raised by third parties;
- the maintenance of our existing collaboration agreements and entry into new collaboration agreements;

- the time and costs involved in obtaining regulatory approval for our product candidates and any delays we may encounter as a result of evolving regulatory requirements or adverse results with respect to any of our product candidates;
- selling and marketing activities undertaken in connection with the potential commercialization of our current or any future product candidates, if approved, and costs involved in the creation of an effective sales and marketing organization; and
- the amount of revenues, if any, we may derive either directly or in the form of royalty payments from future sales of our product candidates, if approved.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for many years, if ever. Accordingly, we will need to obtain substantial additional funds to achieve our business objectives.

Adequate additional funds may not be available to us on acceptable terms, or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Additional debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends and may require the issuance of warrants, which could potentially dilute your ownership interest.

If we raise additional funds through collaborations or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favourable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development programs or any future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

### Contractual Obligations and Commitments

The table below summarizes our contractual obligations at December 31, 2016.

	Payments due by period				
	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
	(In thousands)				
Operating lease commitments .....	€2,098	€915	€1,159	€24	€—
Purchase Obligation	€2,406	€2,406	€—	€—	€—

We signed a lease agreement effective April 2016 for new laboratory and office space in Zwijnaarde, Belgium. This lease agreement is for a period of nine years starting from April 1, 2016, with the possibility to terminate the lease by giving a notice of at least 12 months in advance at the occasion of the third and sixth anniversary of the agreement. Our operating lease commitments include a lease plan for company cars with maturity dates up to four years.

For our offices in the Netherlands we have a lease agreement renewable on an annual base.

The purchase obligation described above relates to contractual obligations with our manufacturing contractor, Lonza Sales AG.

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum

or variable price provisions and the approximate timing of the actions under the contracts. The table does not include obligations under agreements that we can cancel without a significant penalty.

We have received various governmental grants that may need to be repaid if certain conditions related to these grants are not met. We believe that it is uncertain whether we will be required to repay these grants and, accordingly, have not included them in the table above.

### **Off-Balance Sheet Arrangements**

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements.

### **Quantitative and Qualitative Disclosure about Market Risks**

We are exposed to a variety of financial risks, including interest rate risk and foreign exchange risk.

#### ***Interest Rate Risk***

We are currently not exposed to significant interest rate risk. Our only variable interest-bearing financial assets are cash at banks and our investments in money market funds. Given the short-term nature of these investments, the sensitivity towards interest rate fluctuations is deemed not to be significant. Therefore, the effect of an increase or decrease in interest rates would only have an immaterial effect on our financial results.

#### ***Foreign Exchange Risk***

We undertake transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Our functional currency is the euro and the majority of our operating expenses are paid in euros, but we also receive payments from our main business partners, AbbVie and Shire, in U.S. dollars and we regularly acquire services, consumables and materials in U.S. dollars, Swiss Francs and British Pounds.

### **Critical Accounting Policies and Significant Judgments and Estimates**

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

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

The following elements 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:

#### ***Revenue Recognition***

Evaluating the criteria for revenue recognition with respect to our collaboration agreements requires management's judgment to ensure that all criteria have been fulfilled prior to recognizing any amount of revenue in accordance to International Accounting Standard 18. In particular, such judgments are made with respect to determination of the nature of transactions, whether simultaneous transactions shall be considered as one or more revenue-generating transactions, allocation of the contractual price (upfront and milestone payments in connection with a collaboration agreement) to several elements included in an agreement. All of our revenue-generating transactions have been subject to such evaluation by management.

We generate revenue under our collaboration agreements and recognize this revenue as follows:

### *Upfront Payments*

Upfront payments 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. Upfront payments also include license fees received upfront.

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

### *Milestone Payments*

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 candidate.

### *Research and Development Services Fees*

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 FTEs at a specified rate per FTE.

Commercial collaborations resulting in a reimbursement of research and development 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.

With respect to the allocation of value to the separate elements, we use 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 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. The recognition of revenue is linked (i) to the period during which we are continuously involved in the development of the product candidates subject to the collaboration and (ii) in relation to the expenses incurred over the period, which defines a percentage of achievement compared to the original budget.

### *Measurement of Share-Based Payments*

We determine the costs of the share-based payment plan (*i.e.*, our stock option plan) on the basis of the fair value of the equity instrument at grant date in accordance with IFRS 2. For the determination of the fair value we are using the Black Scholes pricing model. This requires the input into the valuation model of amounts that require judgment, like the estimated useful life of the stock options and the volatility of our stock. Once calculated, the fair value of the stock options granted is recognized as an expense in our statement of comprehensive income and not re-measured subsequently.

In accordance with the terms of our stock option plan, as approved by our shareholders, our employees, certain of our consultants and our directors may be granted options to purchase ordinary shares at an exercise price per ordinary share equal to the average of the closing share prices of the last 30 calendar days preceding the date of the grant by the board of directors. Each stock option converts into one ordinary share upon exercise. No amounts are paid or payable by the beneficiary upon receipt of the option. The stock options carry neither rights to dividends nor voting rights. Stock options may be exercised at any time from the date of vesting to the date of their expiry.

The stock options generally vest as follows:

- one third of the stock options vest on the first anniversary of the grant date, and
- one twenty-fourth of the remaining two thirds of the stock options vest on the last day of each of the 24 months following the month of the first anniversary of the grant date.

No other conditions are attached to the stock options.

On December 31, 2016, the total number of stock options outstanding was 2,293,636, compared to 1,752,926 on December 31, 2015. On December 31, 2016, no stock options had expired, a total of 140,292 stock options had been exercised and 31,174 stock options had been forfeited.

The expected volatility used in the Black Scholes model is based, for the periods before 2016, on the historical volatility of peer companies. The peer companies are publicly traded entities active in the business of developing antibody-based therapeutics, treatments and drugs and are selected taking into consideration the availability of meaningful trading data history and market capitalization.

For grants beginning in 2016, we only considered the historical volatility of our stock price calculated since our initial public offering on Euronext Brussels. The selection of a relevant peer group requires significant judgments and refers to multiple factors which may vary over the time. For instance, we realized that one of the companies included in the initial peer group had experienced a clinical failure in 2016, which had a significant impact on its volatility over the considered period. In 2016, we looked at our own historical volatility and compared it to (i) the 2016 volatility of the initial peer group, (ii) the volatility of a selection of Belgian biotechnology companies and (iii) a new peer group combining some of the initial peer group companies and a selection of Belgian biotechnology companies. The conclusions were that some of the entities in the initial peer group were no longer deemed representative to estimate our expected volatility. Such entities were replaced in the peer group by selected Belgian biotechnology companies that were deemed more representative of our profile. The inclusion of such Belgian biotechnology companies in the new peer group decreased the average of the volatility of the peer group. We then calculated the impact of the various alternatives on the total fair value of the options granted in 2016 and concluded that the impact of using our own historical volatility would not be significantly different than using the other alternatives over the total vesting period of the stock options and in 2016. Therefore, we believe that excluding peer data in 2016 was appropriate. We will continue to evaluate the need to use peer data in future years.

Below is an overview of the parameters used in relation to the options granted in the year ended December 31, 2016:

	<b>Stock options granted in</b>		
	<b>May 2016</b>	<b>June 2016</b>	<b>December 2016</b>
Number of options granted.....	288,950	60,000	363,226
Average fair value of options.....	€5.32	€5.46	€7.25
Share price .....	€11.10	€11.36	€14.96
Exercise price.....	€11.47	€11.38	€14.134
Expected volatility .....	40.2%	39.6%	38%
Average expected option life (in years) .....	10	10	10
Risk-free interest rate .....	0.52%	0.46%	0.67%
Expected dividends .....	0%	0%	0%

The grant date fair value of the options in the above table is estimated using the following assumptions:

- The expected volatility corresponds to the calculated annual volatility of our shares since our initial public offering on Euronext Brussels on July 10, 2014 until the date of grant of the options.
- The average expected option life is currently the contractual option term of 10 years as there is no history of exercising stock options.
- Risk-free interest rate equals the Belgium 10-Year Bond Yield at the date of grant.
- Expected dividends is considered 0% as we have no plan for distributing dividends and have no history of distributing dividends to shareholders.

The total share-based payment expense recognized in the consolidated statement of profit and loss and other comprehensive income was €2.8 million for the year ended December 31, 2016 and €2.3 million for the year ended December 31, 2015.

### ***Recognition of Deferred Tax Assets***

We are subject to income taxes in the Netherlands and in Belgium. Significant judgment is required in determining the use of net operating loss carry-forwards and taxation of upfront and milestone payments for income tax purposes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

No tax charge or income was recognized during the reporting periods since we are in a loss-making position and have a history of losses. We had consolidated tax loss carry-forwards of €82.4 million as of December 31, 2016.

Deferred income tax assets are recognized for tax losses and other temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable. We recognize deferred tax assets arising from unused tax losses or tax credits only to the extent the relevant fiscal unity has sufficient taxable temporary differences or if there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the fiscal unity. Our judgment is that sufficient convincing other evidence is not available and therefore, a deferred tax asset is not recognized.

### **Changes in Accounting Firm Relationships**

At the General Meeting of our shareholders held on May 13, 2015, Deloitte Accountants B.V., or Deloitte, was appointed as our new external audit firm for the 2015 reporting year (replacing PricewaterhouseCoopers N.V., or PwC). The appointment of Deloitte was the result of a tender process completed in March 2015 and the recommendation of Deloitte by our audit committee. The change in auditors was made to comply with the Dutch Audit Profession Act for audit firm rotation.

During the two years prior to December 31, 2014, PwC performed audits of our consolidated financial statements prepared under International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, in accordance with Dutch law including the Dutch Standards on Auditing. In connection with these audits, (1) PwC had not issued any reports on our financial statements that contained an adverse opinion or a disclaimer of opinion, nor were the auditors' reports of PwC qualified or modified as to uncertainty, audit scope or accounting principles and (2) there has not been any disagreement over any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures, which disagreements if not resolved to PwC's satisfaction would have caused it to make reference to the subject matter of the disagreement in connection with its auditors' reports.

Furthermore, in the two years prior to December 31, 2014, we have not consulted with Deloitte regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to our consolidated financial statements or (ii) any matter that was the subject of a disagreement or a reportable event.

### **Recent Accounting Pronouncements**

For information on recent accounting pronouncements, see our consolidated financial statements and the related notes appearing elsewhere in this Prospectus. There are no IFRS standards as issued by the IASB or interpretations issued by the IFRS interpretations committee that are effective for the first time for the financial year beginning on or after January 1, 2015 that would be expected to have a material impact on our financial position.

### **Significant Change in the Financial or Trading Position**

Other than the Offering, there has been no significant change in our financial or trading position since the end of the last financial period for which audited financial information have been published (*i.e.* December 31, 2016). Please refer to Part VII "Dilution" for an overview of the impact of the Offering on the net tangible book value per share. Please refer to "—Recent Developments" above for our summary unaudited and unreviewed statement of profit and loss and other income data for the three-month periods ended March 31, 2016 and 2017, and statement of financial position data as of March 31, 2016 and 2017.

**Working capital**

In our opinion, we have sufficient working capital for our present requirements, that is for at least 12 months from the date of publication of this Prospectus.

## PART X: BUSINESS

### Overview

We are a clinical-stage biotechnology company developing a deep pipeline of differentiated antibody-based therapies for the treatment of severe autoimmune diseases and cancer. Utilizing our suite of technologies, we are focused on developing product candidates with the potential to be either first-in-class against novel targets or best-in-class against known, but complex, targets in order to treat diseases with a significant unmet medical need. Our SIMPLE Antibody Platform, based on the powerful llama immune system, allows us to exploit novel and complex targets, and our three antibody Fc engineering technologies are designed to enable us to expand the therapeutic index of our product candidates. Together with our antibody discovery and development expertise, this suite of technologies has enabled our pipeline of seven product candidates. Two of our product candidates are in clinical proof-of-concept trials for three indications.

Our most advanced product candidate, ARGX-113, is in a Phase 2 clinical trial for the treatment of the rare autoimmune disease MG, and, in March 2017, we initiated a Phase 2 clinical trial of ARGX-113 for the treatment of another rare autoimmune disease, primary ITP. We are currently developing our second lead product candidate, ARGX-110, for rare and aggressive hematological cancers, initially for TCL and AML, as well as high-risk MDS. In December 2016, we commenced a Phase 1/2 clinical trial of ARGX-110 in combination with azacitidine for the treatment of newly diagnosed AML or high-risk MDS patients, and in April 2017, we initiated the Phase 2 part of a Phase 1/2 clinical trial of ARGX-110 for the treatment of CTCL.

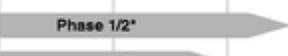
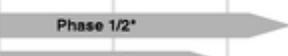
We have a disciplined strategy to maximize the value of our pipeline whereby we plan to retain development and commercialization rights to those product candidates that we believe we can ultimately commercialize successfully on our own if they are approved. We plan to collaborate on product candidates that we believe have promising utility in disease areas or patient populations that are better served by the resources of larger biopharmaceutical companies. We have entered into collaborations with a number of biopharmaceutical companies, including our collaboration with AbbVie for ARGX-115, a cancer immunotherapy-focused product candidate against the novel target glycoprotein A repetitions predominant, or GARP. We received a \$40.0 million (€35.1 million as of the date the payment was received) upfront payment in connection with this collaboration.

Our product candidates are focused on indications for which there is a solid biological rationale and for which we believe there is an advantage to utilizing our suite of technologies outlined below:

- ***Our proprietary SIMPLE Antibody Platform*** sources antibody V-regions from the immune system of outbred llamas, each of which has a different genetic background. The V-region is responsible for targeting a specific antibody to an antigen, which is a substance that induces an immune response, and is different for every type of antibody. The llama produces highly diverse panels of antibodies with a high human homology, or similarity, in their V-regions when immunized with targets of human disease. By contrast, most antibody platforms start with antibodies generated in inbred mice or synthetic antibody library systems, approaches that we believe are limited by insufficient antibody repertoires and limited diversity, respectively. Our SIMPLE Antibody Platform allows us to access and explore a broad target universe, including novel and complex targets, while minimizing the long timelines associated with generating antibody candidates using traditional methods.
- ***Our Fc engineering technologies***—NHance, ABDEG and POTELLIGENT—focus on engineering the Fc region of antibodies in order to augment their intrinsic therapeutic properties. These technologies are designed to enable us to expand the therapeutic index of our product candidates, which is the ratio between toxic and therapeutic dose, by modifying their half-life, tissue penetration, rate of disease target clearance and potency.

Our product candidate pipeline includes both wholly-owned and partnered programs. We refer to programs for which we retain the exclusive right to develop and commercialize the product candidate on a worldwide basis as our wholly-owned programs. We refer to programs for which we have entered into collaboration agreements with third parties for the development and commercialization of the product candidate as our partnered programs. While we have an IND in effect for ARGX-113 for the treatment of MG with the FDA, we have not conducted any of our clinical development to date in the United States.

Our product candidate pipeline enabled by our suite of technologies is set forth below:

Product Candidate	Target	Technology Used	Indication	Preclinical	Phase 1	Phase 2	Phase 3	Key Commentary / Next Anticipated Milestone
<b>Wholly-Owned Product Candidates</b>								
ARGX-113 (efgartigimod)	FcRn	ABDEG	Myasthenia gravis Primary immune thrombocytopenia Chronic autoimmune diseases (subcutaneous)					<ul style="list-style-type: none"> <li>1Q:2018 — Announce Phase 2 topline results</li> <li>2H:2018 — Announce Phase 2 topline results</li> <li>2H:2017 — Initiate Phase 1 clinical trial</li> </ul>
ARGX-110 (cusatuzumab)	CD70	SIMPLE Antibody POTELLIGENT	T-cell lymphoma Acute myeloid leukemia					<ul style="list-style-type: none"> <li>2H:2018 — Announce Phase 2 topline results in CTCL</li> <li>YE:2017 — Update from Phase 2 proof-of-concept cohort in CTCL and Phase 1 dose-escalation in AML/MDS</li> </ul>
ARGX-111	C-MET	SIMPLE Antibody POTELLIGENT NHance	Solid tumors with MET amplification					<ul style="list-style-type: none"> <li>Intend to partner</li> </ul>
<b>Partnered Product Candidates</b>								<b>Partner</b>
ARGX-109 (gerilimumab)	IL-6	SIMPLE Antibody NHance	Rheumatoid arthritis					<ul style="list-style-type: none"> <li>Bird Rock Bio</li> </ul>
ARGX-112	IL-22R	SIMPLE Antibody	Skin inflammation					<ul style="list-style-type: none"> <li>LEO Pharma</li> </ul>
ARGX-115	GARP	SIMPLE Antibody	Cancer immunotherapy					<ul style="list-style-type: none"> <li>AbbVie</li> </ul>
ARGX-116	ApoC3	SIMPLE Antibody	Dyslipidemia					<ul style="list-style-type: none"> <li>Staten Biotechnology</li> </ul>

\* Our Phase 1/2 clinical trials of ARGX-110 meet the requirements for both a Phase 1 and Phase 2 trial because they are designed to (1) determine the optimal or maximum tolerated dose of ARGX-110 and/or the recommended Phase 2 dose, as a monotherapy and in combination with standard of care, through a dose-escalation component and gather pharmacokinetics, immunogenicity and safety data and (2) assess efficacy, both as a monotherapy and in combination with standard of care.

We believe that our clinical expertise and execution capabilities position us well to advance our product pipeline and enter into collaborations designed to maximize the value of our portfolio. We have assembled a team of over 60 employees with experience across the spectrum of antibody drug discovery and development and business development. Members of our board of directors and management team have extensive experience in the life sciences industry and have previously served at companies including Cambridge Antibody Technology Group Plc; Celgene Corporation; Galapagos NV; GlaxoSmithKline plc; Janssen Pharmaceuticals, Inc.; Micromet, Inc.; Nicox S.A.; The Procter & Gamble Company; Quintiles IMS Holdings, Inc. and Unilever NV.

## History

Year	Our Key Milestones
2008	<ul style="list-style-type: none"> <li>Incorporation in Rotterdam (NL) under the name arGEN-X B.V.</li> <li>EUR 1 million seed financing from Erasmus MC and Thuja Capital.</li> </ul>

Year	Our Key Milestones
<b>2009</b>	<ul style="list-style-type: none"> <li>• EUR 12.5 million series A financing round, co-led by LSP and Forbion Capital Partners. Other investors joining were Omnes Capital (F), BioGeneration Ventures (NL), KBC-PE (BE), and VIB (BE).</li> <li>• Opening of an R&amp;D center of excellence, arGEN-X BVBA, in Gent (BE) which conducts all our R&amp;D activities.</li> <li>• Receipt of a EUR 1.3 million VLAIO R&amp;D subsidy to develop and validate our proprietary SIMPLE Antibody™ platform.</li> </ul>
<b>2010</b>	<ul style="list-style-type: none"> <li>• Receipt of a EUR 1.56 million VLAIO R&amp;D subsidy to accelerate the preclinical development of two SIMPLE Antibody™ products towards clinical development.</li> </ul>
<b>2011</b>	<ul style="list-style-type: none"> <li>• Receipt of a EUR 1.33 million VLAIO R&amp;D subsidy to develop the SIMPLE Antibody™ platform in the field of complex, intractable targets.</li> <li>• Signing of a SIMPLE Antibody™ discovery and development partnership with Lilly.</li> <li>• EUR 27.5 million series B financing round, led by OrbiMed Advisors (U.S.). A second new investor, Seventure Partners (F), joined at the same time.</li> <li>• Non-exclusive licensing deal with BioWa (U.S.) for accessing the POTELLIGENT® technology.</li> </ul>
<b>2012</b>	<ul style="list-style-type: none"> <li>• Signing of a SIMPLE Antibody™ discovery industrial partnership with Shire (CH), which was expanded in 2013.</li> <li>• Signing of an exclusive licensing deal on the NHance® and ABDEG™ technologies with UT Southwestern (U.S.).</li> <li>• Signing of a global out-licensing deal with Bird Rock Bio on ARGX-109, an anti-IL-6 SIMPLE Antibody™.</li> <li>• Receipt of a EUR 2.7 million VLAIO translational research grant in support of the Phase Ib clinical development of ARGX-110.</li> <li>• Filing for the initiation of the Phase 1b clinical trial for ARGX-110</li> </ul>
<b>2013</b>	<ul style="list-style-type: none"> <li>• Signing of two non-exclusive out-licensing deals on our proprietary NHance® technology.</li> <li>• Filing for the initiation of the Phase 1b clinical trial for ARGX-111.</li> <li>• EUR 5 million series B extension round, adding PMV (BE) as new investor.</li> <li>• Expansion of the therapeutic antibody alliance with Shire.</li> </ul>

Year	Our Key Milestones
2014	<ul style="list-style-type: none"> <li>• Signing of a research collaboration and option deal with the de Duve Institute of the Université Catholique de Louvain (UCL) and the Brussels branch of the Ludwig Institute for Cancer Research (BE) for a novel immune-modulatory target.</li> <li>• Signed a pilot research services agreement with Boehringer Ingelheim.</li> <li>• ARGX-110 meets goals in dose escalation part of Phase 1b cancer study.</li> <li>• Signing of a partnership with the Leukemia &amp; Lymphoma Society (U.S.) for the development of ARGX-110 in Waldenström’s macroglobulinemia, a rare, life threatening lymphoma.</li> <li>• Signing of a SIMPLE Antibody™ discovery industrial partnership with Bayer.</li> <li>• Signing of a long-term strategic alliance with Shire.</li> </ul>
2015	<ul style="list-style-type: none"> <li>• Completed the first human dosing of ARGX-113, a potential breakthrough therapy for the treatment of autoimmune crisis.</li> <li>• 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, U.S.).</li> <li>• Advanced ARGX-111 into the safety and efficacy expansion part of its Phase 1b study.</li> <li>• 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.</li> <li>• Announced that our partner Bird Rock Bio, Inc. dosed the first human with Gerilimumab, a novel monoclonal antibody neutralizing the IL-6 cytokine, for the treatment of autoimmune disorders including rheumatoid arthritis.</li> <li>• Launched Innovative Access Program, providing the SIMPLE Antibody™ platform to academic centers of excellence and emerging biotech companies.</li> <li>• Entered into a multi-product commercial license agreement with Lonza for the production of our therapeutic antibodies.</li> <li>• Hosted workshop announcing topline clinical TCL data and preclinical AML data from ARGX-110 program at ASH.</li> </ul>
2016	<ul style="list-style-type: none"> <li>• Announced initial results from a Phase 1 single ascending dose study of ARGX-113 in healthy volunteers.</li> </ul>

Year	Our Key Milestones
	<ul style="list-style-type: none"> <li>• Successfully closed transaction with US funds advised by subsidiaries of Federated Investors.</li> <li>• Received milestone payment in LEO Pharma collaboration.</li> <li>• Opened clinical trial sites in South Korea for ARGX-111 program.</li> <li>• Our partner Bird Rock Bio demonstrated potential for gerilimumab, a novel SIMPLE Antibody™ Against IL-6 to treat rheumatoid arthritis.</li> <li>• Announced AbbVie collaboration on ARGX-115 against novel immuno-oncology target.</li> <li>• Announced efficacy and expanded safety data from Phase 1 trial of ARGX-111.</li> <li>• Successfully closed €30 million private placement with predominantly US institutional investors.</li> <li>• Announced presentation of updated ARGX-110 phase 1 data in TCL at EHA 2016.</li> <li>• Announced initial results from Phase 1 multiple ascending dose (MAD) study of ARGX-113 in healthy volunteers.</li> <li>• Provided update on lead programs in auto-immune disease and oncology at R&amp;D day in New York.</li> <li>• Frost &amp; Sullivan applauded us for Enhancing the Therapeutic Qualities of Human Antibodies with its Proprietary Antibody Discovery Platform, SIMPLE Antibody™.</li> <li>• Provided updates on ARGX-113 and ARGX-110 during American Society of Hematology Annual Meeting.</li> <li>• Launched Phase I/II study of ARGX-110 in combination with azacitidine in newly diagnosed AML patients.</li> <li>• Announced publication of seminal data supporting the therapeutic potential of ARGX-110 for acute myeloid leukemia in the Journal of Experimental Medicine.</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Launched Phase II proof-of-concept study of ARGX-113 for the treatment of myasthenia gravis.</li> <li>• Announced extension of therapeutic antibody alliance with Shire.</li> <li>• Announced intention to conduct a registered public offering in the United States.</li> <li>• Announced that Staten Biotech exercised its option to develop therapeutic</li> </ul>

Year	Our Key Milestones
	<p data-bbox="459 264 893 291">SIMPLE Antibody™ for dyslipidemia.</p> <ul style="list-style-type: none"> <li data-bbox="411 338 1348 398">• Announced collaboration with Broteio Pharma to develop therapeutic antibody for severe autoimmune diseases.</li> <li data-bbox="411 450 1348 510">• Announced first patient dosed in Phase II proof-of-concept study of ARGX-113 for the treatment of primary immune thrombocytopenia.</li> <li data-bbox="411 562 1348 622">• Launched Phase II study of ARGX-110 as a monotherapy in relapsed/refractory CTCL patients.</li> <li data-bbox="411 674 1348 701">• Announced receipt of first preclinical milestone payment in AbbVie collaboration.</li> <li data-bbox="411 752 1348 779">• Announced 50% enrollment in Phase 2 clinical trial of ARGX-113 in MG.</li> </ul>

### Our Competitive Strengths

We believe that the combination of our technologies, expertise and disciplined focus will enable us to overcome many of the challenges associated with antibody drug development and positions us to be a leader in delivering therapies to patients suffering from severe autoimmune disease and cancers for which the current treatment paradigm is inadequate. Our competitive strengths include:

- ***A lead product candidate in clinical proof-of-concept testing in two indications.*** We initiated two Phase 2 clinical trials of our lead product candidate, ARGX-113, in MG in January 2017 and in ITP in March 2017. MG and ITP are two rare, severe autoimmune diseases in which there is high unmet medical need. MG and ITP are both characterized by high levels of pathogenic immunoglobulin G, or IgG, antibodies, and we designed ARGX-113 to reduce IgG antibody levels. In a Phase 1 clinical trial of ARGX-113 with healthy volunteers, we observed a reduction of circulating IgG antibody levels of 50% to 85%. We believe that a reduction of pathogenic IgG antibody levels, which are a subset of circulating IgG antibodies in people with autoimmune disease, of at least 30% would be clinically meaningful. We expect to report topline data from our clinical trial in patients with MG in the first quarter of 2018 and from our clinical trial in patients with ITP in the second half of 2018. Depending on the outcome of these clinical trials and subject to discussions with regulatory agencies, we intend to structure our pivotal program for ARGX-113 in one or both of these indications.
- ***Productive discovery capabilities that fuel a deep pipeline of clinical and preclinical product candidates.*** We are advancing a deep pipeline of both clinical- and preclinical-stage product candidates for the treatment of severe autoimmune diseases and cancer. Leveraging our technology suite and clinical expertise, we have advanced four product candidates into clinical development—ARGX-113, ARGX-110, ARGX-111 and ARGX-109; three into the preclinical stage—ARGX-115, ARGX-112 and ARGX-116; and we currently have multiple programs in the discovery stage. Our second lead product candidate, ARGX-110, is currently being investigated in Phase 1/2 clinical trials, and we expect to report initial interim proof-of-concept results by the end of 2017. We believe this level of productivity affords us a breadth of options with regard to independently advancing or partnering our pipeline assets.
- ***The ability to exploit novel and complex targets for maximum therapeutic effect.*** Our SIMPLE Antibody Platform, which is based on outbred llamas, allows us to access and explore a broad target universe. We believe the benefit of our platform is that it provides a broader set of human-like V-regions as compared to other sources such as mice or synthetic antibody libraries. With this breadth of antibodies, we are able to test many different epitopes, which are binding sites on antigens capable of eliciting an immune response. Being able to test many different epitopes

with our antibodies enables us to search for an optimized combination of safety, potency and species cross-reactivity with the potential for maximum therapeutic effect on disease.

- ***The ability to use our Fc engineering technologies to modulate immune response.*** We employ technologies—NHance, ABDEG and POTELLIGENT—that focus on engineering the Fc region of antibodies in order to augment their intrinsic therapeutic properties. These technologies are designed to expand the therapeutic index of our product candidates by modifying their half-life, tissue penetration, rate of disease target clearance and potency.
- ***Validating strategic collaborations to maximize pipeline value.*** Our productive discovery capabilities and deep pipeline have provided us with multiple product candidates for which we seek to capture the greatest value. We have partnered, and expect to continue to partner, product candidates that we believe have promising utility in disease areas or patient populations that are better served by the resources of larger biopharmaceutical companies. As a result, we have entered into collaborations with a number of biopharmaceutical companies, including our collaboration with AbbVie for ARGX-115, a cancer immunotherapy-focused product candidate against the novel target GARP.

## **Our Strategy**

Our goal is to deliver therapies that are either first-in-class or best-in-class to patients suffering from severe autoimmune diseases and various cancers for which there exists a significant unmet medical need. We are also focused on attaining this goal in a manner that is disciplined for a company of our size. We plan to:

- ***Rapidly advance ARGX-113 through clinical proof-of-concept in two indications.*** We are currently developing our lead product candidate, ARGX-113, for the treatment of patients with MG and ITP. We chose both of these indications based on the biological rationale of targeting the neonatal Fc receptor, or FcRn, thereby reducing the pathogenic IgG antibody levels that drive both of these disease states. We are currently evaluating ARGX-113 in two Phase 2 clinical trials for the treatment of patients with MG and ITP. We expect to report topline data from these clinical trials in the first quarter of 2018 and in the second half of 2018, respectively. Depending on the outcome of these clinical trials and subject to discussions with regulatory agencies, we intend to structure our pivotal program for ARGX-113 in one or both of these indications.
- ***Advance ARGX-110 through clinical proof-of-concept in selected hematological tumors.*** We initiated the Phase 2 part of an open-label Phase 1/2 clinical trial of ARGX-110 for the treatment of adult relapsed or refractory CD70-positive CTCL patients in April 2017. We expect to report interim results from this clinical trial by the end of 2017 and topline results in the second half of 2018. In December 2016, we initiated an open-label, Phase 1/2 clinical trial of ARGX-110 in combination with the standard of care, azacitidine, in newly diagnosed AML and high-risk MDS patients. We expect to report interim results from the dose-escalation part of this clinical trial by the end of 2017.
- ***Expand applications for our existing product candidates.*** Our goal is to maximize the commercial potential of our existing product candidates by exploring additional indications, as well as formulations that may expand the target patient populations within existing indications. For example, our development work in ARGX-113 is based on its ability to reduce circulating IgG antibodies, and this has given us the ability to leverage a single Phase 1 clinical trial in healthy volunteers into two Phase 2 clinical trials in different indications, MG and ITP, where we believe this mechanism of action may have therapeutic benefit. In addition, we believe there are other autoimmune diseases beyond MG and ITP that may benefit from treatment with ARGX-113. We plan to employ a similar strategy of leveraging the strong biological rationale for other product candidates into multiple indications, thereby maximizing the value of our pipeline. We also intend to expand the use of our product candidates in existing indications by developing new formulations, such as a subcutaneous version of ARGX-113, that may make our product candidates accessible to larger patient populations, including patients requiring chronic therapy, potentially outside of the hospital setting.
- ***Focus our discovery and development efforts on novel and complex targets to generate new first-in-class and best-in-class product candidates for autoimmune diseases and cancer.*** Our

SIMPLE Antibody Platform allows us to access and explore a broad target universe, including novel and complex targets, while minimizing the long timelines associated with generating antibody candidates using traditional methods. By exploring a broad target universe, we are able to develop a breadth of antibodies to test many different epitopes. Being able to test many different epitopes with our antibodies enables us to search for an optimized combination of safety, potency and species cross-reactivity. We believe our Fc engineering technologies will allow us to augment our antibodies for maximum therapeutic effect.

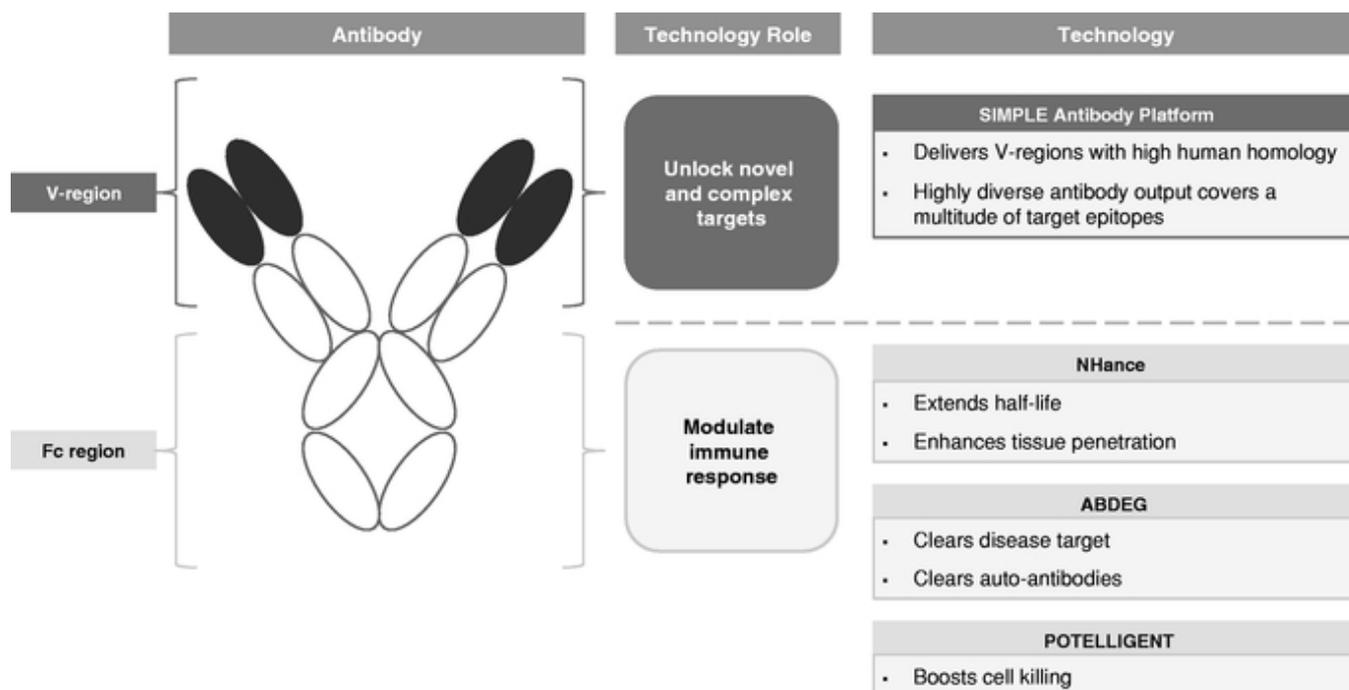
- ***Independently commercialize our product candidates in indications and geographies where we believe we can extract maximum value.*** We plan to independently develop and commercialize those product candidates that we believe have a clear clinical and regulatory approval pathway and that we believe we can commercialize successfully, if approved. Our commercialization strategy for any product candidates that are approved will focus on key academic centers, specialist physicians and advocacy groups, as well as on providing patients with support programs and maximizing product access and reimbursement.
- ***Selectively leverage our suite of technologies to seek strategic collaborations and maximize the value of our pipeline.*** Our suite of technologies and productive discovery capabilities have yielded us several potential product candidates for which we seek to capture value, while maintaining our focus and discipline. We plan to collaborate on product candidates that we believe have promising utility in disease areas or patient populations that are better served by the resources of larger biopharmaceutical companies. In addition to collaborating on our product candidates, we may also elect to enter into collaborations for third-party product candidates for which we believe that our technologies and expertise may be valuable.

## **Our Suite of Technologies**

### ***Harnessing the Therapeutic Potential of Antibodies***

Antibodies are Y-shaped proteins used by the immune system to target and clear foreign bodies, including pathogens, such as bacteria and viruses, and tumor cells. Antibodies are composed of two structurally independent parts, the variable region, or V-region, and the constant, or Fc, region. The V-region is responsible for targeting a specific antibody to an antigen and is different for every type of antibody. The Fc region does not interact with antigens, but rather interacts with components of the immune system through a variety of receptors on immune and other cells. These interactions allow antibodies to regulate the immune response and levels of cell-killing ability, or cytotoxicity, as well as their persistence in circulation and tissues. Fc regions are the same and interchangeable from antibody to antibody.

As shown in *Figure 1*, we apply a unique suite of technologies to create antibodies with optimized V-regions and an enhanced Fc region. Used alone or in combination, we believe that our suite of technologies enable us to create product candidates with potential first-in-class and best-in-class therapeutic activity against a wide range of targets.



**Figure 1: Overview of our suite of technologies**

### ***Our Proprietary SIMPLE Antibody Platform***

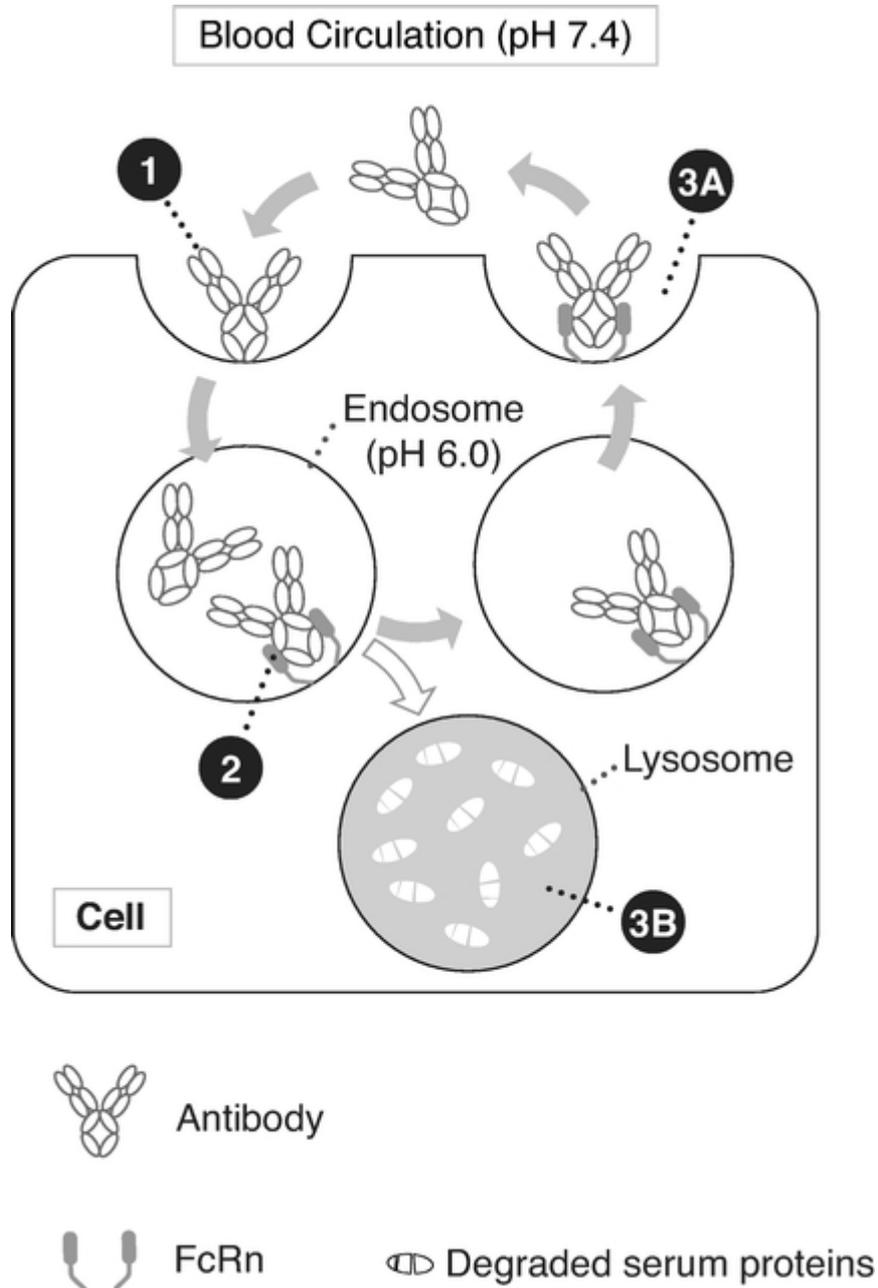
Our proprietary SIMPLE Antibody Platform sources V-regions from conventional antibodies existing in the immune system of outbred llamas. Outbred llamas are those that have been bred from genetically diverse parents, and each has a different genetic background. The llama produces highly diverse panels of antibodies with a high human homology in their V-regions when immunized with human disease targets. We then combine these llama V-regions with Fc regions of fully human antibodies, resulting in antibodies that we then produce in industry-validated production cell lines. The resulting antibodies are diverse and, due to their similarity to human antibodies, we believe they are well suited to human therapeutic use. With this breadth of antibodies, we are able to test many different epitopes. Being able to test many different epitopes with our antibodies enables us to search for an optimized combination of safety, potency and species cross-reactivity with the potential for maximum therapeutic effect on disease. These antibodies are often cross-reactive with the rodent version of chosen disease targets. This rodent cross-reactivity enables more efficient preclinical development of our product candidates because most animal efficacy models are rodent-based. By contrast, most other antibody discovery platforms start with antibodies generated in inbred mice or synthetic antibody libraries, approaches that we believe are limited by insufficient antibody repertoires and limited diversity, respectively. Our SIMPLE Antibody Platform allows us to access and explore a broad target universe, including novel and complex targets, while minimizing the long timelines associated with generating antibody candidates using traditional methods.

### ***Our Fc Engineering Technologies***

Our antibody engineering technologies—NHance, ABDEG and POTELLIGENT—focus on engineering the Fc region of antibodies in order to augment their interactions with components of the immune system, thereby potentially expanding the therapeutic index of our product candidates by modifying their half-life, tissue penetration, rate of disease target clearance and potency. For example, our NHance and ABDEG engineering technologies enable us to modulate the interaction of the Fc region with FcRn, which is responsible for regulating half-life, tissue distribution and pharmacodynamic properties of IgG antibodies. Similarly, our POTELLIGENT engineering technology modulates the interaction of the antibody Fc region with receptors located on specialized immune cells known as natural killer, or NK, cells. These NK cells can destroy the target cell, resulting in enhanced ADCC.

*NHance and ABDEG: Modulation of Fc Interaction with FcRn*

An illustration of the FcRn-mediated antibody recycling mechanism is shown in *Figure 2*. ❶ Serum proteins, including IgG antibodies, are routinely removed from the circulation by cell uptake. ❷ Antibodies can bind to FcRn, which serves as a dedicated recycling receptor in the endosomes, which have an acidic environment, and then ❸A return to the circulation by binding with their Fc region to FcRn. ❸B Unbound antibodies end up in the lysosomes and are degraded by enzymes. Because this Fc/FcRn interaction is highly pH-dependent, antibodies tightly bind to FcRn at acidic pH (pH 6.0) in the endosomes, but release again at neutral pH (pH 7.4) in the circulation.

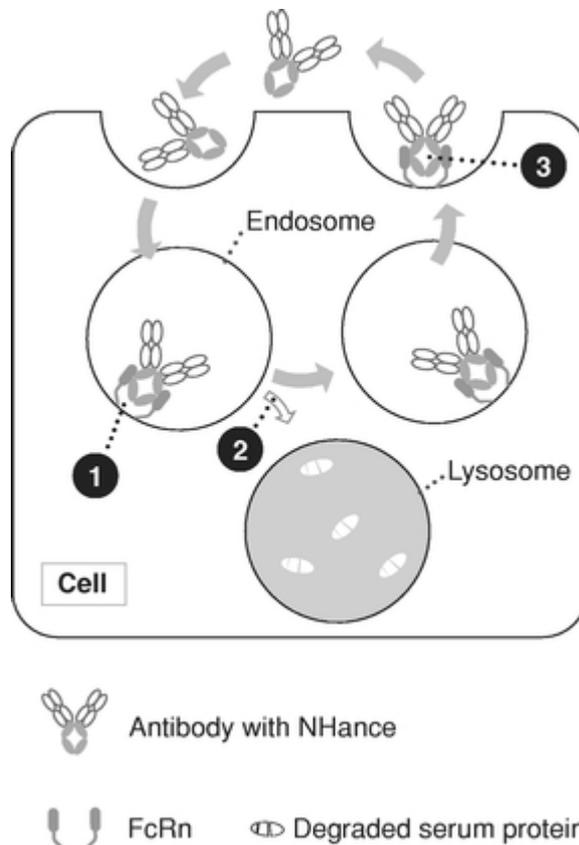


**Figure 2: The FcRn-mediated recycling mechanism**

NHance

NHance refers to two mutations that we introduce into the Fc region of an IgG antibody. NHance is designed to extend antibody serum half-life and increase tissue penetration. In certain cases, it is advantageous to engineer antibodies that remain in the circulation longer, allowing them to potentially exert a greater therapeutic effect or

be dosed less frequently. As shown in *Figure 3*, ❶ NHance antibodies bind to FcRn with higher affinity, specifically under acidic pH conditions. ❷ Due to these tighter bonds, NHance FcRn-mediated antibody recycling is strongly favored over lysosomal degradation, although some degradation does occur. ❸ NHance allows a greater proportion of antibodies to return to the circulation potentially resulting in increased bioavailability and reduced dosing frequency. ARGX-111, ARGX-109 and a number of our discovery-stage programs utilize NHance.

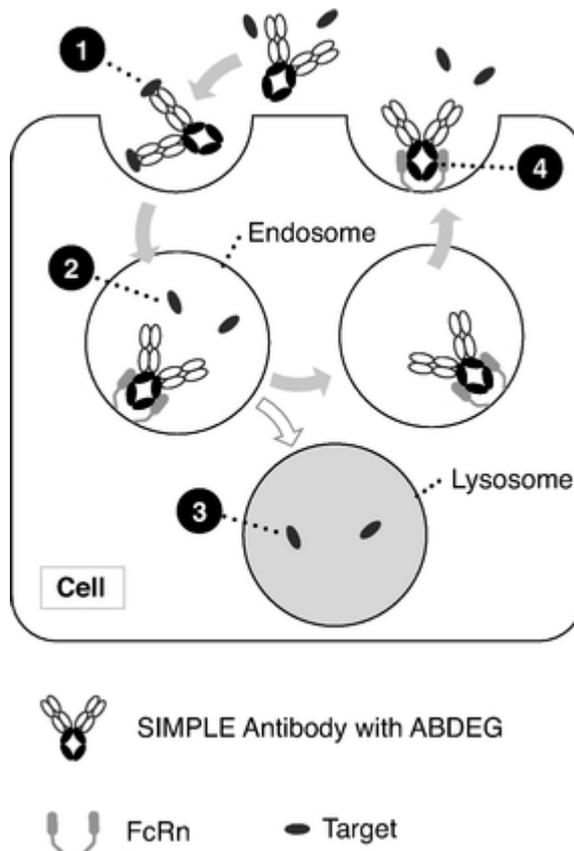


**Figure 3: NHance mutations favor the FcRn-mediated recycling of IgG antibodies**

### ABDEG

ABDEG refers to five mutations that we introduce in the Fc region that increase its affinity for FcRn at both neutral and acidic pH. In contrast to NHance, ABDEG-modified Fc regions remain bound to FcRn if the pH changes, occupying FcRn with such high affinity that they deprive endogenous IgG antibodies of their recycling mechanism, leading to enhanced clearance of such antibodies by the lysosomes. Some diseases mediated by IgG antibodies are directed against self-antigens. These self-directed antibodies are referred to as auto-antibodies. We use our ABDEG technology to reduce the level of these pathogenic auto-antibodies in the circulation by increasing the rate at which they are cleared by the lysosomes. ABDEG is a component in a number of our product candidates, including ARGX-113.

As shown in *Figure 4*, our ABDEG technology can also be used with our pH-dependent SIMPLE Antibodies in a mechanism referred to as sweeping. Certain SIMPLE Antibodies bind to their target in a pH-dependent manner. These antibodies ❶ bind tightly to a target at neutral pH while in circulation, and ❷ release the target at acidic pH in the endosome. ❸ The unbound target is degraded in the lysosome. ❹ However, when equipped with our ABDEG technology, the therapeutic antibodies remain tightly bound to FcRn at all pH levels and are not degraded themselves. Instead, they are returned to the circulation where they can bind new targets. We believe this is especially useful in situations where high levels of the target are circulating or where the target needs to be cleared very quickly from the system.



**Figure 4: SIMPLE Antibody and ABDEG technologies work in concert to sweep disease targets**

*POTELLIGENT: Modulation of Fc Interaction with NK Cells*

POTELLIGENT modulates the interaction of the Fc region with the Fc gamma receptor IIIa located on specialized immune cells, known as NK cells. These NK cells can destroy the target cell, resulting in enhanced ADCC. POTELLIGENT changes the Fc structure by excluding a particular sugar unit such that it enables a tighter fit with the Fc gamma receptor IIIa. The strength of this interaction is a key factor in determining the killing potential of NK cells. An independent publication reported that the exclusion of this sugar unit of the Fc region increases the ADCC-mediated cell-killing potential of antibodies by 10- to 1000-fold. ARGX-110 and ARGX-111 utilize POTELLIGENT (source: Expert Opin Biol Ther 2006; 6:1161-1173; <http://www.tandfonline.com/doi/full/10.1517/14712598.6.11.1161%20>).

**Our Wholly-Owned Programs**

The following is the pipeline of our wholly-owned product candidates and discovery programs:

Product Candidate	Target	Technology Used	Indication	Preclinical	Phase 1	Phase 2	Phase 3	Key Commentary / Next Anticipated Milestone
ARGX-113 (efgartigimod)	FcRn	ABDEG	Myasthenia gravis Primary immune thrombocytopenia Chronic autoimmune diseases (subcutaneous)					<ul style="list-style-type: none"> <li>1Q:2018 — Announce Phase 2 topline results</li> <li>2H:2018 — Announce Phase 2 topline results</li> <li>2H:2017 — Initiate Phase 1 clinical trial</li> </ul>
ARGX-110 (cusatuzumab)	CD70	SIMPLE Antibody POTELLIGENT	T-cell lymphoma Acute myeloid leukemia		Phase 1/2			<ul style="list-style-type: none"> <li>2H:2018 — Announce Phase 2 topline results in CTCL</li> <li>YE:2017 — Update from Phase 2 proof-of-concept cohort in CTCL and Phase I dose-escalation in AML/MDS</li> </ul>
ARGX-111	C-MET	SIMPLE Antibody POTELLIGENT NHance	Solid tumors with MET amplification					<ul style="list-style-type: none"> <li>Intend to partner</li> </ul>

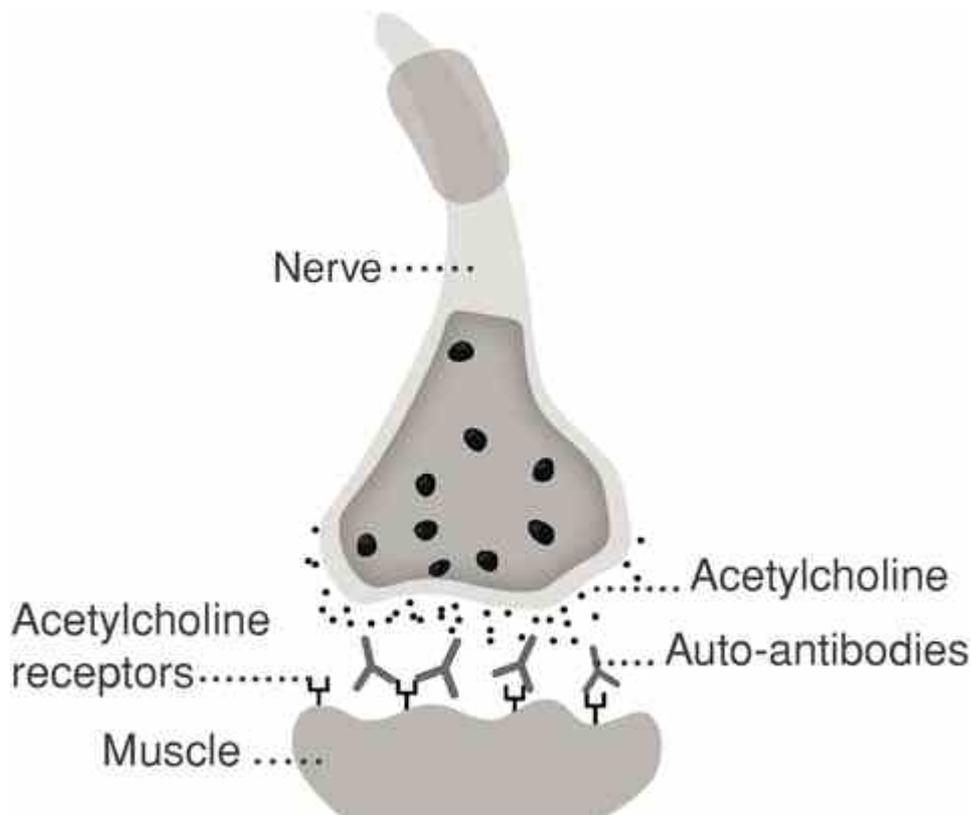
### ARGX-113

We are currently developing our lead product candidate, ARGX-113, for the treatment of patients with MG and ITP, both of which are rare and severe autoimmune diseases associated with high levels of circulating pathogenic IgG antibodies for which there are few innovative biologic treatments and a severe unmet medical need exists. ARGX-113 utilizes our ABDEG engineering technology and is designed to block the recycling of IgG antibodies, which results in their removal from circulation. We believe that our approach presents potential benefits relative to the current standard of care for MG and ITP: corticosteroids and immunosuppressants in the early stages, followed by intravenous IgG, or IVIg, and plasma exchange, or plasmapheresis, as the disease progresses. We believe these potential benefits include improved time of onset, increased magnitude and duration of therapeutic benefit, a more favorable safety and tolerability profile and a reduced cost burden to the healthcare system.

We have completed the single and multiple ascending dose parts of a double-blind, placebo-controlled Phase 1 clinical trial of ARGX-113 in 62 healthy volunteers. This clinical trial was conducted at one site in Belgium. We launched a Phase 2 clinical trial of ARGX-113 in patients with MG in January 2017 and expect to report topline data in the first quarter of 2018. This clinical trial has been initiated in Europe and, with our IND for ARGX-113 for the treatment of MG with the FDA now in effect, will include U.S. sites. In parallel, we launched a second Phase 2 clinical trial of ARGX-113 in patients with ITP in March 2017 in Europe and expect to report topline data in the second half of 2018. Depending on the outcome of these clinical trials and subject to discussions with regulatory agencies, we intend to structure our pivotal program for ARGX-113 in one or both of these indications. In addition to the intravenous formulation of ARGX-113 that we are using in our current clinical trials, we are also developing a subcutaneous formulation designed to make ARGX-113 accessible to larger patient populations, including patients requiring chronic therapy, potentially outside of the hospital setting. We plan to initiate a Phase 1 clinical trial in healthy volunteers for a subcutaneous formulation of ARGX-113 in the second half of 2017.

#### Overview of Myasthenia Gravis

MG is an autoimmune disorder associated with muscle weakness that is triggered by IgG auto-antibodies. These antibodies attack critical signaling proteins at the junction between nerve and muscle cells, thereby impairing their communication signals. As shown in *Figure 5*, in MG these auto-antibodies either bind and occupy or cross-link and internalize the receptor on the muscle cells, thereby preventing the binding of acetylcholine, the signal sent by the nerve cell. In addition, these auto-antibodies can cause destruction of the neuromuscular junction by recruiting complement, a potent cell-destroying mechanism of the human immune system.



**Figure 5: MG is caused by auto-antibodies attacking the transmission of nerve impulses to muscles**

The muscle weakness associated with MG usually presents initially in ocular muscles and can then spread into a generalized form affecting multiple muscles. MG initially causes droopy eyelids and blurred or double vision due to partial paralysis of eye movements. As MG becomes generalized it affects muscles in the neck and jaw, causing problems in speaking, chewing and swallowing. MG can also cause weakness in skeletal muscles leading to problems in limb function. In the most severe cases, respiratory function can be weakened to the point where it becomes life-threatening. These respiratory crises occur at least once in the lives of approximately 15% to 20% of MG patients.

The U.S. prevalence of MG is estimated at approximately 20 cases per 100,000 (source: Philips et al, Ann NY Acad Sci. 2003; [www.myasthenia.org/LinkClick.aspx?fileticket=EjpV6nDv8pU=&tabid=84](http://www.myasthenia.org/LinkClick.aspx?fileticket=EjpV6nDv8pU=&tabid=84)). Currently, there are an estimated 64,000 MG patients in the United States, of which an estimated 55,000 patients are suffering from generalized MG. We believe that the prevalence in Europe is at a similar level. Our initial focus is on generalized MG patients whose disease is not well-controlled with corticosteroids and immunosuppressants, which we believe represents a majority of generalized MG patients.

#### *Limitations of Current MG Treatments*

Early in their disease, patients are treated with cholinesterase inhibitors, such as pyridostigmine, followed by corticosteroids and immunosuppressants. The majority of patients with MG require some form of immunotherapy at some point during their illness. Corticosteroids are associated with a number of significant side effects, including bone thinning, weight gain, diabetes, hypertension, osteoporosis and depression. The side effects of immunosuppressants, depending on the particular immunosuppressant, include weakness, sweating, transaminase elevations, neutropenia, including severe neutropenia with infection, acute deep venous thrombosis, nausea, vomiting and the incidence of cancer. As MG becomes more advanced, patients can be treated with IVIg and plasmapheresis. Both of these approaches are associated with significant side effects.

Treatment with IVIg is based on the principle of altering the balance between synthesis and degradation of antibodies in the body. IVIg treatment results in a large increase in the quantity of IgG antibodies in circulation. This excess of exogenously added IgG antibodies competes with the endogenous autoimmune antibodies for various pathways including the FcRn antibody recycling pathway. Saturation of this pathway with exogenous IgG antibodies promotes antibody destruction, which in turn leads to a decrease in the level of autoimmune

antibodies. IVIg treatment is associated with a number of adverse events including fever, myalgia, headache, nausea and impaired kidney function or kidney disease, and IVIg can lead to life-threatening complications such as pulmonary edema, acute kidney dysfunction or stroke in elderly patients.

Plasmapheresis involves collecting blood from a patient and physically removing the IgG antibodies and other serum proteins from the plasma before returning it to the patient. Plasmapheresis is also associated with known limitations and drawbacks. Potential complications include thrombotic events, bleeding, catheter occlusion, infection, nausea, hypotension and arrhythmias. In most cases, these symptoms are mild and transient, but in some cases they can be severe and life-threatening.

Both of these approaches place a heavy cost burden on the healthcare system. In addition to the costs of the IVIg or plasmapheresis treatment itself, hospitalization of patients receiving these treatments further adds to this cost burden. According to a 2011 study, the average short-term cost for utilizing IVIg or plasmapheresis for MG crisis was \$78,814 and \$101,140 per patient, respectively (source: *J Clin Neuromuscul Dis.* 2011 Dec; 13(2): 85–94. doi: 10.1097/CND.0b013e31822c34dd). In addition to patients experiencing an MG crisis, we believe a substantial number of MG patients receive chronic IVIg or plasmapheresis for which they require frequent hospitalization

Finally, a minority of MG patients undergo thymectomy, the surgical removal of the thymus, an immune organ which is believed to play a role in the pathogenesis of the disease.

For MG patients who have advanced to the point where they are not well-controlled with corticosteroids and immunosuppressants, we believe ARGX-113 may offer advantages over IVIg and plasmapheresis, including the potential to deliver a faster onset of action, a larger and longer lasting therapeutic effect and an improved safety and tolerability profile. In addition, a subcutaneous formulation of ARGX-113 could further expand its use to patients requiring chronic therapy, potentially outside of the hospital setting.

#### *Overview of Primary Immune Thrombocytopenia*

ITP is a bleeding disease caused by an autoimmune reaction in which a patient develops antibodies that attack and destroy their own platelets, which are blood cells that help blood to clot, or their own platelet-forming cells. ITP, which develops for no known reason, is differentiated from secondary immune thrombocytopenia, which is associated with other illnesses, such as infections or autoimmune diseases, or which occurs after transfusion or taking other drugs, such as cancer drugs. Platelet deficiency, or thrombocytopenia, can cause bleeding in tissues, bruising and slow blood clotting after injury. ITP affects approximately 72,000 patients in the United States (sources: *Current Medical Research and Opinion*, 25:12, 2961-2969; *Am J Hematol.* 2012 Sep; 87(9): 848–852; *Pediatr Blood Cancer.* 2012 Feb; 58(2): 216–220).

#### *Limitations of Current ITP Treatments*

Treatment for ITP is focused on either reducing the autoimmune activity that is causing accelerated platelet destruction and allowing the platelets to recover on their own, or directly stimulating platelet production with specific growth factors. Patients with less severe ITP are treated with corticosteroids and immunosuppressants, which are associated with significant side effects also seen with such treatment of other autoimmune diseases, such as MG. For more severe ITP, splenectomy is sometimes used as treatment, although its use is rapidly declining. The use of thrombopoietin receptor agonists, which stimulate the production and differentiation of platelets and are approved for last-line therapy, is increasing. Patients diagnosed with severe ITP are primarily offered IVIg or, to a lesser extent, plasmapheresis.

IVIg can raise the platelet count within days in most patients, but the effect is usually transient. IVIg introduces high levels of exogenously added IgG antibodies to the blood stream that compete with the patient's auto-antibodies for various pathways including the FcRn-dependent antibody recycling pathway, thereby lowering the impact of the auto-antibodies. IVIg treatment for ITP requires intravenous dosing of up to 2 g/kg per day of IVIg and is associated with many of the adverse events seen with IVIg treatment of other autoimmune diseases, such as MG as described above. Both IVIg and plasmapheresis when used to treat ITP carry a high cost burden on the healthcare system as they do when used to treat MG.

The production of platelets in patients refractory to other treatments can be stimulated by drugs such as romiplostim (Nplate) or eltrombopag (Promacta) that mimic thrombopoietin. While these therapies lead to increases in blood platelet counts, they do not address the underlying cause of the disease, which is the

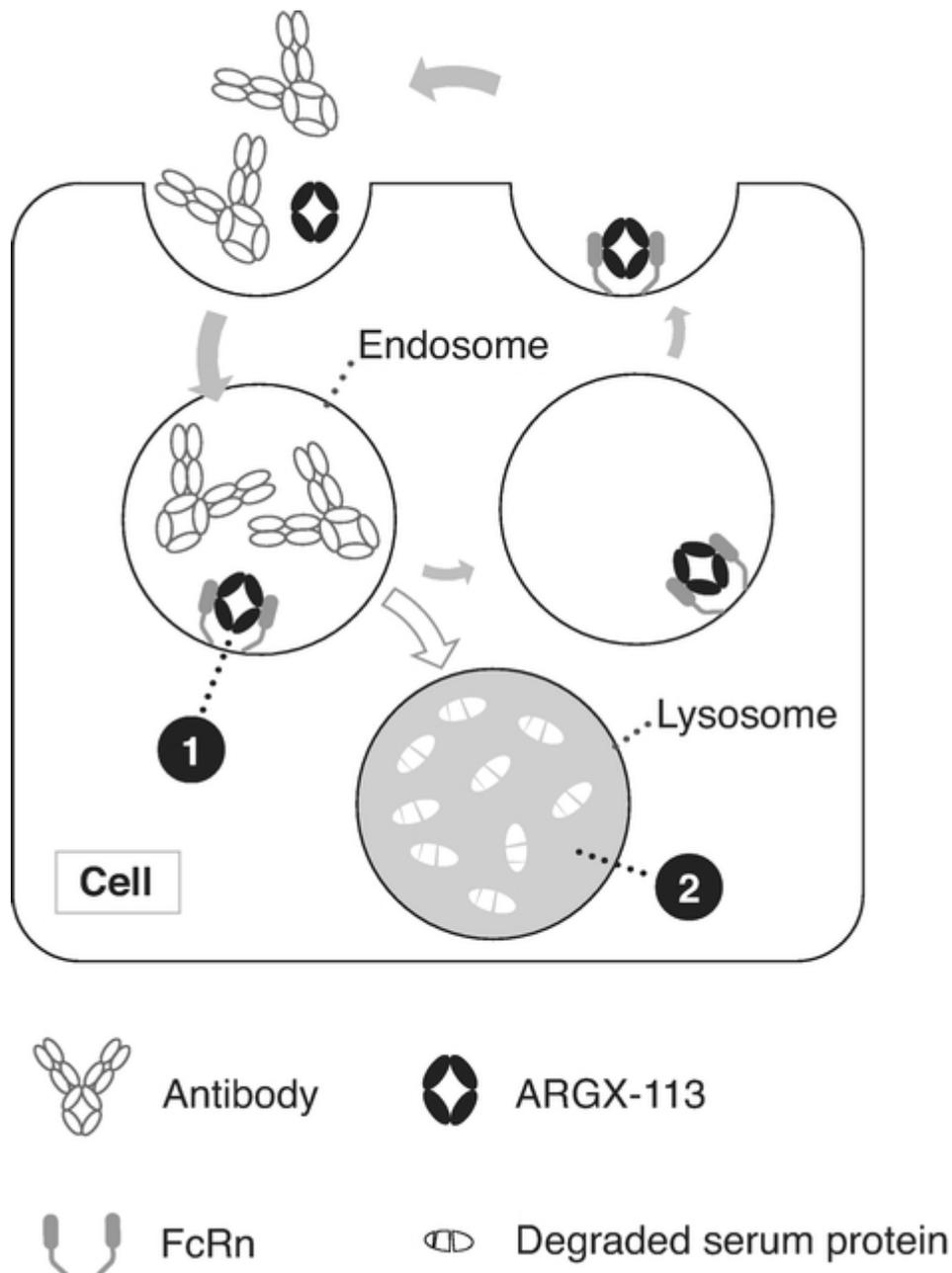
destruction of platelets by the immune system. Romiplostim (Nplate) and Eltrombopag (Promacta) are approved as last-line therapy for ITP and have generated global revenues of \$584 million and \$635 million in 2016, respectively (source: Amgen Inc. Annual Report on Form 10-K for Fiscal Year Ended December 31, 2016 (page 126)).

*Our Solution: ARGX-113*

Our lead product candidate, ARGX-113, is an antibody that we believe has the potential to overcome many of the limitations of the current standard of care for MG and ITP, including with respect to time of onset, magnitude and duration of therapeutic benefit and safety profile. We developed ARGX-113 using our ABDEG Fc engineering technology.

ARGX-113 targets FcRn with high affinity, thereby reducing levels of all four classes of IgG antibodies, which are referred to as IgG1, IgG2, IgG3 and IgG4. In the case of MG, the large majority of patients have auto-antibodies of the IgG1 and IgG3 classes, while in the case of ITP these auto-antibodies consist mainly of the IgG1 class.

As shown in *Figure 6*, ARGX-113's mechanism of action is to block the recycling of IgG antibodies and remove them from circulation. Antibodies are routinely removed from circulation by being internalized into cells, where they can either become destined for degradation in the lysosomes or recycled back into circulation. IgG antibodies not bound to FcRn are degraded, while those bound to FcRn are recycled back into circulation. ❶ As a result of our ABDEG technology and the modifications we made to the Fc region, ARGX-113 binds to FcRn with high affinity making this receptor unavailable to circulating IgG antibodies. ❷ The IgG antibodies can then no longer effectively be rescued and end up in the lysosomes where they are degraded. Compared to alternative immunosuppressive approaches, such as B-lymphocyte, or B-cell, depleting agents, ARGX-113 acts in a highly selective manner by reducing IgG antibody levels, while leaving levels of antibodies of the immunoglobulin A, or IgA, immunoglobulin M, or IgM, and immunoglobulin D, or IgD, types as well as all components of the innate immune system intact.



**Figure 6: ARGX-113's mechanism of action blocks the recycling of IgG antibodies and removes them from circulation**

Based on our preclinical studies and early clinical trial results, we believe that ARGX-113 has the potential to reduce levels of pathogenic IgG antibodies. Our clinical data suggest that ARGX-113 reduces circulating IgG antibodies more rapidly than current therapies, which we believe could translate into faster therapeutic benefit if replicated with respect to pathogenic IgG antibodies. Our clinical data also suggest that the quantity of ARGX-113 required to achieve and maintain suppression of circulating antibodies is lower than the levels of IVIg required for therapeutic benefit, which could translate into fewer infusions, shorter infusion time and a more favorable safety and tolerability profile.

In addition to MG and ITP, we believe there are other autoimmune diseases that may benefit from the mechanism of action of ARGX-113 therapy. We intend to pursue initial approval for one or both of MG and ITP because these diseases have significant unmet medical needs. We then intend to expand our clinical development efforts for ARGX-113 into additional indications also mediated by pathogenic IgG antibodies. Pathogenic auto-antibodies have been shown to be associated with skin blistering diseases—such as pemphigus, bullous

pemphigoid and epidermolysis bullosa acquisita, which are all rare, severe and chronic conditions—and systemic lupus erythematosus and multiple sclerosis, or MS, which affect larger numbers of patients.

### *Clinical Development Plan*

We are currently evaluating ARGX-113 in two Phase 2 clinical trials, one in patients with MG and one in patients with ITP. We expect to report topline data from these clinical trials in the first quarter of 2018 and in the second half of 2018, respectively. Following the conclusion of these Phase 2 clinical trials, we plan to prioritize MG and ITP and prepare to conduct a pivotal clinical trial in one or both of the indications. In addition to the current intravenous formulation of ARGX-113, we are also developing a subcutaneous formulation designed to make ARGX-113 accessible to larger patient populations including patients requiring chronic therapy, potentially outside of the hospital setting. We plan to initiate a Phase 1 clinical trial in healthy volunteers for a subcutaneous formulation of ARGX-113 in the second half of 2017.

#### Phase 2 Clinical Trial in MG

We are conducting a randomized, double-blind, placebo-controlled Phase 2 clinical trial to evaluate the safety, efficacy and pharmacokinetics of ARGX-113 in 24 generalized MG patients who are stable on cholinesterase inhibitors, steroids and immunosuppressants which make up the typical first- and second-line standard-of-care therapies. On May 4, 2017, we announced that we had recruited 50% of the total number of anticipated patients in this clinical trial. We intend to conduct the clinical trial at approximately 25 sites across Europe and the United States. Patients will be randomly assigned to two arms of 12 patients each. Patients in one treatment arm will receive 10 mg/kg of ARGX-113, and the other treatment arm will receive placebo. All patients will continue to receive the standard of care. Dosing will take place during a three-week period with four weekly doses of ARGX-113 or placebo. Patient follow-up will continue for eight weeks after treatment.

The primary objectives of this Phase 2 clinical trial are to evaluate the safety and tolerability of ARGX-113 with primary endpoints evaluating the incidence and severity of adverse events and serious adverse events, and evaluating vital signs, electrocardiogram and laboratory assessments. As a secondary objective, efficacy will be assessed. Efficacy measures include the quantitative MG score, a clinically validated quantitative test of disease severity in MG, as well as changes in other measures of MG disease severity. In addition, immunogenicity, pharmacokinetics and pharmacodynamics will be measured.

We expect to announce topline data from this Phase 2 clinical trial in the first quarter of 2018.

#### Phase 2 Clinical Trial in ITP

We are conducting a randomized, double-blind, placebo-controlled Phase 2 clinical trial to evaluate the safety, efficacy and pharmacokinetics of ARGX-113 in 36 ITP patients, who have platelet counts lower than  $30 \times 10^9/L$  and who are stable on standard-of-care treatment, consisting of corticosteroids, permitted immunosuppressants and/or thrombopoietin receptor agonists. We intend to conduct the clinical trial at approximately 35 sites across Europe. Patients will be randomly assigned to three arms of 12 patients each. All patients in this clinical trial will continue to receive standard-of-care treatment. One treatment arm will receive 5 mg/kg ARGX-113, the second arm will receive 10 mg/kg ARGX-113 and the third arm will receive placebo. Dosing will take place in a three-week period with four weekly doses of ARGX-113 or placebo. Patient follow-up will continue for eight weeks after treatment.

The primary objectives of this Phase 2 clinical trial are to evaluate safety and tolerability of ARGX-113 with primary endpoints evaluating the incidence and severity of adverse events and serious adverse events and evaluating vital signs, electrocardiogram and laboratory assessments. Secondary objectives include evaluation of efficacy, based on platelet count, use of rescue treatment and bleeding events; pharmacokinetics; pharmacodynamics; and immunogenicity.

#### Planned Phase 1 Clinical Trial for Subcutaneous Formulation of ARGX-113

In addition to the intravenous product formulation of ARGX-113 that we are currently using in our clinical trials, we are also developing a subcutaneous product formulation designed to enable administration of ARGX-113 to larger patient populations, including patients requiring chronic therapy, potentially outside the hospital setting.

We evaluated the intravenous and subcutaneous formulations of ARGX-113 head-to-head in a preclinical cynomolgus monkey model. The results suggest that both formulations result in comparable half-life in circulation of ARGX-113, a favorable bioavailability of 75% of the subcutaneous formulation and a comparable pharmacodynamic effect shown by reduction of total IgG antibodies. We believe these results suggest subcutaneous dosing of ARGX-113 in humans may be feasible. We plan to initiate a Phase 1 clinical trial in healthy volunteers for a subcutaneous formulation in the second half of 2017.

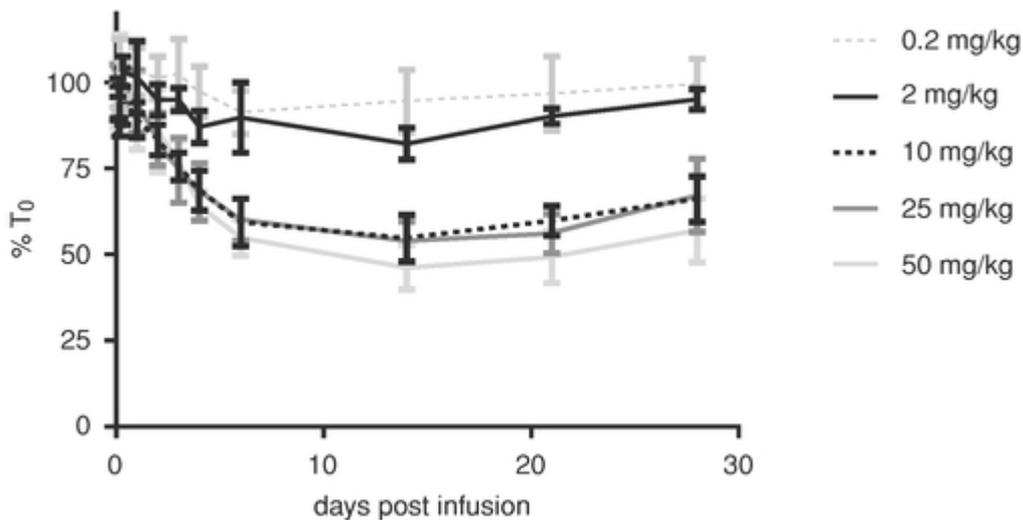
### Phase 1 Clinical Data

We have completed enrollment in a double-blind, placebo-controlled Phase 1 clinical trial in healthy volunteers to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics and immunogenicity of single and multiple doses of ARGX-113. In the first part of the clinical trial, 30 subjects were randomized to receive a single dose of ARGX-113 or placebo ranging from 0.2 mg/kg to 50 mg/kg. In the second part of the clinical trial, 32 subjects were randomized to receive multiple ascending doses of ARGX-113 or placebo up to a maximum of 25 mg/kg.

We announced interim data from this Phase 1 clinical trial in June 2016 and at a workshop we sponsored in conjunction with the American Society of Hematology annual meeting in December 2016. We expect that the full results from this clinical trial will be published in a peer-reviewed journal during the first half of 2017.

### **Single Ascending Dose**

We observed that a single two-hour infusion of 10 mg/kg ARGX-113 was associated with an approximate 50% reduction of circulating IgG antibody levels. We observed that a reduction of circulating IgG antibody levels persisted for more than four weeks after the last dose, as shown in *Figure 7*. We believe this sustained reduction would be clinically meaningful if replicated with respect to pathogenic IgG antibodies because IVIg and plasmapheresis typically result in a 30% to 60% reduction in pathogenic IgG antibody levels.

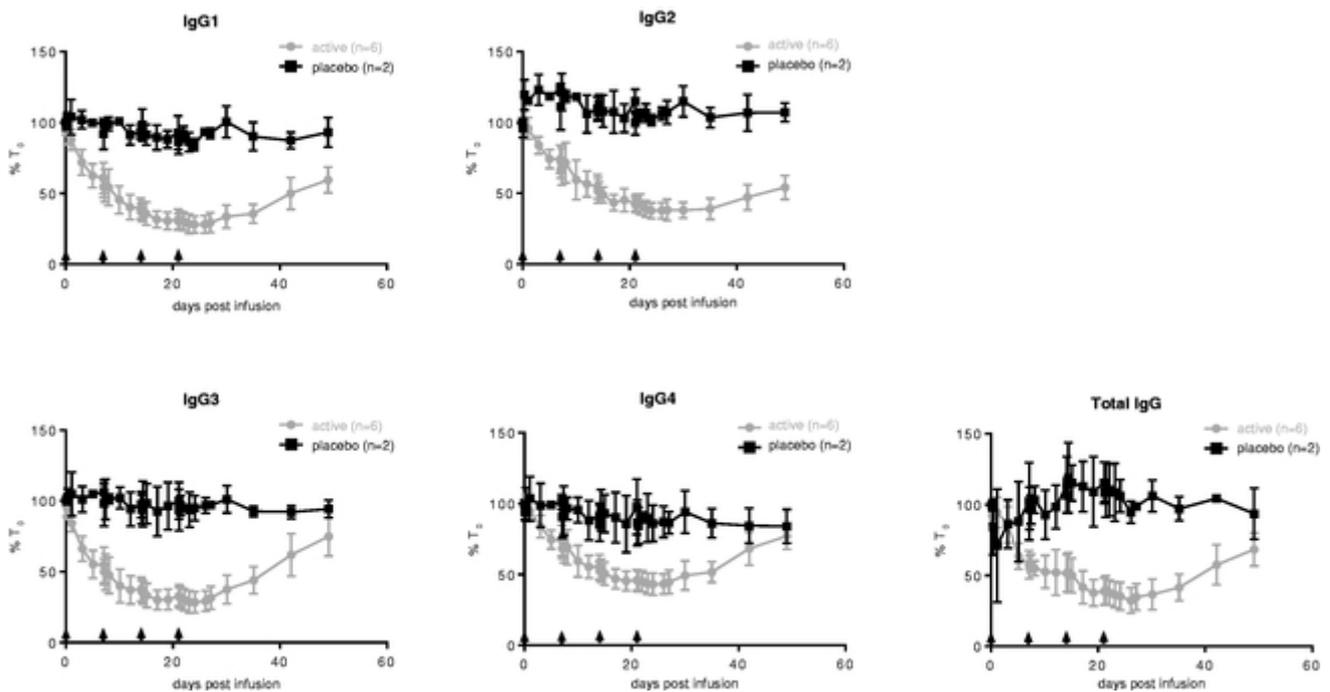


**Figure 7. Selective reduction of IgG by administration of ARGX-113 to healthy volunteers in the single ascending dose part of our Phase 1 clinical trial**

Administration of ARGX-113 at single doses up to 25 mg/kg was reported to be well-tolerated and administration of a single dose of 50 mg/kg was reported to be moderately tolerated. There were no drug- or infusion-related serious adverse events associated with doses up to 50 mg/kg. The most frequently reported drug-related adverse events included abnormal white blood cell count, increased C-reactive protein levels, headache, dizziness and chills. All of these adverse events were mild or moderate and reported only in the two highest dose groups (25 mg/kg and 50 mg/kg). While ARGX-113 was associated with a decrease in the levels of IgG antibodies, there were no observed changes in IgM or IgA levels or serum albumin observed in the clinical trial, suggesting that ARGX-113 has the potential to be a highly selective immunosuppressant.

## Multiple Ascending Dose

In the multiple ascending dose part of the Phase 1 clinical trial, repeat administration of both 10 mg/kg and 25 mg/kg of ARGX-113 every seven days, four doses in total, and 10 mg/kg every four days, six doses in total, was associated with a gradual reduction in levels of all four classes of IgG antibodies by 60% to 85%, with 10 mg/kg dose results shown in *Figure 8*. For all doses, we observed the reduction in circulating IgG antibody levels to persist for more than four weeks after the last dose with levels below 50% at approximately three weeks, and did not return to baseline levels for more than one month. Pharmacokinetic analysis of serum baseline levels of ARGX-113 indicates that it has a half-life of approximately three to four days with no drug accumulation following subsequent weekly dosing. The prolonged activity on the levels of IgG antibodies is consistent with the mechanism of action of ARGX-113 and the effect of the ABDEG technology on increasing the intracellular recycling of ARGX-113. Similar to the single ascending dose part, no significant reductions in IgM, IgA or serum albumin were observed.



**Figure 8. Reduction in the levels of four IgG antibody classes and total IgG levels in the multiple ascending dose part of our Phase 1 clinical trial of ARGX-113 in healthy volunteers at a dose of 10 mg/kg every seven days**

Administration of multiple ARGX-113 doses of 10 mg/kg and 25 mg/kg were reported to be well-tolerated. One serious adverse event, hyperventilation, was observed in the multiple ascending dose part. This event, which occurred six days after drug administration, was considered by the clinical investigator as unlikely to be related to ARGX-113. Some patients had changes to C-reactive protein levels that were considered clinically significant. The most frequently reported drug-related adverse events included headache, feeling cold, chills and fatigue, all of which were mild or moderate and reported only in the highest dose group of 25 mg/kg.

### Preclinical Data

We conducted several preclinical studies of ARGX-113. The role of FcRn in maintaining IgG homeostasis was observed in knockout mice lacking functional FcRn. In preclinical *in vitro* studies, ARGX-113 bound to human FcRn with an affinity that was 30 to 500 times higher than the naturally occurring Fc region of human IgG1. In preclinical testing in cynomolgus monkeys, ARGX-113 specifically blocked IgG antibody recycling and did not lead to reductions in IgA, IgM or serum albumin levels. In preclinical animal efficacy models of MG, ITP, rheumatoid arthritis and MS, different prototypes of ARGX-113 showed the potential to reduce pathogenic IgG antibodies, thereby reducing disease symptoms.

## **ARGX-110**

We are developing ARGX-110 in cancer indications, initially for TCL and AML, as well as high-risk MDS. TCL and AML are rare and aggressive hematological cancers for which significant unmet medical needs exist. MDS, a rare bone marrow disorder, is often a precursor to AML. ARGX-110 is a SIMPLE Antibody that blocks the cell surface protein CD70, which is overexpressed in B-cell and T-lymphocyte, or T-cell, lymphomas and leukemias and is involved in the proliferation and survival of these cells. ARGX-110 is designed to kill CD70-positive cells via its potent antibody effector functions through the use of POTELLIGENT technology.

ARGX-110 is currently being evaluated in an open-label, multi-site Phase 1/2 clinical trial in Europe in patients with advanced malignancies expressing CD70. To date, we have enrolled a total of 85 patients (of whom 84 were treated) in the Phase 1 part of the clinical trial. In this clinical trial, we have observed promising signs of biological activity in patients with a range of cancers including platinum-refractory ovarian cancer, head-and-neck cancer, myoepithelial carcinoma, mesothelioma, gastric, adenoid cystic, pancreas, lung, and renal cell carcinomas, cervix adenocarcinoma, Hodgkin's lymphoma, relapsed AML, Waldenstrom Macroglobulinemia and TCL, including in seven out of 13 CTCL patients to date. We are currently concluding two additional safety-expansion cohorts, one consisting of pre-treated patients with CD70-positive CTCL and one consisting of pre-treated patients with CD70-positive peripheral TCL, or PTCL. Pre-treated patients are defined as having failed at least one prior chemotherapy treatment. Many patients who enrolled in this clinical trial have failed more than one prior therapy. Based on the preliminary results from the Phase 1 part of the clinical trial, we have transitioned into the Phase 2 part of the clinical trial in adult relapsed or refractory CD70-positive CTCL patients in April 2017, with interim results expected to be available by the end of 2017. We expect to report topline results from this clinical trial in the second half of 2018. In addition, ARGX-110 is being evaluated in an open-label Phase 1 clinical trial in patients with nasopharyngeal carcinoma. To date, 11 patients have been enrolled in this clinical trial. In December 2016, we initiated a Phase 1/2 clinical trial of ARGX-110 in combination with azacitidine in newly diagnosed AML or high-risk MDS patients. We expect the majority of patient enrollment in this clinical trial to be AML patients. We expect to report interim results from the dose-escalation part of this clinical trial by the end of 2017. This clinical trial is currently being conducted at a single site in Switzerland.

### *Overview of T-Cell Lymphoma*

Lymphoma is the most common type of blood cancer. The two main forms of lymphoma are Hodgkin's lymphoma and non-Hodgkin's lymphoma. Lymphoma occurs when lymphocytes, a type of white blood cell, grow and multiply uncontrollably. Cancerous lymphocytes can travel to many parts of the body, including the blood and bone marrow, giving rise to leukemias, and to lymph nodes, spleen, skin or other organs, forming a mass known as a tumor. The body has two main types of lymphocytes that can develop into lymphomas: B-cells and T-cells. Hodgkin's lymphoma involves B-cells, while non-Hodgkin's lymphoma may involve either B-cells or T-cells.

TCL accounts for 6% of all cases of lymphoma and can be divided into subtypes such as PTCL, angioimmunoblastic TCL, anaplastic large cell lymphoma, or ALCL, and CTCL. These subtypes differ by location, distribution and aggressiveness of the primary tumor as well as by specific changes to the affected lymphocytes. Overall, there are approximately 7,900 new cases of TCL in the United States each year. According to the Cutaneous Lymphoma Foundation, the incidence of CTCL in the United States is approximately 3,000 new cases per year.

The two most common types of CTCL are mycosis fungoides, representing approximately 50% of CTCL patients, and a more advanced form known as Sézary syndrome, representing approximately 15% of CTCL patients. In both mycosis fungoides and Sézary syndrome, visible skin lesions offer an ongoing means with which to monitor both the progression of disease and the impact of treatment. Sézary syndrome is distinguished by the presence of malignant lymphocytes in the blood, an extensive rash covering over 80% of the body and tumors visible on the skin.

Advanced TCL is generally very aggressive and is typically treated with standard anticancer chemotherapy agents used in combination such as cyclophosphamide, doxorubicin, vincristine and prednisone, with or without the addition of biologics. Mogamulizumab, an antibody targeting the chemokine receptor CCR4, is approved in Japan for the treatment of adult TCL, and brentuximab, an anti-CD30 antibody-drug conjugate, is approved by the FDA for the treatment of ALCL. The five-year survival for all non-Hodgkin's TCL patients is 65%, with poor prognosis for subtypes such as Sézary syndrome and several PTCL types. Recently, two compounds have

been approved for the treatment of TCL by the FDA: romidepsin (ISTODAX) and pralatrexate (Folotyn). TCL patients treated with either of these agents had response rates of up to 35% (romidepsin) and 27% (pralatrexate). However, the duration of response for these therapies is between nine and 15 months, underscoring the unmet need for effective, long-lasting TCL treatments.

#### *Overview of Acute Myeloid Leukemia and Myelodysplastic Syndrome*

AML is a hematologic cancer characterized by excessive proliferation of myeloid stem cells and their failure to properly differentiate into mature white blood cells. AML is the second most common subtype of leukemia in adults. In the United States, AML has an incidence of approximately 22,000 new cases annually. AML is generally a disease of elderly people, with more than 60% of diagnosed patients being older than 60 years, and AML is uncommon before the age of 45. The average age of an AML patient is 67. The average five-year survival rate for patients with AML is 27%, but there are significant differences in prognosis depending on several factors, including the age of the patient at diagnosis. For patients under the age of 45, the five-year survival rate is approximately 57%, while for those over the age of 65 it is only 6%. There are likely multiple reasons for this discrepancy, including the ability of younger patients to tolerate more aggressive therapy. (Sources: Immunol Rev 2016; 270:132-151; <http://onlinelibrary.wiley.com/doi/10.1111/imr.12392/abstract;jsessionid=A52B4B30EAF18787DC91A0976B961EE9.f04t02>; J Mol Biol 2004; 336:1239-1249; <http://www.sciencedirect.com/science/article/pii/S0022283604000348>; Proc Natl Acad Sci 2011; 31:12669-12674; <http://www.pnas.org/content/108/31/12669.long>)

Current first-line treatments in AML typically involve aggressive chemotherapy, including alkylating agents and cytarabine potentially followed by stem cell transplantation, for younger patients with the aim to induce remission. This therapy is not recommended for older patients or patients with comorbidities, who are often treated with hypomethylating agents. We believe there is a significant need for safer, more effective AML treatments that can also be used in elderly patients. Because relapse is often due to leukemic stem cells present next to the bulk of malignant AML cells, or blasts, therapies targeting both blasts and leukemic stem cells may be more efficacious than chemotherapy only and could increase survival rates.

MDS also affects bone marrow cells, reducing their ability to produce red and white blood cells or platelets. In the United States, MDS has an incidence of approximately 13,000 new cases annually. There are currently an estimated 60,000 MDS patients in the United States. Approximately 75% of MDS patients are older than 60 years of age when diagnosed, and, like with AML, as the population ages the disease prevalence is expected to rise. Some MDS patients are at high risk to develop AML and are treated in a similar way as AML patients. (Sources: Immunol Rev 2016; 270:132-151; <http://onlinelibrary.wiley.com/doi/10.1111/imr.12392/abstract;jsessionid=A52B4B30EAF18787DC91A0976B961EE9.f04t02>; J Mol Biol 2004; 336:1239-1249; <http://www.sciencedirect.com/science/article/pii/S0022283604000348>; Proc Natl Acad Sci 2011; 31:12669-12674; <http://www.pnas.org/content/108/31/12669.long>)

#### *Our Solution: ARGX-110*

Our product candidate ARGX-110 is an antibody that we believe has the potential to add to the treatment paradigm for lymphomas and leukemias by both increasing the response rates and extending the duration of response for patients with CD70-positive advanced-stage cancers. We developed ARGX-110 using our SIMPLE Antibody Platform and the POTELLIGENT Fc engineering technology.

ARGX-110 binds to the cell surface protein CD70 with high affinity, blocking the interaction between CD70 and its receptor CD27 and targeting CD70 expressing cells for destruction by multiple immune pathways. CD70 is a cell surface protein that is highly expressed in cancer, including in T-cell and B-cell lymphomas, leukemias and certain solid tumors. In normal tissues, CD70 expression is either low or absent. Binding of CD70 to its receptor, CD27, initiates a cascade of intracellular events leading to cell proliferation and survival. As a byproduct of CD70 binding to CD27, the extracellular portion of CD27 is cleaved, creating a soluble form of CD27 known as sCD27, which can easily be measured. The presence of sCD27 is thought to be correlated with CD70 activity and potentially tumor load. Because sCD27 can easily be measured, it may serve as a biomarker for CD70 activity, potentially allowing us to identify target patients based on the likelihood of response to treatment, monitor disease progression and measure the impact of anti-CD70 therapy.

ARGX-110 exhibits potent ADCC through the use of POTELLIGENT technology as well as complement-dependent cytotoxicity and antibody-dependent cellular phagocytosis leading to the killing of cells expressing CD70.

Based on the broad overexpression of CD70 in hematological cancers, we may decide to study ARGX-110 in additional hematological cancer indications beyond TCL and AML.

In addition to ARGX-110's potential as a monotherapy, we believe that it may be suited for combination therapy given its reported tolerability to date; the fact that certain cancer treatments, such as histone deacetylase inhibitors, hypomethylating agents and irradiation, may upregulate CD70; and resistance to certain treatment with tyrosine kinase inhibitors may be effected through CD70 overexpression.

#### *Clinical Development Plan*

We are currently evaluating ARGX-110 in an open-label, multi-site Phase 1/2 clinical trial in Europe in patients with advanced malignancies expressing CD70. We have transitioned this clinical trial into the open-label Phase 2 part in 10 adult, relapsed or refractory CD70-positive CTCL patients, with interim data expected to be available by the end of 2017. We expect to report topline results from this clinical trial in the second half of 2018.

In December 2016, we initiated an open-label Phase 1/2 clinical trial of ARGX-110 at a single site in Switzerland for the treatment of newly diagnosed AML or high-risk MDS patients. We expect the majority of patient enrollment in this clinical trial to be AML patients. We expect to report interim results from the dose-escalation phase of this clinical trial by the end of 2017. Patient recruitment is currently ongoing, and we have recruited one AML patient to date.

#### Phase 2 in CTCL

We initiated the open-label Phase 2 part of our Phase 1/2 clinical trial of ARGX-110 in 10 adult, relapsed or refractory CD70 positive CTCL patients in April 2017. We plan to conduct this clinical trial at multiple centers in Europe. All patients in this part of the clinical trial will receive a 5 mg/kg dose of ARGX-110 monotherapy. Patients will cease treatment if necessary for either safety reasons or disease progression. The primary endpoint of this part of the clinical trial is efficacy, and secondary endpoints include safety and characterization of pharmacokinetics and immunogenicity. We expect to report topline results from this clinical trial in the second half of 2018.

#### Phase 1 Part of Phase 1/2 Clinical Trial in Patients with Advanced Malignancies Expressing CD70

We followed a step-wise adaptive clinical trial design for ARGX-110, in which 84 patients have been treated to date. We initially completed a dose-escalation part in 26 patients overexpressing CD70. Subsequently, we completed two safety-expansion cohorts in 20 patients with solid tumors and 19 patients with hematological cancers overexpressing CD70, respectively. This clinical trial design is adaptive in that it allows us to make data driven decisions and open-up new cohorts in indications where we have seen the most promising early signals of biological activity. While the primary goal of the Phase 1 part of this clinical trial is to investigate safety and pharmacokinetics, we have also observed evidence of biological activity in several of the patients treated. These results led us to pursue the further evaluation of ARGX-110 in additional Phase 1 safety-expansion cohorts aiming to recruit approximately 10 CTCL and 10 PTCL patients. Patient recruitment is currently ongoing, and we have recruited 14 CTCL patients (13 of whom have been treated) and six PTCL patients to date.

#### **Phase 1 Dose-Escalation (completed)**

In the dose-escalation part of the clinical trial, ARGX-110 doses ranging between 0.1 mg/kg and 10 mg/kg were administered to patients with CD70-positive tumors who were refractory or relapsed after standard therapy. In total, 127 treatment cycles, with dosing every three weeks, of ARGX-110 were administered to 26 patients.

No dose-limiting toxicities were observed. The most frequent drug-related adverse events were fatigue in 27% of patients and mild (grade 1-2) infusion-related reactions in 38% of patients. Other monoclonal antibodies engineered using POTELLIGENT or similar third-party products that augment ADCC such as mogamulizumab, obinutuzumab and imgatuzumab also have infusion-related reaction rates of 24% to 77%. Premedication with acetaminophen, antihistamines and/or corticosteroids are used to reduce the impact of infusion-related reactions. Administration of ARGX-110 was associated with inflammatory responses such as swelling and redness in skin

lesions followed by reductions in the size, or necrosis, of these skin lesions, and overall improvement in the clinical appearance of the skin.

There were 20 serious adverse events seen in 10 of these pre-treated patients (five patients at a dose of 0.1 mg/kg, two patients at a dose of 1 mg/kg, one patient at a dose of 2 mg/kg and two patients at a dose of 10 mg/kg), but no significant trends in terms of safety were observed between the dose groups. Many patients who enrolled in this study have failed more than one prior therapy. All drug-related adverse events referenced in this paragraph and in *Table 1* were evaluated by the investigators according to the Common Terminology Criteria for Adverse Events guidelines (CTCAE v4.03). Only the five serious adverse events of Grade 2 infusion-related reactions were considered by the investigators to be drug-related, occurring in five different patients. All other serious adverse events were considered non-drug-related by the treating investigator. In addition to these serious adverse events, there were three Grade 3 and 4 adverse events deemed drug-related by the investigators, as summarized in *Table 1*. No Grade 4 drug-related toxicities were detected among this patient population.

**Table 1. Grade 3 and 4 drug-related adverse events in ARGX-110 in open-label, Phase 1 dose-escalation part**

Grade 3 and 4 adverse events	0.1 mg/kg	1 mg/kg	2 mg/kg	5 mg/kg	10 mg/kg
<i>Number of patients</i>	6	5	7	3	5
Fatigue (Grade 3) <sup>1</sup>	1	—	—	—	—
Anorexia (Grade 3) <sup>2</sup>	1	—	—	—	—
Hypoxia (Grade 3) <sup>3</sup>	1	—	—	—	—

- (1) Fatigue not relieved by rest, limited selfcare activities of daily living.
- (2) Associated with significant weight loss or malnutrition (*e.g.*, inadequate oral caloric and/or fluid intake); tube feeding or total parenteral nutrition indicated.
- (3) Decreased oxygen saturation at rest (*e.g.*, pulse oximeter < 88% or PaO<sub>2</sub> ≤ 55 mm Hg).

Seven patient deaths were reported in the dose-escalation part of the clinical trial, of which five deaths were attributed to disease progression (three at a dose of 0.1 mg/kg, one at a dose of 1 mg/kg and one at a dose of 2 mg/kg), one death was attributed to sepsis (at a dose of 10 mg/kg) and one death was attributed to respiratory failure (at a dose of 1 mg/kg). None of these deaths were deemed to be drug-related according to the investigator.

In the dose-escalation part of this clinical trial, the half-life of ARGX-110 was observed to be approximately 13 days. Anti-drug antibodies were detected in 50% of all patients, the majority of which were seen at the 0.1 mg/kg and 1mg/kg doses. In two relapsed or refractory CD70-positive patients with Sézary syndrome, we observed that CD70-positive tumor cells were reduced in the blood after dosing of ARGX-110, one patient at a dose level of 0.1 mg/kg and the other at a dose level of 10 mg/kg.

**Phase 1 Safety-Expansion Cohorts in Patients with CD70-positive Solid Tumors and in Patients with CD70-positive Hematological Tumors (completed)**

Two safety-expansion cohorts have been completed using a 5 mg/kg dose of ARGX-110, one in 20 patients with CD70-positive solid tumors, and one in 19 patients with CD70-positive hematological tumors. A similar safety profile as seen in the dose-escalation part was observed in these safety-expansion cohorts. There were 47 serious adverse events observed in these pre-treated patients. Many patients who enrolled in this study have failed more than one prior therapy. All drug-related adverse events referenced in this paragraph and in *Table 2* were evaluated by the investigators according to the Common Terminology Criteria for Adverse Events guidelines (CTCAE v4.03). Eight of these serious adverse events were deemed drug-related by the investigators. The most frequent drug-related adverse events were fatigue in 21% of patients and infusion-related reactions in 23% of patients. Fourteen patient deaths were reported in these cohorts (all at a dose of 5 mg/kg), of which 10 deaths were attributed to disease progression, one death was attributed to aspergillosis, one death was attributed to a fatal pleural hemorrhage, one death was attributed to pneumonia and one patient death, which was deemed drug-related by the investigator, which occurred in a heavily pre-treated patient with Waldenström Macroglobulinemia and was attributed to sepsis and general condition deterioration. In this context, heavily pre-treated means having failed multiple lines of prior treatment. Anti-drug antibodies were detected in 13% of

the patients. Grade 3 and 4 drug-related adverse events from the completed safety-expansion part of the clinical trial are summarized in *Table 2*. No Grade 4 drug-related toxicities were observed among this patient population.

**Table 2. Grade 3 and 4 drug-related adverse events in 5 mg/kg dose of ARGX-110 in open-label, Phase 1 safety-expansion part (first two completed cohorts)<sup>1</sup>**

	<u>n (patients)</u>
Fatigue (Grade 3) <sup>2</sup> .....	3
Infusion-related reaction (Grade 3) <sup>3</sup> .....	1*
Anemia (Grade 3) <sup>4</sup> .....	1
Febrile neutropenia (Grade 3) <sup>5</sup> .....	1
Trombocytopenia (Grade 3) <sup>6</sup> .....	1

(1) N=39.

(2) Fatigue not relieved by rest, limited selfcare activities of daily living.

(3) Prolonged (*e.g.*, not rapidly responsive to symptomatic medication and/or brief interruption of infusion); recurrence of symptoms following initial improvement.

(4) Hemoglobin < 8.0 g/dL; <4.9 mmol/L; <80 g/L; transfusion indicated.

(5) G3 ANC < 1000/mm<sup>3</sup> with a single temperature of > 38.3 degrees C (101 degrees F) or a sustained temperature of ≥ 38 degrees C (100.4 degrees F) for more than one hour.

(6) < 50,000 - 25,000/mm<sup>3</sup>; < 50.0 - 25.0 × 10<sup>9</sup>/L

\* Two Grade 3 infusion-related reactions were reported for this patient at the same time.

**Phase 1 Safety-Expansion Cohorts in Patients with CD70-positive CTCL and in Patients with CD70-positive PTCL (ongoing)**

Two additional safety-expansion cohorts are ongoing, one consisting of heavily pretreated patients with CD70-positive CTCL and one consisting of heavily pretreated patients with CD70-positive PTCL. Currently, we have recruited 14 CTCL patients (13 of whom have been treated) and six PTCL patients to date. We expect to announce topline results from this expansion phase of the Phase 1 clinical trial before the end of 2017.

While the safety-expansion part is still ongoing, we have seen promising preliminary results in some of the first 13 evaluable CTCL patients. At doses of 1 mg/kg every three weeks, we observed three patients to achieve a partial response and four patients to have stable disease (uncleaned data). Based on the ongoing biomarker and pharmacokinetic analysis from those patients, we decided to increase the dose of ARGX-110 to 5 mg/kg. To date, the safety profile of ARGX-110 in this safety-expansion part appears to be similar to what we observed in the dose-escalation part and previous safety-expansion cohorts. The preliminary responses as of April 20, 2017 observed in the first 13 evaluable CTCL patients can be seen in *Table 3*.

**Table 3. Overview of 13 CTCL patients treated with ARGX-110 in the TCL safety-expansion cohort (uncleaned data as of April 20, 2017)**

Patient / indication	Number of treatment cycles received <sup>1</sup>																	Best response <sup>2</sup>
	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	
CTCL follicular T helper like	■	■																Progressive disease
CTCL panniculitis type*	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	Partial response
CTCL-MF/SS (+PTCL-NOS <sup>3</sup> )	■	■																Stable disease
CTCL-MF	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	Stable disease
CTCL-MF	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	Stable disease
CTCL-MF	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	Partial response
CTCL-MF	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	Progressive disease
CTCL-SS	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	Progressive disease
CTCL-SS	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	Partial response
CTCL-SS	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	Progressive disease
CTCL-MF	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	Stable disease
CTCL-MF*	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
CTCL-MF*	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	

■ 1 mg/kg ■ 5 mg/kg

- (1) Each cycle is three weeks.  
(2) Based on the modified Severity Weighted Assessment Tool, or mSWAT, a widely-used method for scoring of skin lesions in CTCL. The mSWAT score takes into account the number and severity of skin lesions as well as the total body surface area affected. A stable disease score is given if the mSWAT score does not increase by more than 25%. A partial response is deemed to have occurred with a 50% reduction in the mSWAT score. A complete response requires a 100% reduction in mSWAT score.  
(3) NOS: not other specified. PTCL-NOS is the most common TCL subtype.  
\* Patient currently on study.  
Note: MF = mycosis fungoides; SS = Sézary syndrome.

#### Phase 1 Clinical Trial in Nasopharyngeal Carcinoma

In addition, ARGX-110 is being evaluated in an open-label Phase 1 clinical trial in patients with nasopharyngeal carcinoma at various stages of its natural history (adjuvant vs. metastatic). To date, 11 patients have been enrolled in this clinical trial. Patients receive a dose of 5 mg/kg ARGX-110, which can administered as monotherapy or as combination therapy with chemotherapy. The choice of the chemotherapy agents is limited to cisplatin, carboplatin, 5-fluorouracil, gemcitabine and paclitaxel. The clinical trial is currently ongoing, and no Grade 3 or 4 drug-related adverse events have been reported to date.

#### Phase 1/2 Clinical Trial in Combination with Azacitidine in Patients with AML or High-Risk MDS

We are evaluating ARGX-110 in an open-label, dose-escalating Phase 1/2 clinical trial to evaluate its safety, tolerability and efficacy in combination with azacitidine in newly diagnosed AML or high-risk MDS patients. The clinical trial was initiated in December 2016. All patients in this clinical trial will receive ARGX-110 in combination with 75 mg/m<sup>2</sup> azacitidine, which is the standard of care for AML. During the dose-escalation part of the clinical trial, three doses of ARGX-110, 1 mg/kg, 3 mg/kg and 10 mg/kg administered bi-weekly, will be evaluated in up to 18 patients. Patients will be dosed every two weeks until disease progression. The primary objective of the Phase 1 part of the clinical trial is to determine the maximum tolerated dose of ARGX-110 and/or the recommended Phase 2 dose in combination with azacitidine. Once the dose for the combination therapy is selected, efficacy will be evaluated in the Phase 2 proof-of-concept part involving up to 21 patients.

We expect this clinical trial will be a multi-center trial conducted in Europe. We expect to report interim results from the dose-escalation phase of this clinical trial by the end of 2017.

### Preclinical Data

We conducted preclinical studies of ARGX-110 in support of our clinical program. In preclinical testing in cynomolgus monkeys, ARGX-110 was well-tolerated. In preclinical mouse efficacy models, ARGX-110 variants showed the potential to prolong survival in Burkitt's lymphoma, overcome tyrosine kinase inhibitor resistance thereby prolonging survival in chronic myeloid leukemia, or reduce blast and leukemic stem cell burden thereby prolonging survival in AML. In a preclinical mouse efficacy model of acute lymphocytic leukemia, the administration of an ARGX-110 variant led to the acute death of some animals with high tumor load.

### **ARGX-111**

We are developing ARGX-111 for the treatment of patients with certain solid tumors that overexpress c-Met, a receptor associated with tumor growth and metastasis, or tumors that are mesenchymal-epithelial transition factor, or MET, amplified. MET-amplified tumors possess multiple copies of the MET gene, resulting in elevated c-Met levels. While c-Met overexpression and MET amplification both result in elevated c-Met levels, clinical and preclinical evidence suggests c-Met from MET-amplified tumors is a disease driver in some cancers. ARGX-111 employs our SIMPLE Antibody, NHance and POTELLIGENT technologies to drive tissue penetration in the body and to increase its ability to enhance ADCC. ARGX-111 binds to c-Met with high affinity and does not cause dimerization of the c-Met receptor, which differentiates it from other, earlier attempts to direct antibodies against c-Met. Dimerization is a process which can result in receptor activation, undermining the intended therapeutic effect of antibodies blocking hepatocyte growth factor, or HGF, binding to c-Met. By blocking both HGF-dependent and independent c-Met activation, ARGX-111 is able to block c-Met receptor activation which could trigger survival, proliferation and metastasis of tumor cells. Thus, we believe ARGX-111 may have a differentiated clinical profile.

### *Clinical Development Plan*

#### Phase 1b Clinical Trial in Patients with Advanced Cancer Overexpressing the c-Met Protein

We conducted a Phase 1 clinical trial in Europe consisting of a dose-escalation part in 19 treatment-refractory patients whose tumors overexpress c-Met and a safety-expansion part in five treatment-refractory patients whose tumors were MET-amplified. We chose to focus the safety-expansion part on MET-amplified tumors, rather than c-Met overexpressing tumors, because of the accumulating preclinical and clinical evidence suggesting MET amplification is an oncogenic driver. The primary objective of this Phase 1 clinical trial was to determine the recommended Phase 2 dose of ARGX-111, with the primary endpoint evaluating the incidence of dose-limiting toxicity. As a secondary objective, safety, immunogenicity, pharmacokinetics and pharmacodynamics were characterized, with secondary endpoints being the pharmacokinetics and pharmacodynamics profile of ARGX-111, as well as tumor response.

#### **Dose-Escalation Part**

In the dose-escalation part of the Phase 1 clinical trial, ARGX-111 was dosed every three weeks at 0.3 mg/kg, 1 mg/kg, 3 mg/kg and 10 mg/kg in treatment-refractory patients whose tumors overexpress c-Met. Dose-limiting infusion-related reactions were observed at 10 mg/kg, and it was determined to continue further clinical testing at a dose of 3 mg/kg. Nineteen serious adverse events were seen in 12 patients (four events in two patients at a dose of 0.3 mg/kg, two events in one patient at a dose of 1 mg/kg, seven events in six patients at a dose of 3 mg/kg and six events in three patients at a dose of 10 mg/kg). Except for six events of infusion-related reactions and one event of bone pain, no drug-related serious adverse events were observed. Seven patient deaths were reported (one at a dose of 0.3 mg/kg, one at a dose of 1 mg/kg, four at a dose of 3 mg/kg and one at a dose of 10 mg/kg), all of which were due to underlying disease and disease progression and were not deemed to be drug-related according to the investigator.

#### **Safety-Expansion Part**

One safety-expansion cohort has been completed in five treatment-refractory MET-amplified cancer patients using a 3 mg/kg dose of ARGX-111 every two weeks. Eight serious adverse events were seen in four of these

patients. Except for one case of infusion-related reaction, none of those were deemed drug-related according to the investigator. One patient death attributed to disease progression and pneumonia was reported and was not deemed to be drug-related according to the investigator.

Although neither the dose-escalation part nor the safety-expansion part were designed to evaluate the efficacy of ARGX-111, we anecdotally observed reduced tumor burden at various sites and stable disease in a gastric cancer patient with bone metastases who was refractory to multiple rounds of prior treatment and in a MET-amplified renal cancer patient with metastases and progressive disease. Overall, we observed signs of biological activity for ARGX-111 in seven out of 19 patients in the dose-escalation part, including one partial response, and in three out of five patients in the safety-expansion cohort.

### Preclinical Data

In preclinical orthotopic breast cancer models in mice, ARGX-111 was observed to reduce circulating tumor cells and cancer metastasis both in the adjuvant and the neo-adjuvant setting.

### Intent to Partner

Given the size of the potential patient populations and the costs of clinical development for ARGX-111, we intend to begin Phase 2 development only if and when we have entered into a collaboration with an appropriate partner.

### **Our Partnered Programs**

The following is the pipeline for our partnered product candidates and discovery programs. For more information on our collaborations, see “—Collaborations.”

Product Candidate	Target	Technology Used	Indication	Preclinical	Phase 1	Phase 2	Phase 3	Partner
ARGX-109 (gerlimzumab)	IL-6	SIMPLE Antibody NHance	Rheumatoid arthritis	▶				• Bird Rock Bio
ARGX-112	IL-22R	SIMPLE Antibody	Skin inflammation	▶				• LEO Pharma
ARGX-115	GARP	SIMPLE Antibody	Cancer immunotherapy	▶				• AbbVie
ARGX-116	ApoC3	SIMPLE Antibody	Dyslipidemia	▶				• Staten Biotechnology

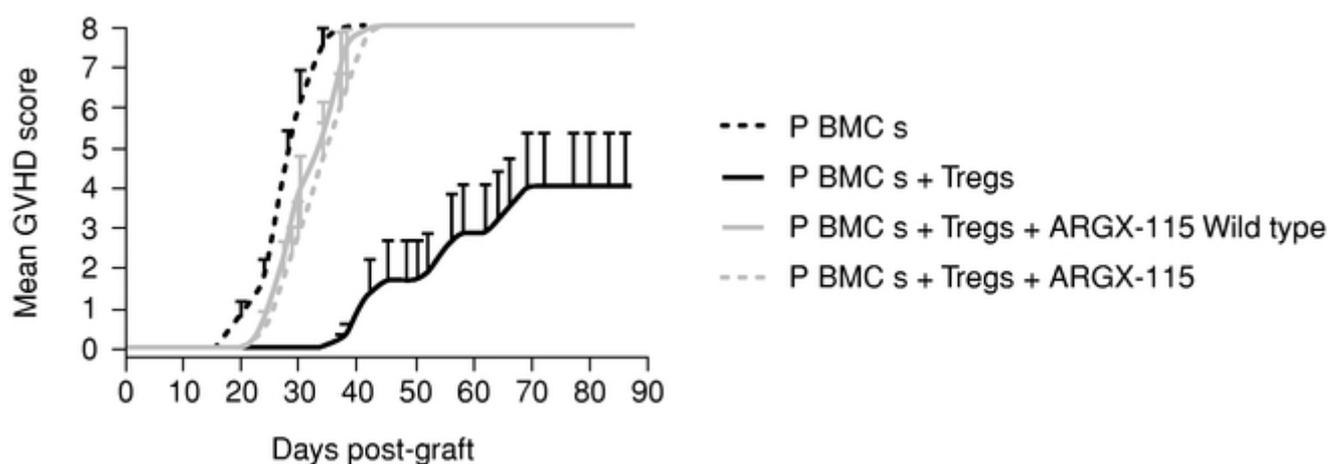
### ***ARGX-115 (partnered with AbbVie)***

We are developing ARGX-115 as a cancer immunotherapy against the novel target GARP, a protein present on the surface of activated regulatory T-cells, or Tregs. We are developing ARGX-115 with our collaboration partner AbbVie. See “—Collaborations.”

ARGX-115 employs our SIMPLE Antibody technology and works by stimulating a patient’s immune system after a tumor has suppressed the immune system by co-opting immunosuppressive cells such as Tregs. While the normal function of Tregs is to suppress portions of the immune system to prevent a self-directed immune response through the release of active transforming growth factor beta, or TGF-β, Tregs can also prevent the immune system from recognizing and suppressing pathogenic cells including cancer cells. By binding to GARP, which plays a key role in the regulation of production and release of active TGF-β, ARGX-115 works to limit the immunosuppressive activity of Tregs and thereby stimulate the immune system to attack cancer cells. We believe this specific inhibition of TGF-β release by Tregs is potentially superior as a therapy to systemic

inhibition of TGF- $\beta$  activity or the depletion of Tregs, the presumed mode of action of ipilimumab (Yervoy), and that its specificity has the potential to provide an improved safety profile.

ARGX-115 was observed to be active in a mouse model of graft-versus-host disease, or GVHD, where it was able to completely block the activity of Tregs, suggesting its potential to re-activate the immune system against cancer cells. In this model, human peripheral blood lymphocytes, or PBMCs, are introduced into mice leading to a rapid onset of disease, caused by these PBMCs attacking the mouse host. When human Tregs are added to the human PBMCs, they can significantly delay disease onset and reduce disease severity. However, the addition of ARGX-115 completely neutralized the effect of human Tregs, resulting in a rapid onset of the disease again. The purpose of the experiment was to show that when ARGX-115 binds to GARP on Tregs, the normal immune suppressive function of Tregs is itself suppressed so that the immune system is free to act. In this experiment, the PBMCs represent the human immune system. The Tregs suppress the PBMCs when they are added (illustrated by lower PBMC activity—in this case represented by less activity against the mouse host). ARGX-115 suppresses the Tregs, allowing the immune system to act (as represented by the PBMCs once again attacking the mouse host). A prototype of ARGX-115 devoid of cell-killing ability was as effective as ARGX-115 with cell-killing ability as shown in *Figure 9*, leading us to believe the effect of ARGX-115 is mainly due to blocking Treg activity.



**Figure 9. Preclinical data of ARGX-115 in a graft-versus-host disease model**

We are currently advancing ARGX-115 through preclinical studies up to completion of IND-enabling studies, at which point AbbVie has the right to exercise an option to obtain a worldwide, exclusive license to ARGX-115.

#### **ARGX-109 (partnered with Bird Rock Bio)**

ARGX-109 (gerilimumab) is being developed for the treatment of rheumatoid arthritis, or RA, by our collaboration partner Bird Rock Bio. See “—Collaborations.”

ARGX-109 employs our SIMPLE Antibody and NHance technologies and blocks interleukin 6, or IL-6, a cell-signaling protein that is an important driver of inflammatory response implicated in the transition from acute to chronic inflammation. Chronic inflammation is a notable feature of several diseases, including RA, psoriatic arthritis and chronic kidney disease. In particular, IL-6 has been shown to stimulate the immune system to increase tissue destruction and joint damage in RA patients. By targeting a unique epitope, ARGX-109 potentially enables blocking of IL-6 with high potency, with the goal of mitigating inflammatory responses at lower and less frequent doses than current therapies directed at IL-6.

Bird Rock Bio has completed two Phase 1 clinical trials of ARGX-109 in 50 healthy volunteers to assess the safety and tolerability of the compound in single and multiple ascending doses compared to placebo. The clinical trials also explored the pharmacokinetics of ARGX-109. In these clinical trials, ARGX-109 was reported to be well-tolerated with no serious adverse events. Further, ARGX-109 was observed to have a prolonged half-life in circulation. In January 2017, Bird Rock Bio announced that it had received approval for the initiation of a Phase 2 clinical trial in Brazil in approximately 200 patients with RA.

### ***ARGX-112 (partnered with LEO Pharma)***

We are developing ARGX-112 for the treatment of dermatologic indications involving inflammation, together with our collaboration partner LEO Pharma. See “—Collaborations.”

ARGX-112 employs our SIMPLE Antibody technology and blocks the interleukin-22 receptor, or IL-22R, in order to neutralize the signaling of interleukin-22, or IL-22, and interleukin-20, or IL-20, both of which are cytokines involved in the proliferation and differentiation of skin cells. When overexpressed, IL-22 and IL-20 are implicated in autoimmune diseases of the skin, including atopic dermatitis, psoriasis and pustular psoriasis. In preclinical studies, ARGX-112 was observed to have high neutralization potency for IL-22R and favorable *in vivo* pharmacokinetics and distribution to the skin.

Under the collaboration, LEO Pharma will fund more than half of all product development costs up to approval of a CTA in Europe for a first product in a Phase 1 clinical trial. After CTA approval of a first product in a Phase 1 clinical trial, LEO Pharma will be solely responsible to fund the clinical development of the program.

### ***ARGX-116 (partnered with Staten Biotechnology)***

We are developing ARGX-116 for the treatment of dyslipidemia, together with our collaboration partner Staten Biotechnology. See “—Collaborations.”

ARGX-116 employs our SIMPLE Antibody technology and blocks APOC3, a metabolic target involved in triglyceride metabolism. APOC3 is supported as a therapeutic target by human genetic evidence suggesting that deactivating mutations in the APOC3 gene results in a favorable lipoprotein profile, lower insulin sensitivity, longevity and protection from cardiovascular disease.

ARGX-116 is the first of up to three research programs under the collaboration. Under the terms of the collaboration, the parties are jointly responsible for conducting research under a mutually agreed research program, with Staten reimbursing us for all costs of carrying out our research responsibilities under each research program.

### ***Innovative Access Program***

We have developed a program designed to secure access to early, cutting edge targets, which we call our Innovative Access Program. Through our Innovative Access Program, we are able to serially collaborate with leading academic labs by providing them access to our SIMPLE Antibody Platform technology with the goal of expediting the validation of new targets and accelerating the addition of new product candidates to our pipeline. In return, we receive early access to these targets and provide academic groups or biotechnology companies a simple path to clinical validation and future commercialization of promising ideas in which we and the academic lab or biotechnology company both share in the upside potential.

One example of the value of the Innovative Access Program is ARGX-115, which was developed in collaboration with the de Duve Institute / Université Catholique de Louvain. We provided antibodies to the academic groups to help validate the target. This in turn, allowed the groups to advance their work successfully, including the facilitation of supportive publications. Subsequently, this program formed the basis of our collaboration with AbbVie. ARGX-115 exemplifies how our Innovative Access Program enables us to generate product candidates against novel targets that may be of high interest for collaboration with biopharmaceutical partners. Another example is ARGX-116, which was discovered in close collaboration with disease biology experts from Staten Biotechnology, an emerging biotechnology company specialized in the field of dyslipidemia.

In March 2017, we entered into a collaboration under our Innovative Access Program with Broteio Pharma B.V. to develop an antibody against a novel target in the complement cascade with therapeutic potential in autoantibody- and complement-mediated indications including autoimmune haemolytic anaemia and antibody mediated rejection following organ transplantation. Under the terms of the agreement, we and Broteio will jointly develop the complement-targeted antibody to seek to establish preclinical proof-of-concept using our proprietary suite of technologies. Upon successful completion of these studies, we may exercise an exclusive option to license the program and assume responsibility for further development and commercialization.

## **Manufacturing and Supply**

We utilize third-party contract manufacturers who act in accordance with the FDA's good laboratory practices, or GLP, and current good manufacturing practices, cGMP, for the manufacture of drug substance and product. Currently, we contract with Lonza based in Slough, UK, for all activities relating to the development of our cell banks, development of our manufacturing processes and the production of all drug substance, thereby using validated and scalable systems broadly accepted in our industry. We use additional contract manufacturers to fill, label, package, store and distribute investigational drug products.

ARGX-113, ARGX-110, ARGX-111 and ARGX-112 are each manufactured using an industry-standard mammalian cell culture of a Chinese hamster ovary cell line that expresses the product, followed by multiple purification and filtration steps typically used in producing monoclonal antibodies.

All of our antibodies are manufactured by starting with cells, which are stored in a cell bank. We have one master cell bank for each product manufactured in accordance with cGMP. Half of each master cell bank is stored at a separate site with the goal that, in case of a catastrophic event at one site, sufficient vials of the master cell bank would remain at the alternative storage site to continue manufacturing.

## **Competition**

We participate in a highly innovative industry characterized by a rapidly growing understanding of disease biology, quickly changing technologies, strong intellectual property barriers to entry, a multitude of companies involved in the creation, development and commercialization of novel therapeutics. These companies are highly sophisticated and often strategically collaborate with each other.

We compete with a wide range of pharmaceutical companies, biotechnology companies, academic institutions and other research organizations for novel therapeutic antibody targets, new technologies for optimizing antibodies, talent, financial resources, intellectual property rights and collaboration opportunities. Many of our competitors and potential competitors have substantially greater scientific, research and product development capabilities as well as greater financial, manufacturing, marketing and sales and human resources than we do. In addition, there is intense competition for establishing clinical trial sites and registering patients for clinical trials. Many specialized biotechnology firms have formed collaborations with large, established companies to support the research, development and commercialization of products that may be competitive with ours. Accordingly, our competitors may be more successful than we may be in developing, commercializing and achieving widespread market acceptance.

Competition in the autoimmune field is intense and involves multiple monoclonal antibodies, other biologics and small molecules either already marketed or in development by many different companies including large pharmaceutical companies such as AbbVie Inc. (Humira/rheumatoid arthritis); Amgen Inc. (Enbrel/rheumatoid arthritis); Biogen, Inc. (Tysabri/multiple sclerosis); GlaxoSmithKline plc, or GSK, (Benlysta/lupus); Roche, (Rituxan/often used off label); and Janssen (Remicade/rheumatoid arthritis and Stelara/psoriasis). In some cases, these competitors are also our collaborators. In addition, these and other pharmaceutical companies have monoclonal antibodies or other biologics in clinical development for the treatment of autoimmune diseases.

ARGX-113 Competition: In addition to the current standard of care, we are aware that Alexion Pharmaceuticals, Inc.; GSK; Roche; Novartis AG; CSL Behring; Grifols, S.A.; BioMarin Pharmaceutical Inc.; Curavac and Millenium Pharmaceuticals, Inc., among others, are developing drugs that may have utility for the treatment of MG. We are aware that Rigel Pharmaceuticals, Inc.; Eisai Inc.; Bristol-Myers Squibb; Shire Immunomedics; Protalex Inc. and others are developing drugs that may have utility for the treatment of ITP. Furthermore, we are aware of competing products specifically targeting FcRn and being developed by UCB S.A.; Momenta, Inc.; Shire Plc; Syntimmune, Inc. and Hannal Biotech.

ARGX-110 Competition: Competition in the leukemia and lymphoma space is intense, with many compounds in clinical trials by large multinational pharmaceutical companies and specialized biotech companies. Rituxan (Roche), Adcetris (Seattle Genetics, Inc./Takeda Pharmaceutical Company Ltd), Darzalex (Janssen), Poteligeo (Kyowa Hakko Kirin Co., Ltd.) are some examples of monoclonal antibodies approved for the treatment of Hodgkin's lymphoma, non-Hodgkin's lymphoma, multiple myeloma or other blood cancers. In addition, we are aware of a number of other companies with development stage programs that may compete with ARGX-110 in the future if it is approved. We anticipate that we will face intense and increasing competition as new treatments enter the market and advanced technologies become available.

There are several monoclonal antibody drug discovery companies that may compete with us in the search for novel therapeutic antibody targets, including Adimab LLC; Merus N.V.; Regeneron Pharmaceuticals, Inc.; Xencor Inc. and MorphoSys AG. We are aware that a product candidate in development by Scholar Rock, Inc. may compete with ARGX-115 and a product candidate in development by Ionis Pharmaceuticals, Inc. may compete with ARGX-116, if they are approved.

Our commercial opportunity could be reduced or eliminated if our competitors' products prove to be safer and more tolerable, more effective, more convenient to dose, less expensive, faster to approve, or more effectively marketed and reimbursed than any of our product candidates that may gain regulatory approval. In addition, the level of generic competition and the availability of reimbursement from government and other third-party payors will impact the commercial viability of our programs.

## **Collaborations**

We have entered into multiple collaboration agreements with pharmaceutical partners. We expect to continue to collaborate selectively with pharmaceutical and biotechnology companies to leverage our discovery platform and accelerate product candidate development.

### ***Our Strategic Partnership with AbbVie (for ARGX-115)***

In April 2016, we entered into a collaboration agreement with AbbVie to develop and commercialize ARGX-115. Under the terms of the collaboration agreement, we will be responsible for conducting and funding all ARGX-115 research and development activities up to completion of IND-enabling studies.

We have granted AbbVie an exclusive option, for a specified period following completion of IND-enabling studies, to obtain a worldwide, exclusive license to the ARGX-115 program to develop and commercialize products. Following the exercise of the option, AbbVie will assume certain development obligations, and will be solely responsible for all research, development and regulatory costs relating to the products. We received an upfront, non-refundable, non-creditable payment of \$40.0 million (€35.1 million as of the date the payment was received) from AbbVie for the exclusive option to license ARGX-115, and we achieved the first of two preclinical milestones, triggering a \$10.0 million payment, and are eligible to receive a second near-term preclinical milestone of \$10.0 million. We are also eligible, if AbbVie exercises its option, to receive additional development, regulatory and commercial milestone payments in aggregate amounts of up to \$110.0 million, \$190.0 million and \$325.0 million, respectively, as well as tiered royalties on sales at percentages ranging from the mid-single digits to the lower teens, subject to customary reductions.

We have the right, on a product-by-product basis to co-promote ARGX-115-based products in the European Economic Area and Switzerland and combine the product with our own future immuno-oncology programs. The co-promotion effort would be governed by a co-promotion agreement negotiated in good faith by the parties. In addition to the ARGX-115 program, and upon reaching a predetermined preclinical stage milestone, AbbVie will fund further GARP-related research by us for an initial period of two years. AbbVie will have the right to license additional therapeutic programs emerging from this research, for which we could receive associated milestone and royalty payments.

If AbbVie does not exercise its option to license ARGX-115, we have the right to pursue development and commercialization of ARGX-115 by ourselves or with another partner.

Unless earlier terminated upon mutual agreement, for material breach or as otherwise specified in the agreement, the term of the option and license agreement ends, with respect to the ARGX-115 program, upon the earliest of (i) a technical failure of the IND-enabling studies which is outside of our control, (ii) AbbVie's election to not exercise its option, or (iii) following AbbVie's exercise of the option, fulfilment of all payment obligations under the agreement. AbbVie may terminate the agreement for any reason upon prior written notice to us. AbbVie's royalty payment obligations expire, on a product-by-product and country-by-country basis, on the date that is the later of (i) such time as there are no valid claims covering such product, (ii) expiration of regulatory or market exclusivity in respect of such product or (iii) 10 years after the first commercial sale of such product sold in that country under the agreement.

### ***Our Collaboration with Bird Rock Bio (for ARGX-109)***

In October 2012, we entered into an exclusive license agreement with Bird Rock Bio to develop and commercialize ARGX-109. Under the terms of the collaboration, Bird Rock Bio is solely responsible for and bears all costs incurred in the research, development and commercialization of ARGX-109.

We have granted Bird Rock Bio an exclusive, worldwide, royalty-bearing license to develop and commercialize ARGX-109. Bird Rock Bio has certain diligence obligations with regard to development and commercialization of ARGX-109 and must report their progress in achieving these milestones on an annual basis. We received a non-refundable, non-creditable upfront payment from Bird Rock Bio of €0.5 million in cash plus shares of Bird Rock Bio stock, and we are eligible to receive additional development milestone payments of up to approximately €10.0 million in cash and additional shares of Bird Rock Bio stock, regulatory milestone payments of up to €10.0 million in cash and commercial milestone payments of up to €12.0 million in cash. We are eligible to receive tiered royalties on Bird Rock Bio's commercial sales of ARGX-109 at percentages ranging from the low to high single digits and a tiered percentage of Bird Rock Bio's sublicensing income ranging from the mid teens to high twenties, subject to customary reductions. In connection with the collaboration, we also granted Bird Rock Bio a sublicense under our license agreement with the University of Texas with respect to our NHance Fc engineering technology, which is incorporated into ARGX-109.

In the event that Bird Rock Bio fails to achieve a certain performance milestone within a designated period after entering the agreement, we have the right to terminate the agreement, unless Bird Rock Bio pays us an amount equal to the milestone payment that would have been payable had the milestone event occurred. In addition, in the event that Bird Rock Bio does not meet certain sublicensing objectives with respect to a product, we have the option to enter a profit sharing arrangement with Bird Rock Bio, under which we have the option to fund 50% of remaining program costs for a product and waive future milestone and royalty payments in return for a 50% share of all profits with respect to that product.

Unless earlier terminated upon mutual agreement, for material breach or as otherwise specified in the agreement, the collaboration term ends with the expiry of the last royalty term under the agreement. Each royalty term expires, on a product-by-product and country-by-country basis, on the date that is the later of (i) 10 years after the first commercial sale of such product sold in that country under the agreement or (ii) such time as there are no valid claims covering such product. Bird Rock Bio may terminate the agreement upon prior written notice to us in the event of a technical failure in product development.

### ***Our Strategic Partnership with LEO Pharma (for ARGX-112)***

In May 2015, we entered into a collaboration agreement with LEO Pharma to develop and commercialize ARGX-112. Under the terms of the collaboration, LEO Pharma will fund more than half of all product development costs up to CTA approval of a first product in a Phase 1 clinical trial, with our share of such costs capped. After CTA approval of a first product in a Phase 1 clinical trial, LEO Pharma will be solely responsible to fund the clinical development of the program.

Up through specified periods following the latest to occur of (i) submission of an application to commence a Phase 2b dose finding trial (or Phase 3 clinical trial if a Phase 2b is not conducted) or (ii) the availability of an International Preliminary Examination report for ARGX-112 patent rights after completion of a Phase 2a clinical trial, LEO Pharma may exercise an option to obtain an exclusive, worldwide license to further develop and commercialize products. Following the exercise of the option, LEO Pharma would assume full responsibility for the continued development, manufacture and commercialization of such product, subject to certain diligence obligations. If LEO Pharma elects to exercise this option, it must pay us an option fee. We received a non-refundable, non-creditable upfront payment from LEO Pharma of €3.0 million in cash. We are also eligible to receive additional development, regulatory and commercial milestone payments in aggregate amounts of up to €11.5 million, €6.0 million and €102.5 million, respectively, as well as tiered royalties on product sales at percentages ranging from the low single digits to the low teens, subject to customary reductions.

If LEO Pharma does not exercise its option prior to expiration of the applicable option period, if it does not meet certain diligence obligations within a specified time, or if the agreement is terminated other than for reasons of our breach or insolvency, then we have the right to develop and commercialize ARGX-112 alone, subject to our obligation to pay LEO Pharma low-single digit percentage royalties on net sales of any product covered by any LEO Pharma patents, know-how or rights in research results generated under the collaboration. If the agreement

is terminated for reasons of our breach or insolvency, rights to product candidates in development at the time of such termination will be allocated to the parties through a mechanism specified in the agreement.

Unless earlier terminated upon mutual agreement, for material breach or as otherwise specified in the agreement, the term of the agreement ends upon the later of (i) the expiration of the option period, (ii) the expiration of the last license which has been granted under the agreement, and (iii) the fulfilment of all payment obligations which may arise under the agreement. LEO Pharma may terminate the agreement for any reason upon prior written notice to us. LEO Pharma's royalty payment obligations expire, on a product-by-product and country-by-country basis, on the date that is the later of (i) such time as there are no valid claims covering such product, (ii) in major market countries in which no composition of matter patent has been issued covering such product, the expiration of the data exclusivity period or (iii) in countries that are not major market countries, a double-digit number of years after the first commercial sale of such product sold in that country under the agreement.

#### ***Our Research Collaboration with Staten (for ARGX-116)***

In January 2015, we entered into a collaboration agreement with Staten Biotechnology B.V., or Staten, to develop and commercialize products in the area of dyslipidemia therapy. Under the collaboration agreement, the parties will seek to discover and characterize antibodies against at least one and up to three different human gene targets that have therapeutic relevance in the field of dyslipidemia and/or cardiovascular disease. Each research program will last no more than 24 months from commencement unless the parties agree otherwise. The first research program under this agreement has commenced and been extended to December 2017. ARGX-116 will be the initial product candidate under the collaboration, and Staten exercised its exclusive option to license ARGX-116 in March 2017. Under the terms of the collaboration, the parties are jointly responsible for conducting research under a mutually agreed research program, with Staten reimbursing us for all costs of carrying out our research responsibilities under each research program. Staten is also responsible for additional clinical development.

On a research program-by-research program basis, up through a specified period within such research program, we have granted Staten an option to obtain an exclusive, worldwide, permanent license to research, develop and commercialize products identified under the collaboration. If Staten elects to exercise this option for a product, it would be obligated to pay us a percentage of any payments payable to or on behalf of Staten's shareholders in the event of (i) a change of control of Staten, (ii) any licensing, sale, disposition or similar transaction relating to any such product, or (iii) otherwise from the research, development or commercialization of that product. This percentage varies by stage of development for an applicable product and ranges up to the low-twenties, subject to downward proportional adjustment in the event a portion of the proceeds from the applicable transaction does not include payment for the product candidate we developed with Staten. Staten has certain diligence obligations to develop and commercialize at least one product during the term of the agreement and must report on their progress in doing so on an annual basis.

If Staten does not exercise its option with respect to a research program prior to expiration of the applicable option period, then we have the right to research, develop and commercialize product candidates in relation to the relevant target at our sole cost and expense.

Unless earlier terminated upon mutual agreement, for material breach or as otherwise specified in the agreement, the collaboration term ends on the later of (i) January 2020, (ii) expiration of the last license granted by us under the agreement, (iii) expiration of last option period for Staten and (iv) fulfilment of all payment obligations which have arisen or may arise pursuant to the agreement. In addition, we may terminate the agreement in whole or with respect to a research program if no targets have been selected within 24 months of the effective date of the agreement, other than the target selected for the research program already under way.

#### ***Our Strategic Collaboration with Shire***

In February 2012, we entered into a collaboration agreement with Shire to discover, develop and commercialize novel human therapeutic antibodies against up to three targets to address diverse, rare and unmet diseases. Under the terms of the collaboration, for any target selected for study under the collaboration, the parties worked together to conduct research and development through discovery of antibodies with certain specificity for and functional activity against those targets.

Up through a specified period following completion of each study for a target, we have granted Shire an exclusive option to obtain all right, title and interest in any antibodies discovered under a study and to obtain an

exclusive, worldwide license under our intellectual property which is necessary to further develop and commercialize products incorporating such antibodies. Following exercise of its exclusive option, Shire has certain diligence obligations to develop and commercialize at least one product. To exercise this option with respect to antibodies discovered against any of the three initial targets named in the agreement, Shire must pay us a one-time option fee.

In May 2014, we expanded the collaboration agreement to accommodate research and development of additional novel targets implicated in multiple disease areas to provide Shire with a sublicense under our license agreement with the University of Texas with respect to our NHance and ABDEG engineering technologies and to provide an option to a sublicense to the POTEILLIGENT technology of BioWa, Inc. The initial three year term of this expanded agreement expires on May 30, 2017, and Shire has opted to extend the collaboration term for a further year until May 30, 2018.

Shire may exercise options to develop and commercialize programs arising under our expanded agreement, in which case an option fee is due on a per program basis.

In addition to option fees, Shire would also be obligated to pay us on a per-product basis upon achievement of specified development, regulatory and commercial milestones and a percentage of net sales as a royalty. Milestones are paid on a first product per indication per study target basis, and we are eligible to receive payments in aggregate amounts of up to \$3.8 million, \$4.5 million and \$22.5 million, upon achievement of development, regulatory and commercial milestones, respectively, for a product generated against one of the three initial targets named in the 2012 agreement. For products generated against additional targets nominated under the 2014 agreement, development and regulatory milestone payments remain the same, and we are eligible to receive payments in aggregate amounts of up to \$60.0 million for achievement of commercial milestones. The royalties payable to us are tiered, single digit and are subject to customary reductions. Through December 31, 2016, pursuant to the agreement Shire has paid us an aggregate total of (i) €3.4 million in upfront payments, (ii) €0.3 million in milestone payments and (iii) \$9.6 million in research and development fees. In addition, Shire purchased €12.0 million of our ordinary shares in July 2014 by participating in our initial public offering on Euronext Brussels.

If Shire does not exercise its option with respect to any discovered antibody within the specified period, then we are free to research, develop and commercialize antibodies in relation to the applicable study target, subject to negotiation of a license from Shire for the use of any antibodies that were discovered during the applicable study, or any Shire confidential information, Shire intellectual property or Shire's interest in any joint intellectual property. If (a) Shire (i) does not exercise its option with respect to any discovered antibody, or (ii) exercises its option but later abandons development of such antibody or (iii) the agreement is terminated other than for our breach or insolvency, and (b) Shire is no longer pursuing a development program with respect to the applicable study target, then we may elect to continue the development of such antibody at our sole cost and expense, subject to negotiation of a license from Shire under which Shire will receive either specified royalties, if we commercialize the program ourselves, or a percentage of sublicensing revenues, if the program is subsequently sublicensed to a third party.

Unless earlier terminated upon mutual agreement, for material breach or as otherwise specified in the agreement, the collaboration term ends with the expiry of the last royalty term under the agreement. Each royalty term expires, on a product-by-product and country-by-country basis, on the date that is the later of (i) such time as there are no valid claims covering such product or (ii) 10 years after the first commercial sale of such product sold in that country under the agreement. Shire may terminate the agreement for any reason upon prior written notice to us.

### **License Agreements**

We are a party to a number of license agreements under which we license patents, patent applications and other intellectual property from third parties. We enter into these agreements to augment our proprietary intellectual property portfolio. The licensed intellectual property covers some of our product candidates and some of the Fc engineering technologies that we use. These licenses impose various diligence and financial payment obligations on us. We expect to continue to enter into these types of license agreements in the future.

### ***Our Exclusive License with the University of Texas (NHance and ABDEG)***

In February 2012, we entered into an exclusive license with The Board of Regents of The University of Texas System, or UoT, for use of certain patents rights relating to the NHance platform, for any use worldwide. The agreement was amended on December 23, 2014 to also include certain patent rights relating to the ABDEG platform.

Upon commercialization of any of our products that use the in-licensed patent rights, we will be obligated to pay UoT a percentage of net sales as a royalty until the expiration of any patents covering the product. This royalty varies with net sales volume and is subject to an adjustment for royalties we receive from a sublicensee of our rights under this agreement, but in any event does not exceed 1%. In addition, we must make annual license maintenance payments to UoT until termination of the agreement. We have assumed certain development, regulatory and commercial milestone payment obligations and must report on our progress in achieving these milestones on a quarterly basis. The maximum amount of milestone payments we would be required to make is approximately \$0.5 million. Through December 31, 2016, we have paid UoT an aggregate of \$0.5 million, which includes reimbursement for UoT's patent prosecution and maintenance costs. We also have certain diligence requirements with respect to development and commercialization of products which use the in-licensed patent rights.

Under the terms of the license, we have the right to grant sublicenses to third parties, subject to certain restrictions. If we receive any non-royalty income in connection with such sublicenses we must pay UoT a percentage of such income varying from low-middle single digits to middle-upper single digits depending on the nature of the sublicense. Such fees are waived if a sublicensee agrees to pay the milestone payments as set forth in our agreement with UoT.

We may unilaterally terminate the license agreement for convenience upon prior written notice. Absent early termination, the agreement will automatically expire upon the expiration of all issued patents and filed patent applications within the patent rights covered by the agreement. Our royalty payment obligations expire, on a product-by-product and country-by-country basis, at such time as there are no valid claims covering such product.

### ***Our Non-Exclusive License with BioWa (POTELLIGENT)***

In October 2010, we entered into a non-exclusive license agreement with BioWa, Inc., or BioWa, for use of certain patents and know-how owned by BioWa and relating to its POTELLIGENT<sup>®</sup> Technology, for use in the field of prevention and treatment of human diseases. POTELLIGENT<sup>®</sup> Technology is referred to herein as POTELLIGENT. Under the terms of the license, we are granted a non-exclusive right to use POTELLIGENT to research, develop and commercialize antibodies and products containing such antibodies. BioWa retains a right of first negotiation for the exclusive right to develop and commercialize, in certain countries only, any product we develop using POTELLIGENT. We successfully applied POTELLIGENT to ARGX-110, an anti-CD70 mAb, and ARGX-111, an anti-c-Met mAb, under this license.

Upon commercialization of our products developed using POTELLIGENT, we will be obligated to pay BioWa a percentage of net sales of a licensed product as a royalty. This royalty varies with net sales volume, ranging in the low single digits, and it is reduced by half if during the following 10 years from the first commercial sale of the product in a country the last valid claim within the licensed patent(s) that covers the product expires or ends. In addition, we must make annual license maintenance payments which cease with commencement of our royalty payments to BioWa. We have certain diligence requirements with respect to development and commercialization of products. We have also assumed certain development, regulatory and commercial milestone payment obligations and must report on our progress toward achieving these milestones on an annual basis. Milestones are to be paid on a commercial target-by-commercial target basis, and we are obligated to make milestone payments in aggregate amounts of up to \$36.0 million per commercial target should we achieve annual global sales of over \$1.0 billion.

Under the terms of the license, we have the right to grant sublicenses to third parties, subject to certain restrictions.

We may terminate the license agreement at any time by sending BioWa prior written notice. Absent early termination, the agreement will automatically expire upon the expiry of our royalty obligations under the agreement. In the event the agreement is terminated for any reason, the license grant to us would cease but

BioWa would grant our sublicensees a direct license following such termination. In the event the agreement is terminated other than for our breach or insolvency, we would retain the right to sell licensed products then on hand for a certain period of time post-termination.

***Our Non-Exclusive Licenses with BioWa and Lonza (POTELLIGENT CHOK1SV)***

To scale up production of our product candidates ARGX-110 and ARGX-111 for clinical trial supply, we required a license to a GMP cell line in which POTELLIGENT antibodies could be expressed. This cell line, POTELLIGENT CHOK1SV, was jointly developed by BioWa and Lonza. In December 2013 and August 2014, respectively, we entered non-exclusive commercial license agreements for ARGX-110 and ARGX-111 with BioWa and Lonza for use of certain patents and know-how relating to the POTELLIGENT<sup>®</sup> CHOK1SV Technology, which is a combination of Lonza's GS System and BioWa's POTELLIGENT<sup>®</sup> Technology, for use in the field of prevention and treatment of human diseases. Under the terms of each commercial license, we received a non-exclusive right to research, develop and commercialize products containing an antibody generated specifically against a specific target using POTELLIGENT<sup>®</sup> CHOK1SV, namely the target CD70 in the case of ARGX-110 and c-Met in the case of ARGX-111. Both targets are designated as reserved targets under our 2010 license agreement with BioWa, which continues to govern our research, development and commercialization of products utilizing BioWa's POTELLIGENT<sup>®</sup> Technology. Under the terms of each commercial license, BioWa retains a right of first negotiation for the exclusive right to develop and commercialize, in certain countries only, any product we develop using POTELLIGENT<sup>®</sup> CHOK1SV.

Upon commercialization of our products developed using POTELLIGENT<sup>®</sup> CHOK1SV, we will be obligated to pay both BioWa and Lonza a percentage of net sales as a royalty. We are required to pay a royalty to BioWa on net sales for any specific licensed product under only one license—either the POTELLIGENT<sup>®</sup> agreement or the POTELLIGENT<sup>®</sup> CHOK1SV agreement, but not both. The BioWa royalty is tiered, ranging in the low single digits and is reduced by half if during the following 10 years from the first commercial sale of the product in a country the last valid claim within the licensed BioWa patent(s) that covers the product expires or ends. The Lonza royalty varies based on whether the product is manufactured by Lonza, us or a third party, but in any event is in the low single digits and is reduced by half if during the following 10 years from the first commercial sale of the product in a country the last valid claim within the licensed Lonza patent(s) that covers the product expires or ends. In addition, we must make annual license maintenance payments to BioWa which cease with commencement of payment of the BioWa royalty, and annual payments to Lonza in the event that any product is manufactured by a party other than Lonza, us or one of our affiliates or strategic partners named in the agreement.

We have assumed certain development, regulatory and commercial milestone payment obligations to both BioWa and Lonza and must report on our progress toward achieving these milestones on an annual basis. We are required to pay such milestones and royalties to BioWa under only one license—either the POTELLIGENT<sup>®</sup> agreement or the POTELLIGENT<sup>®</sup> CHOK1SV agreement, but not both. Payments related to the development and commercialization of ARGX-110 and ARGX-111 are foreseen under their respective POTELLIGENT<sup>®</sup> CHOK1SV agreements. Milestones are to be paid on a product-by-product basis, and we are obligated to make development, regulatory and commercial milestone payments to BioWa in aggregate amounts of up to \$36.0 million per product should we achieve global annual sales of \$1.0 billion. We are obligated to make development, regulatory and commercial milestone payments to Lonza in aggregate amounts of up to approximately £1.1 million per product, if such product is manufactured by Lonza, us or one of our affiliates or strategic partners, or £3.1 million per product, otherwise. Through December 31, 2016, we have paid BioWa an aggregate amount of \$1.0 million, which includes target reservation fees and annual research license fees under our POTELLIGENT<sup>®</sup> agreement and commercial license fees and milestone payments under our POTELLIGENT<sup>®</sup> CHOK1SV agreement. Through December 31, 2016, we have paid Lonza an aggregate amount of £46.0 thousand, which includes milestone payments.

Under the terms of both commercial licenses, we have the right to grant sublicenses to certain pre-approved third parties, but otherwise must obtain BioWa and Lonza's prior written consent.

We may terminate the agreement at any time by sending BioWa and Lonza prior written notice. Absent early termination, the agreement will automatically expire upon the expiry of our royalty obligations under the agreement. In the event the agreement is terminated for any reason, the license grant to us would cease but BioWa and Lonza would grant our sublicensees a direct license following such termination. In the event the agreement is terminated other than for our failure to make milestone or royalty payments, we would retain the right to sell products then on hand for a certain period of time post-termination. Our royalty payment obligations

expire, on a product-by-product and country-by-country basis, on the date that is the later of (i) 10 years after the first commercial sale of such product sold in that country under the agreement or (ii) such time as there are no valid claims covering such product.

### ***Our Collaboration with UCL (GARP)***

In January 2013, we entered into a collaboration and exclusive product license agreement with Université Catholique de Louvain, or UCL, and Sopartec S.A., or Sopartec, to discover and develop novel human therapeutic antibodies against GARP. Under the terms of the collaboration, each party was responsible for all of its own costs and in connection with the activities assigned to it under a mutually agreed research plan.

In January 2015, we exercised the option we had been granted to enter into an exclusive, worldwide commercial license for use of certain GARP-related intellectual property rights owned by UCL and the Ludwig Institute for Cancer Research to further develop and commercialize licensed products. Upon the expiration of the agreement, this license became a fully paid up, perpetual worldwide exclusive license under the GARP intellectual property for any purpose, subject to UCL's retention of non-commercial research rights.

Under the terms of the license, we have the right to grant sublicenses to third parties, subject to certain restrictions. If we receive any income in connection with such sublicenses, we must pay Sopartec a percentage of that income varying from mid-single digit to lower teen digit depending on the stage of development of the licensed products at the time the sublicense was entered into. In the event that we have not granted a sublicense, we are required to pay a percentage of net sales as a royalty. This royalty varies with net sales volume, but does not exceed 1% in all tiers, and the royalty is subject to customary reductions. This royalty obligation expires on a product-by-product and country-by-country basis when there are no valid claims covering such product. In the event that we have not granted a sublicense, we have certain development and commercial milestone payment obligations of up to approximately €0.9 million in the aggregate. In the event we have granted a sublicense, we are obligated to pay Sopartec a percentage of sublicense revenue received. We also have certain diligence obligations with respect to development and commercialization of products. Through December 31, 2016, we have paid Sopartec an aggregate amount of €1.9 million, which includes option fees and payments related to sublicense revenue we received.

### **Intellectual Property**

We strive to protect the proprietary technologies that we believe are important to our business, including pursuing and maintaining patent protection intended to cover the platform technologies incorporated into, or used to produce, our product candidates, the compositions of matter of our product candidates and their methods of use, as well as other inventions that are important to our business. In addition to patent protection, we also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection, including certain aspects of our llama immunization and antibody affinity maturation approaches.

Our commercial success depends in part upon our ability to obtain and maintain patent and other proprietary protection for commercially important technologies, inventions and know-how related to our business, defend and enforce our intellectual property rights, particularly our patent rights, preserve the confidentiality of our trade secrets and operate without infringing valid and enforceable intellectual property rights of others.

The patent positions for biotechnology companies like us are generally uncertain and can involve complex legal, scientific and factual issues. In addition, the coverage claimed in a patent application can be significantly reduced before a patent is issued, and its scope can be reinterpreted and even challenged after issuance. As a result, we cannot guarantee that any of our platform technologies and product candidates will be protectable or remain protected by enforceable patents. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient proprietary protection from competitors. Any patents that we hold may be challenged, circumvented or invalidated by third parties.

As of May 1, 2017, our patent estate (which includes both owned and in-licensed patent rights) included over 10 issued U.S. patents, over 15 pending U.S. patent applications, over 50 issued foreign patents (including five granted European patents that have been validated into 40 national patents) and over 75 pending foreign patent applications (including over 10 pending European patent applications).

## ***Platform Technologies***

With regard to our platform technologies, we own or have rights in patents and patent applications directed to our SIMPLE Antibody discovery platform, the ABDEG and NHance platforms and the POTELLIGENT platform.

With regard to our SIMPLE Antibody discovery platform, we own a patent family containing six issued U.S. patents with composition of matter claims directed to chimeric antibodies containing variable domains comprising CDRs obtained from conventional heterotetrameric llama antibodies fused to one or more domains of a human antibody, polynucleotides encoding such chimeric antibodies, libraries of expression vectors comprising cDNA sequences encoding camelid antibodies, method claims directed to the preparation of such chimeric antibodies, and methods of modulating the binding of a human target antigen to its ligand or receptor by administering such a chimeric antibody. The U.S. patents are expected to expire in 2029 to 2033. In addition, the patent family contains patents that have been granted in Australia, Europe and Israel, and at least five patent applications pending in various other countries and regions in North America, Europe and Asia. In addition, we have a second patent family containing patents granted in the United States and Australia, and eight patent applications pending in the United States and other countries in North America, Europe and Asia, with composition of matter claims directed to a chimeric antibody containing variable regions with CDRs derived from a llama antibody and certain amino acid substitutions corresponding to amino acids present in a human germline variable region. The granted U.S. patent and the pending U.S. patent application, if issued as a patent, are expected to expire in 2029.

With regard to the ABDEG platform, we co-own with, and exclusively license from, the University of Texas, a patent family containing a pending U.S. patent application with composition of matter claims directed to an isolated FcRn-antagonist comprising a variant immunoglobulin Fc region having an increased affinity for an Fc gamma receptor relative to a wild-type IgG1 Fc region, and method of use claims directed to a method of using such an FcRn-antagonist to treat certain antibody mediated disorders. The U.S. patent application, if issued as a U.S. patent, is expected to expire in 2034. In addition, we have at least 10 patent applications pending in various other countries and regions in North America, South America, Europe and Asia. In addition, own a second patent family containing a pending U.S. patent application and an international application filed under the Patent Cooperation Treaty with claims directed to methods of reducing the serum levels of an Fc-containing agent in a subject by administering to the subject an FcRn-antagonist containing a variant immunoglobulin Fc region containing certain amino acid substitutions. A U.S. patent, if issued from the U.S. patent application, is expected to expire in 2036.

With regard to the NHance platform, we have exclusively licensed from the University of Texas two U.S. patents with composition of matter claims directed to an IgG molecule comprising a variant human Fc domain, and method of use claims directed to a method of blocking FcRn function in a subject by providing to the subject such an IgG molecule. The U.S. patents are expected to expire in 2027 to 2028. The patent family also includes a granted European patent.

With regard to the POTELLIGENT platform, which is currently used in the production of our ARGX-110 and ARGX-111 product candidates, we have non-exclusively licensed from BioWa certain patent rights that relate to different aspects of the POTELLIGENT platform.

## ***Product Candidates: Wholly-Owned Programs***

With regard to the ARGX-113 product candidate, ARGX-113 incorporates the ABDEG technology platform, the coverage of which is discussed above under “—Platform Technologies.” It is expected that U.S. patents, if they were to issue from the two patent families directed to the ABDEG technology platform are expected to expire in 2034 or 2036, without taking a potential patent term extension into account.

With regard to the ARGX-110 product candidate, we have one issued U.S. patent with composition of matter claims directed to the ARGX-110 antibody, and two U.S. patent applications with composition of matter claims directed to polynucleotides that encode the ARGX-110 antibody and method of use claims directed to the treatment of cancer with the ARGX-110 antibody. The issued U.S. patent and the U.S. patent applications, if issued as U.S. patents, are expected to expire in 2032, without taking a potential patent term extension into account. In addition, we have a patent that has been granted in Japan and at least nine patent applications pending in various other countries and regions in North America, South America, Europe and Asia. Furthermore, ARGX-110 incorporates or employs the SIMPLE Antibody and POTELLIGENT technology platforms, which

are covered by one or more of the patents and patent applications discussed above under “—Platform Technologies.”

With regard to the ARGX-111 product candidate, we have two issued U.S. patents, one with composition of matter claims directed to the ARGX-111 antibody and another with method of use claims directed to the use of the ARGX-111 antibody in the treatment of cancer, and two U.S. patent applications with composition of matter claims directed to ARGX-111 or directed to polynucleotides that encode the ARGX-111 antibody. The issued U.S. patent and the U.S. patent applications, if issued as U.S. patents, are expected to expire in 2031, without taking a potential patent term extension into account. In addition, we have patents that have been granted in Australia, Europe and Japan, and at least nine patent applications pending in various other countries and regions in North America, South America, Europe and Asia. Furthermore, ARGX-111 also incorporates or employs the SIMPLE Antibody, POTELLIGENT and NHance technology platforms, which are covered by one or more of the patents and patent applications discussed above under “—Platform Technologies.” In addition, we have one pending U.S. patent application, patents granted in Australia and Europe, and eight patent applications pending in various other countries and regions in North America, South America and Asia with composition of matter claims directed to a combination of antibodies or a multi-specific antibody, where one of the antigen binding regions in the combination of antibodies or the multi-specific antibody binds the epitope bound by the ARGX-111 antibody. A U.S. patent, if issued from the U.S. patent application, is expected to expire in 2031.

#### ***Product Candidates: Partnered Programs***

With regard to the ARGX-115 product candidate, we co-own with, and exclusively license from, the Ludwig Institute for Cancer Research and Université Catholique de Louvain, a pending U.S. patent application with composition of matter claims directed to an antibody that binds GARP the presence of TGF- $\beta$  and method of use claims directed to the use of such an antibody in the treatment of cancer. A U.S. patent, if issued from the U.S. patent application, is expected to expire in 2034, without taking a potential patent term extension into account. In addition, the patent family contains at least 10 patent applications pending in various other countries and regions in North America, South America, Europe and Asia. In addition, we co-own with, and exclusively license from, the Université Catholique de Louvain a pending U.S. patent application and an international application with composition of matter claims directed to an antibody that binds an epitope of a complex formed by human GARP and TGF- $\beta$  and method of use claims directed to the use of such an antibody in the treatment of cancer. A U.S. patent, if issued from the U.S. patent application, is expected to expire in 2034. Furthermore, ARGX-115 incorporates or employs the SIMPLE Antibody technology platform, which is covered by one or more of the patents and patent applications discussed above under “—Platform Technologies.”

With regard to the ARGX-109 product candidate, we have a pending U.S. patent application with composition of matter claims directed to ARGX-109. A U.S. patent, if it were to issue, would be expected to expire in 2033, without taking a potential patent term extension into account. We also have counterpart patents and pending patent applications in various jurisdictions, including North America, Europe and Asia. Furthermore, ARGX-109 incorporates or employs the SIMPLE Antibody technology and the NHance technology, which is covered by one or more of the patents and patent applications discussed above under “—Platform Technologies.”

With regard to the ARGX-112 product candidate, we have a pending United Kingdom application with composition of matter claims directed to an antibody that binds human IL-22R. A U.S. patent, if it were to issue, that claims priority to the United Kingdom application would be expected to expire in 2037, without taking a potential patent term extension into account. Furthermore, ARGX-112 incorporates the SIMPLE Antibody technology, which is covered by one or more of the patents and patent applications discussed above under “—Platform Technologies.”

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing a non-provisional patent application.

In the United States, the term of a patent covering an FDA-approved drug may be eligible for a patent term extension under the Hatch-Waxman Act as compensation for the loss of patent term during the FDA regulatory review process. The period of extension may be up to five years beyond the expiration of the patent, but cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval. Only one patent among those eligible for an extension may be extended. Similar provisions are available in Europe and in certain other jurisdictions to extend the term of a patent that covers an approved drug. It is possible that issued U.S. patents covering each of our product candidates may be entitled to patent term extensions. If our product

candidates receive FDA approval, we intend to apply for patent term extensions, if available, to extend the term of patents that cover the approved product candidates. We also intend to seek patent term extensions in any jurisdictions where they are available, however, there is no guarantee that the applicable authorities, including the FDA, will agree with our assessment of whether such extensions should be granted, and even if granted, the length of such extensions.

In addition to patent protection, we also rely on trade secret protection for our proprietary information that is not amenable to, or that we do not consider appropriate for, patent protection, including, for example, certain aspects of our llama immunization and antibody affinity maturation approaches. However, trade secrets can be difficult to protect. Although we take steps to protect our proprietary information, including restricting access to our premises and our confidential information, as well as entering into agreements with our employees, consultants, advisors and potential collaborators, third parties may independently develop the same or similar proprietary information or may otherwise gain access to our proprietary information. As a result, we may be unable to meaningfully protect our trade secrets and proprietary information.

## **Government Regulation**

Government authorities in the United States, at the federal, state and local level, and in the European Union and other countries and jurisdictions, extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, post-approval monitoring and reporting, and import and export of pharmaceutical products, including biological products. In addition, some jurisdictions regulate the pricing of pharmaceutical products. The processes for obtaining marketing approvals in the United States and in foreign countries and jurisdictions, along with subsequent compliance with applicable statutes and regulations and other regulatory authorities, require the expenditure of substantial time and financial resources.

### ***Licensure and Regulation of Biologics in the United States***

In the United States, our product candidates are regulated as biological products, or biologics, under the Public Health Service Act, or PHSA, and the FDCA, and their implementing regulations. The failure to comply with the applicable U.S. requirements at any time during the product development process, including nonclinical testing, clinical testing, the approval process or post-approval process, may subject an applicant to delays in the conduct of a study, regulatory review and approval, and/or administrative or judicial sanctions. These sanctions may include, but are not limited to, the FDA's refusal to allow an applicant to proceed with clinical testing, refusal to approve pending applications, license suspension or revocation, withdrawal of an approval, warning or untitled letters, adverse publicity, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines and civil or criminal investigations and penalties brought by the FDA or the Department of Justice or other governmental entities.

An applicant seeking approval to market and distribute a new biologic in the United States generally must satisfactorily complete each of the following steps:

- nonclinical laboratory tests, animal studies and formulation studies all performed in accordance with the FDA's GLP regulations;
- submission to the FDA of an IND application for human clinical testing, which must become effective before human clinical trials may begin;
- approval by an IRB, representing each clinical site before each clinical trial may be initiated;
- performance of adequate and well-controlled human clinical trials to establish the safety, potency and purity of the product candidate for each proposed indication, in accordance with GCP;
- preparation and submission to the FDA of a BLA for a biologic product requesting marketing for one or more proposed indications, including submission of detailed information on the manufacture and composition of the product in clinical development and proposed labeling;
- review of the product by an FDA advisory committee, if applicable;

- satisfactory completion of one or more FDA inspections of the manufacturing facility or facilities, including those of third parties, at which the product, or components thereof, are produced to assess compliance with cGMP, requirements and to assure that the facilities, methods and controls are adequate to preserve the product's identity, strength, quality and purity;
- satisfactory completion of any FDA audits of the clinical study sites to assure compliance with GCPs, and the integrity of clinical data in support of the BLA;
- payment of user fees and securing FDA approval of the BLA and licensure of the new biologic product; and
- compliance with any post-approval requirements, including the potential requirement to implement an REMS, and any post-approval studies required by the FDA.

### *Nonclinical Studies and Investigational New Drug Application*

Before testing any biologic product candidate in humans, the product candidate must undergo nonclinical testing. Nonclinical tests include laboratory evaluations of product chemistry, formulation and stability, as well as animal studies to evaluate the potential for activity and toxicity. The conduct of the nonclinical tests and formulation of the compounds for testing must comply with federal regulations and requirements. The results of the nonclinical tests, together with manufacturing information and analytical data, are submitted to the FDA as part of an IND application. The IND automatically becomes effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions about the product or conduct of the proposed clinical trial, including concerns that human research subjects will be exposed to unreasonable health risks. In that case, the IND sponsor and the FDA must resolve any outstanding FDA concerns before the clinical trial can begin.

As a result, submission of the IND may result in the FDA not allowing the trial to commence or on the terms originally specified by the sponsor in the IND. If the FDA raises concerns or questions either during this initial 30-day period, or at any time during the IND process, it may choose to impose a partial or complete clinical hold. This order issued by the FDA would delay either a proposed clinical study or cause suspension of an ongoing study, until all outstanding concerns have been adequately addressed and the FDA has notified the company that investigation may proceed. This could cause significant delays or difficulties in completing planned clinical trials in a timely manner. The FDA may impose clinical holds on a biologic product candidate at any time before or during clinical trials due to safety concerns or non-compliance. If the FDA imposes a clinical hold, trials may not recommence without FDA authorization and then only under terms authorized by the FDA.

### *Human Clinical Trials in Support of a BLA*

Clinical trials involve the administration of the investigational product candidate to healthy volunteers or patients with the disease to be treated under the supervision of a qualified principal investigator in accordance with GCP requirements. Clinical trials are conducted under study protocols detailing, among other things, the objectives of the study, inclusion and exclusion criteria, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND.

A sponsor who wishes to conduct a clinical trial outside the United States may, but need not, obtain FDA authorization to conduct the clinical trial under an IND. If a foreign clinical trial is not conducted under an IND, the sponsor may submit data from the clinical trial to the FDA in support of the BLA so long as the clinical trial is well-designed and well-conducted in accordance with GCP, including review and approval by an independent ethics committee, and the FDA is able to validate the study data through an onsite inspection, if necessary.

Further, each clinical trial must be reviewed and approved by an IRB, either centrally or individually at each institution at which the clinical trial will be conducted. The IRB will consider, among other things, clinical trial design, patient informed consent, ethical factors and the safety of human subjects. An IRB must operate in compliance with FDA regulations. The FDA, IRB, or the clinical trial sponsor may suspend or discontinue a clinical trial at any time for various reasons, including a finding that the clinical trial is not being conducted in accordance with FDA requirements or the subjects or patients are being exposed to an unacceptable health risk. Clinical testing also must satisfy extensive GCP rules and the requirements for informed consent. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group may recommend continuation of the

study as planned, changes in study conduct, or cessation of the study at designated check points based on access to certain data from the study.

Clinical trials typically are conducted in three sequential phases, but the phases may overlap or be combined. Additional studies may be required after approval.

- *Phase 1* clinical trials are initially conducted in a limited population to test the product candidate for safety, including adverse effects, dose tolerance, absorption, metabolism, distribution, excretion and pharmacodynamics in healthy humans or, on occasion, in patients, such as cancer patients.
- *Phase 2* clinical trials are generally conducted in a limited patient population to identify possible adverse effects and safety risks, evaluate the efficacy of the product candidate for specific targeted indications and determine dose tolerance and optimal dosage. Multiple Phase 2 clinical trials may be conducted by the sponsor to obtain information prior to beginning larger Phase 3 clinical trials.
- *Phase 3* clinical trials proceed if the Phase 2 clinical trials demonstrate that a dose range of the product candidate is potentially effective and has an acceptable safety profile. Phase 3 clinical trials are undertaken within an expanded patient population to gather additional information about safety and effectiveness necessary to evaluate the overall benefit-risk relationship of the drug and to provide an adequate basis for physician labeling.

In some cases, the FDA may approve a BLA for a product candidate but require the sponsor to conduct additional clinical trials to further assess the product candidate's safety and effectiveness after approval. Such post-approval trials are typically referred to as Phase 4 clinical trials. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication and to document a clinical benefit in the case of biologics approved under accelerated approval regulations. If the FDA approves a product while a company has ongoing clinical trials that were not necessary for approval, a company may be able to use the data from these clinical trials to meet all or part of any Phase 4 clinical trial requirement or to request a change in the product labeling. Failure to exhibit due diligence with regard to conducting required Phase 4 clinical trials could result in withdrawal of approval for products.

#### *Compliance with cGMP Requirements*

Before approving a BLA, the FDA typically will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in full compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The PHSA emphasizes the importance of manufacturing control for products like biologics whose attributes cannot be precisely defined.

Manufacturers and others involved in the manufacture and distribution of products must also register their establishments with the FDA and certain state agencies. Both domestic and foreign manufacturing establishments must register and provide additional information to the FDA upon their initial participation in the manufacturing process. Any product manufactured by or imported from a facility that has not registered, whether foreign or domestic, is deemed misbranded under the FDCA. Establishments may be subject to periodic unannounced inspections by government authorities to ensure compliance with cGMPs and other laws. Manufacturers may have to provide, on request, electronic or physical records regarding their establishments. Delaying, denying, limiting, or refusing inspection by the FDA may lead to a product being deemed to be adulterated.

#### *Review and Approval of a BLA*

The results of product candidate development, nonclinical testing and clinical trials, including negative or ambiguous results as well as positive findings, are submitted to the FDA as part of a BLA requesting a license to market the product. The BLA must contain extensive manufacturing information and detailed information on the composition of the product and proposed labeling as well as payment of a user fee.

The FDA has 60 days after submission of the application to conduct an initial review to determine whether the BLA is sufficient to accept for filing based on the agency's threshold determination that it is sufficiently complete to permit substantive review. Once the submission has been accepted for filing, the FDA begins an in-depth review of the application. Under the goals and policies agreed to by the FDA under the Prescription

Drug User Fee Act, or the PDUFA, the FDA has ten months in which to complete its initial review of a standard application and respond to the applicant, and six months for a priority review of an application. The FDA does not always meet its PDUFA goal dates for standard and priority BLAs. The review process may often be significantly extended by FDA requests for additional information or clarification. The review process and the PDUFA goal date may be extended by three months if the FDA requests or if the applicant otherwise provides additional information or clarification regarding information already provided in the submission within the last three months before the PDUFA goal date.

On the basis of the FDA's evaluation of the application and accompanying information, including the results of the inspection of the manufacturing facilities and any FDA audits of clinical trial sites to assure compliance with GCPs, the FDA may issue an approval letter, denial letter, or a complete response letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. Under the PHS Act, the FDA may approve a BLA if it determines that the product is safe, pure and potent and the facility where the product will be manufactured meets standards designed to ensure that it continues to be safe, pure and potent. If the application is not approved, the FDA may issue a complete response letter, which will contain the conditions that must be met in order to secure final approval of the application, and when possible will outline recommended actions the sponsor might take to obtain approval of the application. Sponsors that receive a complete response letter may submit to the FDA information that represents a complete response to the issues identified by the FDA. Such resubmissions are classified under PDUFA as either Class 1 or Class 2, based on the information submitted by an applicant in response to an action letter. Under the goals and policies agreed to by the FDA under PDUFA, the FDA has two months to review a Class 1 resubmission and six months to review a Class 2 resubmission. The FDA will not approve an application until issues identified in the complete response letter have been addressed. The FDA issues a denial letter if it determines that the establishment or product does not meet the agency's requirements.

The FDA may also refer the application to an advisory committee for review, evaluation and recommendation as to whether the application should be approved. In particular, the FDA may refer applications for novel biologic products or biologic products that present difficult questions of safety or efficacy to an advisory committee. Typically, an advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

If the FDA approves a new product, it may limit the approved indications for use of the product. It may also require that contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may call for post-approval studies, including Phase 4 clinical trials, to further assess the product's safety after approval. The agency may also require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution restrictions or other risk management mechanisms, including REMS, to help ensure that the benefits of the product outweigh the potential risks. REMS can include medication guides, communication plans for healthcare professionals, and elements to assure safe use, or ETASU. ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring and the use of patent registries. The FDA may prevent or limit further marketing of a product based on the results of post-market studies or surveillance programs. After approval, many types of changes to the approved product, such as adding new indications, manufacturing changes and additional labeling claims, are subject to further testing requirements and FDA review and approval.

#### *Fast Track, Breakthrough Therapy and Priority Review Designations*

The FDA is authorized to designate certain products for expedited review if they are intended to address an unmet medical need in the treatment of a serious or life-threatening disease or condition. These programs are referred to as fast track designation, breakthrough therapy designation and priority review designation.

The FDA may designate a product for fast track review if it is intended, whether alone or in combination with one or more other products, for the treatment of a serious or life-threatening disease or condition, and it demonstrates the potential to address unmet medical needs for such a disease or condition. For fast track products, sponsors may have greater interactions with the FDA and the FDA may initiate review of sections of a fast track product's application before the application is complete. This rolling review may be available if the FDA determines, after preliminary evaluation of clinical data submitted by the sponsor, that a fast track product may be effective. The sponsor must also provide, and the FDA must approve, a schedule for the submission of

the remaining information and the sponsor must pay applicable user fees. However, the FDA's time period goal for reviewing a fast track application does not begin until the last section of the application is submitted. Fast track designation may be withdrawn by the FDA if the FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

In 2012, Congress enacted the Food and Drug Administration Safety and Innovation Act, or FDASIA. This law established a new regulatory scheme allowing for expedited review of products designated as "breakthrough therapies." A product may be designated as a breakthrough therapy if it is intended, either alone or in combination with one or more other products, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The FDA may take certain actions with respect to breakthrough therapies, including holding meetings with the sponsor throughout the development process; providing timely advice to the product sponsor regarding development and approval; involving more senior staff in the review process; assigning a cross-disciplinary project lead for the review team; and taking other steps to design the clinical trials in an efficient manner.

The FDA may designate a product for priority review if it is a product that treats a serious condition and, if approved, would provide a significant improvement in safety or effectiveness. The FDA determines, on a case-by-case basis, whether the proposed product represents a significant improvement when compared with other available therapies. Significant improvement may be illustrated by evidence of increased effectiveness in the treatment of a condition, elimination or substantial reduction of a treatment-limiting product reaction, documented enhancement of patient compliance that may lead to improvement in serious outcomes and evidence of safety and effectiveness in a new subpopulation. A priority designation is intended to direct overall attention and resources to the evaluation of such applications, and to shorten the FDA's goal for taking action on a marketing application from 10 months to six months.

#### *Accelerated Approval Pathway*

The FDA may grant accelerated approval to a product for a serious or life-threatening condition that provides meaningful therapeutic advantage to patients over existing treatments based upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit. The FDA may also grant accelerated approval for such a condition when the product has an effect on an intermediate clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality, or IMM, and that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. Products granted accelerated approval must meet the same statutory standards for safety and effectiveness as those granted traditional approval.

For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. Surrogate endpoints can often be measured more easily or more rapidly than clinical endpoints. An intermediate clinical endpoint is a measurement of a therapeutic effect that is considered reasonably likely to predict the clinical benefit of a product, such as an effect on IMM. The FDA has limited experience with accelerated approvals based on intermediate clinical endpoints, but has indicated that such endpoints generally may support accelerated approval where the therapeutic effect measured by the endpoint is not itself a clinical benefit and basis for traditional approval, if there is a basis for concluding that the therapeutic effect is reasonably likely to predict the ultimate clinical benefit of a product.

The accelerated approval pathway is most often used in settings in which the course of a disease is long and an extended period of time is required to measure the intended clinical benefit of a product, even if the effect on the surrogate or intermediate clinical endpoint occurs rapidly. Thus, accelerated approval has been used extensively in the development and approval of products for treatment of a variety of cancers in which the goal of therapy is generally to improve survival or decrease morbidity and the duration of the typical disease course requires lengthy and sometimes large trials to demonstrate a clinical or survival benefit.

The accelerated approval pathway is usually contingent on a sponsor's agreement to conduct, in a diligent manner, additional post-approval confirmatory studies to verify and describe the product's clinical benefit. As a result, a product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of Phase 4 or post-approval clinical trials to confirm the effect on the clinical endpoint.

Failure to conduct required post-approval studies, or confirm a clinical benefit during post-marketing studies, would allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

### *Post-Approval Regulation*

If regulatory approval for marketing of a product or new indication for an existing product is obtained, the sponsor will be required to comply with all regular post-approval regulatory requirements as well as any post-approval requirements that the FDA has imposed as part of the approval process. The sponsor will be required to report certain adverse reactions and production problems to the FDA, provide updated safety and efficacy information and comply with requirements concerning advertising and promotional labeling. Manufacturers and certain of their subcontractors are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with ongoing regulatory requirements, including cGMP regulations, which impose certain procedural and documentation requirements upon manufacturers. Accordingly, the sponsor and its third-party manufacturers must continue to expend time, money and effort in the areas of production and quality control to maintain compliance with cGMP regulations and other regulatory requirements.

A biologic product may also be subject to official lot release, meaning that the manufacturer is required to perform certain tests on each lot of the product before it is released for distribution. If the product is subject to official lot release, the manufacturer must submit samples of each lot, together with a release protocol showing a summary of the history of manufacture of the lot and the results of all of the manufacturer's tests performed on the lot, to the FDA. The FDA may in addition perform certain confirmatory tests on lots of some products before releasing the lots for distribution. Finally, the FDA will conduct laboratory research related to the safety, purity, potency and effectiveness of pharmaceutical products.

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, untitled letters or warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Pharmaceutical products may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

### *Orphan Drug Designation*

Orphan drug designation in the United States is designed to encourage sponsors to develop products intended for rare diseases or conditions. In the United States, a rare disease or condition is statutorily defined as a condition that affects fewer than 200,000 individuals in the United States or that affects more than 200,000 individuals in the United States and for which there is no reasonable expectation that the cost of developing and making available the product for the disease or condition will be recovered from sales of the product in the United States.

Orphan drug designation qualifies a company for tax credits and market exclusivity for seven years following the date of the product's marketing approval if granted by the FDA. An application for designation as an orphan product can be made any time prior to the filing of an application for approval to market the product. A product becomes an orphan when it receives orphan drug designation from the Office of Orphan Products Development, or OOPD, at the FDA based on acceptable confidential requests made under the regulatory provisions. The product must then go through the review and approval process like any other product.

A sponsor may request orphan drug designation of a previously unapproved product or new orphan indication for an already marketed product. In addition, a sponsor of a product that is otherwise the same product as an already approved orphan drug may seek and obtain orphan drug designation for the subsequent product for the same rare disease or condition if it can present a plausible hypothesis that its product may be clinically superior to the first drug. More than one sponsor may receive orphan drug designation for the same product for the same rare disease or condition, but each sponsor seeking orphan drug designation must file a complete request for designation.

The period of exclusivity begins on the date that the marketing application is approved by the FDA and applies only to the indication for which the product has been designated. The FDA may approve a second application for the same product for a different use or a second application for a clinically superior version of the product for the same use. The FDA cannot, however, approve the same product made by another manufacturer for the same indication during the market exclusivity period unless it has the consent of the sponsor or the sponsor is unable to provide sufficient quantities.

#### *Pediatric Studies and Exclusivity*

Under the Pediatric Research Equity Act of 2003, a BLA or supplement thereto must contain data that are adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. Sponsors must also submit pediatric study plans prior to the assessment data. Those plans must contain an outline of the proposed pediatric study or studies the applicant plans to conduct, including study objectives and design, any deferral or waiver requests and other information required by regulation. The applicant, the FDA, and the FDA's internal review committee must then review the information submitted, consult with each other and agree upon a final plan. The FDA or the applicant may request an amendment to the plan at any time.

The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults, or full or partial waivers from the pediatric data requirements. Additional requirements and procedures relating to deferral requests and requests for extension of deferrals are contained in FDASIA. Unless otherwise required by regulation, the pediatric data requirements do not apply to products with orphan designation.

Pediatric exclusivity is another type of non-patent marketing exclusivity in the United States and, if granted, provides for the attachment of an additional six months of marketing protection to the term of any existing regulatory exclusivity, including the non-patent and orphan exclusivity. This six-month exclusivity may be granted if a BLA sponsor submits pediatric data that fairly respond to a written request from the FDA for such data. The data do not need to show the product to be effective in the pediatric population studied; rather, if the clinical trial is deemed to fairly respond to the FDA's request, the additional protection is granted. If reports of requested pediatric studies are submitted to and accepted by the FDA within the statutory time limits, whatever statutory or regulatory periods of exclusivity or patent protection cover the product are extended by six months. This is not a patent term extension, but it effectively extends the regulatory period during which the FDA cannot approve another application.

#### *Biosimilars and Exclusivity*

The BPCIA established a regulatory scheme authorizing the FDA to approve biosimilars and interchangeable biosimilars. To date, while biosimilar products have been approved by the FDA for use in the United States, no interchangeable biosimilars have been approved.

Under the BPCIA, a manufacturer may submit an application for licensure of a biologic product that is "biosimilar to" or "interchangeable with" a previously approved biological product or "reference product." In order for the FDA to approve a biosimilar product, it must find that there are no clinically meaningful differences

between the reference product and proposed biosimilar product in terms of safety, purity and potency. For the FDA to approve a biosimilar product as interchangeable with a reference product, the agency must find that the biosimilar product can be expected to produce the same clinical results as the reference product, and (for products administered multiple times) that the biologic and the reference biologic may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic.

Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date of approval of the reference product. The FDA may not approve a biosimilar product until 12 years from the date on which the reference product was approved. Even if a product is considered to be a reference product eligible for exclusivity, another company could market a competing version of that product if the FDA approves a full BLA for such product containing the sponsor's own nonclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product. However, to rely on such exclusivities for establishing or protecting our market position is not without risk, as such laws are subject to changes by the legislature. The BPCIA also created certain exclusivity periods for biosimilars approved as interchangeable products. At this juncture, it is unclear whether products deemed "interchangeable" by the FDA will, in fact, be readily substituted by pharmacies, which are governed by state pharmacy law.

### ***Regulation and Procedures Governing Approval of Medicinal Products in the European Union***

In order to market any product outside of the United States, a company also must comply with numerous and varying regulatory requirements of other countries and jurisdictions regarding quality, safety and efficacy and governing, among other things, clinical trials, marketing authorization, commercial sales and distribution of products. Whether or not it obtains FDA approval for a product, an applicant will need to obtain the necessary approvals by the comparable foreign regulatory authorities before it can initiate clinical trials or marketing of the product in those countries or jurisdictions. Specifically, the process governing approval of medicinal products in the European Union generally follows the same lines as in the United States. It entails satisfactory completion of pharmaceutical development, nonclinical studies and adequate and well-controlled clinical trials to establish the safety and efficacy of the medicinal product for each proposed indication. It also requires the submission to relevant competent authorities for clinical trials authorization and to the EMA, for a marketing authorization application, or MAA, and granting of a marketing authorization by these authorities before the product can be marketed and sold in the European Union.

#### ***Clinical Trial Approval***

Pursuant to the currently applicable Clinical Trials Directive 2001/20/EC and the Directive 2005/28/EC on GCP, a system for the approval of clinical trials in the European Union has been implemented through national legislation of the member states. Under this system, an applicant must obtain approval from the competent national authority of an European Union member state in which the clinical trial is to be conducted or in multiple member states if the clinical trial is to be conducted in a number of member states. Furthermore, the applicant may only start a clinical trial at a specific study site after the independent ethics committee has issued a favorable opinion. The CTA must be accompanied by an investigational medicinal product dossier with supporting information prescribed by Directive 2001/20/EC and Directive 2005/28/EC and corresponding national laws of the member states and further detailed in applicable guidance documents.

In April 2014, the European Union adopted a new Clinical Trials Regulation (EU) No 536/2014, which is set to replace the current Clinical Trials Directive 2001/20/EC. It is expected that the new Clinical Trials Regulation will apply by October 2018 with a three-year transition period. It will overhaul the current system of approvals for clinical trials in the European Union. Specifically, the new regulation, which will be directly applicable in all member states, aims at simplifying and streamlining the approval of clinical trials in the European Union. For instance, the new Clinical Trials Regulation provides for a streamlined application procedure via a single entry point and strictly defined deadlines for the assessment of clinical trial applications.

#### ***Marketing Authorization***

To obtain a marketing authorization for a product under the European Union regulatory system, an applicant must submit an MAA, either under a centralized procedure administered by the EMA or one of the procedures administered by competent authorities in European Union Member States (decentralized procedure, national procedure, or mutual recognition procedure). A marketing authorization may be granted only to an applicant

established in the European Union. Regulation (EC) No. 1901/2006 provides that prior to obtaining a marketing authorization in the European Union, an applicant must demonstrate compliance with all measures included in an EMA-approved Pediatric Investigation Plan, or PIP, covering all subsets of the pediatric population, unless the EMA has granted a product-specific waiver, class waiver, or a deferral for one or more of the measures included in the PIP.

The centralized procedure provides for the grant of a single marketing authorization by the European Commission that is valid for all European Union member states. Pursuant to Regulation (EC) No. 726/2004, the centralized procedure is compulsory for specific products, including for medicines produced by certain biotechnological processes, products designated as orphan medicinal products, advanced therapy products and products with a new active substance indicated for the treatment of certain diseases, including products for the treatment of cancer. For products with a new active substance indicated for the treatment of other diseases and products that are highly innovative or for which a centralized process is in the interest of patients, the centralized procedure may be optional.

Under the centralized procedure, the Committee for Medicinal Products for Human Use, or the CHMP, established at the EMA is responsible for conducting the assessment of a product to define its risk/benefit profile. Under the centralized procedure, the maximum timeframe for the evaluation of an MAA is 210 days, excluding clock stops when additional information or written or oral explanation is to be provided by the applicant in response to questions of the CHMP. Accelerated evaluation may be granted by the CHMP in exceptional cases, when a medicinal product is of major interest from the point of view of public health and, in particular, from the viewpoint of therapeutic innovation. If the CHMP accepts such a request, the time limit of 210 days will be reduced to 150 days, but it is possible that the CHMP may revert to the standard time limit for the centralized procedure if it determines that it is no longer appropriate to conduct an accelerated assessment.

#### *Periods of Authorization and Renewals*

A marketing authorization is valid for five years, in principle, and it may be renewed after five years on the basis of a reevaluation of the risk benefit balance by the EMA or by the competent authority of the authorizing member state. To that end, the marketing authorization holder must provide the EMA or the competent authority with a consolidated version of the file in respect of quality, safety and efficacy, including all variations introduced since the marketing authorization was granted, at least six months before the marketing authorization ceases to be valid. Once renewed, the marketing authorization is valid for an unlimited period, unless the European Commission or the competent authority decides, on justified grounds relating to pharmacovigilance, to proceed with one additional five-year renewal period. Any authorization that is not followed by the placement of the drug on the European Union market (in the case of the centralized procedure) or on the market of the authorizing member state within three years after authorization ceases to be valid.

#### *Regulatory Requirements after Marketing Authorization*

Following approval, the holder of the marketing authorization is required to comply with a range of requirements applicable to the manufacturing, marketing, promotion and sale of the medicinal product. These include compliance with the European Union's stringent pharmacovigilance or safety reporting rules, pursuant to which post-authorization studies and additional monitoring obligations can be imposed. In addition, the manufacturing of authorized products, for which a separate manufacturer's license is mandatory, must also be conducted in strict compliance with the EMA's GMP requirements and comparable requirements of other regulatory bodies in the European Union, which mandate the methods, facilities and controls used in manufacturing, processing and packing of drugs to assure their safety and identity. Finally, the marketing and promotion of authorized products, including industry-sponsored continuing medical education and advertising directed toward the prescribers of drugs and/or the general public, are strictly regulated in the European Union under Directive 2001/83EC, as amended.

#### *Orphan Drug Designation and Exclusivity*

Regulation (EC) No. 141/2000 and Regulation (EC) No. 847/2000 provide that a product can be designated as an orphan drug by the European Commission if its sponsor can establish: that the product is intended for the diagnosis, prevention or treatment of (1) a life-threatening or chronically debilitating condition affecting not more than five in ten thousand persons in the European Union when the application is made, or (2) a life-threatening, seriously debilitating or serious and chronic condition in the European Union and that without incentives it is unlikely that the marketing of the drug in the European Union would generate sufficient return to

justify the necessary investment. For either of these conditions, the applicant must demonstrate that there exists no satisfactory method of diagnosis, prevention, or treatment of the condition in question that has been authorized in the European Union or, if such method exists, the drug has to be of significant benefit compared to products available for the condition.

An orphan drug designation provides a number of benefits, including fee reductions, regulatory assistance and the possibility to apply for a centralized European Union marketing authorization. Marketing authorization for an orphan drug leads to a ten-year period of market exclusivity. During this market exclusivity period, neither the EMA nor the European Commission or the member states can accept an application or grant a marketing authorization for a “similar medicinal product.” A “similar medicinal product” is defined as a medicinal product containing a similar active substance or substances as contained in an authorized orphan medicinal product, and which is intended for the same therapeutic indication. The market exclusivity period for the authorized therapeutic indication may, however, be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for orphan drug designation because, for example, the product is sufficiently profitable not to justify market exclusivity.

### ***Coverage, Pricing and Reimbursement***

Significant uncertainty exists as to the coverage and reimbursement status of any product candidates for which we may obtain regulatory approval. Even if our product candidates are approved for marketing, sales of such product candidates will depend, in part, on the extent to which third-party payors, including government health programs in the United States (such as Medicare and Medicaid), commercial health insurers, and managed care organizations, provide coverage and establish adequate reimbursement levels for such product candidates. In the United States and markets in other countries, patients who are prescribed treatments for their conditions and providers performing the prescribed services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Patients are unlikely to use any product candidates we may develop unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of such product candidates. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the product once coverage is approved. Third-party payors are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services and imposing controls to manage costs. Third-party payors may limit coverage to specific products on an approved list, also known as a formulary, which might not include all of the approved products for a particular indication.

In order to secure coverage and reimbursement for any product that might be approved for sale, a company may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the product, and the cost of these studies would be in addition to the costs required to obtain FDA or other comparable marketing approvals. Even after pharmacogenomic studies are conducted, product candidates may not be considered medically necessary or cost effective. A decision by a third-party payor not to cover any product candidates we may develop could reduce physician utilization of such product candidates once approved and have a material adverse effect on our sales, results of operations and financial condition. Additionally, a payor’s decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. For example, the payor may require co-payments that patients find unacceptably high. Further, one payor’s determination to provide coverage for a product does not assure that other payors will also provide coverage and reimbursement for the product, and the level of coverage and reimbursement can differ significantly from payor to payor. Third-party reimbursement and coverage may not be adequate to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development. The insurance coverage and reimbursement status of newly-approved products for orphan diseases is particularly uncertain, and failure to obtain or maintain adequate coverage and reimbursement for any such product candidates could limit a company’s ability to generate revenue.

The containment of healthcare costs also has become a priority of federal, state and foreign governments and the prices of pharmaceuticals have been a focus in this effort. Governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit a company’s revenue from the sale of any approved products. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which a company or its collaborators receive marketing approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Outside the United States, we will face challenges in ensuring obtaining adequate coverage and payment for any product candidates we may develop. Pricing of prescription pharmaceuticals is subject to governmental control in many countries. Pricing negotiations with governmental authorities can extend well beyond the receipt of regulatory marketing approval for a product and may require us to conduct a clinical trial that compares the cost effectiveness of any product candidates we may develop to other available therapies. The conduct of such a clinical trial could be expensive and result in delays in our commercialization efforts.

In the European Union, pricing and reimbursement schemes vary widely from country to country. Some countries provide that products may be marketed only after a reimbursement price has been agreed. Some countries may require the completion of additional studies that compare the cost effectiveness of a particular product candidate to currently available therapies (so called health technology assessments, or HTAs) in order to obtain reimbursement or pricing approval. For example, the European Union provides options for its member states to restrict the range of products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. European Union member states may approve a specific price for a product or may instead adopt a system of direct or indirect controls on the profitability of the company placing the product on the market. Other member states allow companies to fix their own prices for products, but monitor and control prescription volumes and issue guidance to physicians to limit prescriptions. Recently, many countries in the European Union have increased the amount of discounts required on pharmaceuticals and these efforts could continue as countries attempt to manage healthcare expenditures, especially in light of the severe fiscal and debt crises experienced by many countries in the European Union. The downward pressure on health care costs in general, particularly prescription products, has become intense. As a result, increasingly high barriers are being erected to the entry of new products. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various European Union member states and parallel trade (arbitrage between low-priced and high-priced member states) can further reduce prices. Special pricing and reimbursement rules may apply to orphan drugs. Inclusion of orphan drugs in reimbursement systems tend to focus on the medical usefulness, need, quality and economic benefits to patients and the healthcare system as for any drug. Acceptance of any medicinal product for reimbursement may come with cost, use and often volume restrictions, which again can vary by country. In addition, results based rules of reimbursement may apply. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our products, if approved in those countries.

### ***Healthcare Law and Regulation***

Healthcare providers and third-party payors play a primary role in the recommendation and prescription of pharmaceutical products that are granted marketing approval. Our current and future arrangements with providers, researchers, consultants, third-party payors and customers are subject to broadly applicable federal and state fraud and abuse, anti-kickback, false claims, transparency and patient privacy laws and regulations and other healthcare laws and regulations that may constrain our business and/or financial arrangements. Restrictions under applicable federal and state healthcare laws and regulations include, without limitation, the following:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, receiving, offering, or paying remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made, in whole or in part, under a federal healthcare program such as Medicare and Medicaid;
- the federal civil and criminal false claims laws, including the civil False Claims Act, and civil monetary penalties laws, which prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false, fictitious, or fraudulent or knowingly making, using, or causing to be made or used a false record or statement to avoid, decrease, or conceal an obligation to pay money to the federal government;
- HIPAA, which created additional federal criminal laws that prohibit, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- HIPAA, as amended by HITECH, and their respective implementing regulations, including the Final Omnibus Rule published in January 2013, which impose obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information without the appropriate authorization by entities subject to the law, such as healthcare providers, health plans and healthcare clearinghouses and their respective business associates;
- the federal transparency requirements known as the federal Physician Payments Sunshine Act, under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, collectively the ACA, which requires certain manufacturers of drugs, devices, biologics and medical supplies to report annually to the CMS within the U.S. Department of Health and Human Services, information related to payments and other transfers of value made by that entity to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; and
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to healthcare items or services that are reimbursed by non-governmental third-party payors, including private insurers.

Some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring pharmaceutical manufacturers to report information related to payments to physicians and other health care providers or marketing expenditures. State and foreign laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

We will be required to spend substantial time and money to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations. Recent healthcare reform legislation has strengthened these federal and state healthcare laws. For example, the ACA amends the intent requirement of the federal Anti-Kickback Statute and criminal healthcare fraud statutes to clarify that liability under these statutes does not require a person or entity to have actual knowledge of the statutes or a specific intent to violate them. Moreover, the ACA provides that the government may assert that a claim that includes items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act. Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws.

Violations of these laws can subject us to criminal, civil and administrative sanctions including monetary penalties, damages, fines, disgorgement, individual imprisonment and exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, reputational harm, and we may be required to curtail or restructure our operations. Moreover, we expect that there will continue to be federal and state laws and regulations, proposed and implemented, that could impact our future operations and business.

### ***Healthcare Reform***

A primary trend in the U.S. healthcare industry and elsewhere is cost containment. There have been a number of federal and state proposals during the last few years to reduce the cost of care through changes in the healthcare system, including limits on the pricing, coverage and reimbursement of pharmaceutical and biopharmaceutical products, especially under government-funded health care programs, and increased governmental control of drug pricing.

By way of example, in March 2010, the United States Congress enacted the ACA, which, among other things, includes changes to the coverage and payment for products under governmental and private insurance plans. Among the provisions of the ACA of importance to our potential product candidates are:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic products, apportioned among these entities according to their

market share in certain government healthcare programs, although this fee would not apply to sales of certain products approved exclusively for orphan indications;

- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to certain individuals with income at or below 133% of the federal poverty level, thereby potentially increasing a manufacturer's Medicaid rebate liability;
- expansion of manufacturers' rebate liability under the Medicaid Drug Rebate Program by increasing the minimum rebate for both branded and generic drugs and revising the definition of "average manufacturer price," or AMP, for calculating and reporting Medicaid drug rebates on outpatient prescription drug prices and extending rebate liability to prescriptions for individuals enrolled in Medicare Advantage plans;
- a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for products that are inhaled, infused, instilled, implanted or injected;
- expanding the types of entities eligible for the 340B drug discount program;
- establishing the Medicare Part D coverage gap discount program, which requires manufacturers to provide a 50% point-of-sale-discount off the negotiated price of applicable products to eligible beneficiaries during their coverage gap period as a condition for the manufacturers' outpatient products to be covered under Medicare Part D;
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research;
- creation of the IPAB, which, if impaneled, would have authority to recommend certain changes to the Medicare program to reduce expenditures by the program that could result in reduced payments for prescription products; and
- establishment of the Center for Medicare and Medicaid Innovation within CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription product spending (funding has been allocated to support the mission of the Center for Medicare and Medicaid Innovation through 2019).

Since its enactment, there have been judicial and Congressional challenges to numerous aspects of the ACA. In January, Congress voted to adopt a budget resolution for fiscal year 2017 that, while not a law, is widely viewed as the first step toward the passage of legislation to repeal the ACA. Further, on January 20, 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from, or delay the implementation of any provision of the ACA that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. Congress also could consider subsequent legislation to replace elements of the ACA that are repealed. We cannot predict how the ACA, its possible repeal, or any legislation that may be proposed to replace the ACA will impact our business.

Other legislative changes have been proposed and adopted in the United States since the ACA was enacted. For example, in August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least \$1.2 trillion for the years 2012 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers of up to 2% per fiscal year, which went into effect in April 2013 and will remain in effect through 2024 unless additional Congressional action is taken. In January 2013, the American Taxpayer Relief Act of 2012, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal and state levels directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. Such reforms could have an adverse effect on anticipated revenues from product candidates that we may

successfully develop and for which we may obtain marketing approval and may affect our overall financial condition and ability to develop product candidates.

Additionally, there has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed bills designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs.

## Employees

As of April 30, 2017, we had 67 employees. At each date shown below, we had the following number of full-time employees, broken out by department and geography:

	<u>At December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Function:</b>			
Research and development.....	48	35	28
General and administrative .....	10	6	3
Total.....	58	41	31
<b>Geography:</b>			
Zwijnaarde, Belgium.....	58	41	31
Breda, the Netherlands .....	0	0	0
Total.....	58	41	31

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

## Environment, Health and Safety

Our research and development activities take place in our facilities in Zwijnaarde, Belgium. For these activities we have obtained the necessary environmental and biohazard permits from the responsible governments. The biohazard permit Class 2 with number SBB 219 2016/0091 was obtained on March 21, 2016 and is valid for a period of 5 years (expiring March 21, 2021).

We have an agreement with van Ganswinkel in relation to waste disposal. We also have a permit for the use of antibiotics (obtained from the Belgian Federal Agency for Medicines and Health Products), ethyl alcohol and alcoholic drinks (obtained from the Belgian General Administration of Customs and Excise (*Algemene Administratie van Douance en Accijnzen*)) and animal by-products for research purposes (obtained from the Belgian Federal Public Service Health, Food Chain Safety and Environment). There are no other environmental issues that may affect our utilization of the tangible fixed assets.

## Facilities

We lease our operational offices and laboratory space, which consists of approximately 1,500 square meters, located in Zwijnaarde, Belgium. The lease for this facility expires in 2026. We believe our current facility is sufficient to meet our needs for the foreseeable future. We also lease an office in Breda, the Netherlands.

## Legal Proceedings

We are not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware), during the twelve months preceding the date of this

Prospectus which, to the best of our knowledge, may have or have had in the recent past significant effects on our financial position or profitability.

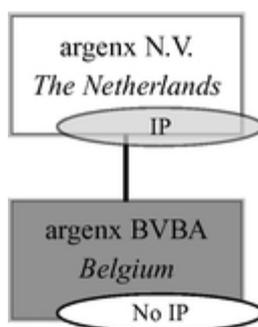
We are currently involved in opposition proceedings regarding the registration of the arGEN-X name as a trademark and are currently negotiating an amicable solution with the claimant under the opposition proceedings. Although the outcome of these proceedings is still uncertain, we do not expect the potential loss of the trademark registration to have an adverse impact on our business as we are not planning to use arGEN-X as a product brand. The potential loss of the trademark registration does, however, also mean that we will no longer be able to claim any exclusive rights over the use of the arGEN-X sign for the relevant services offered by us in the relevant territories.

## PART XI: OVERVIEW OF OUR RESTRUCTURING AND ANTICIPATED REDOMICILIATION

### Background

From our incorporation in 2008 until August 28, 2009, our research and development activities were performed in the Netherlands by argenx N.V. On August 28, 2009, we moved our research and development activities to Belgium for various business reasons. Accordingly, as of August 28, 2009, our wholly owned subsidiary, argenx BVBA, or the Belgian BVBA, has been performing all research and development activities under a license provided by argenx N.V. (since April 26, 2017, argenx SE) and has been assigning all resulting intellectual property rights to argenx N.V. As a consequence, argenx N.V. remained the legal owner of the intellectual property rights relating to our platform technologies.

The diagram below sets out our group structure and legal ownership of our intellectual property rights as per December 31, 2016:



Since all our research and development activities have been performed by the Belgian BVBA since August 28, 2009, we believe that value creation is not adequately aligned with our intellectual property ownership structures as required under the Base Erosion and Profit Shifting project of the Organization for Economic Co-operation and Development. Additionally, we face a compliance burden from an organizational and regulatory perspective, as a company incorporated and existing under Dutch law, while our shares are listed on Euronext Brussels. Accordingly, we have implemented a business restructuring, as described below, and, after the date of this Prospectus, we intend to seek shareholder approval to reorganize under the laws of Belgium.

### Restructuring

In view of the above considerations, we are currently implementing a business restructuring, which we refer to as the restructuring, which involves two principal steps as described below.

#### ***Step 1: Conversion of argenx N.V. to argenx SE***

In order to allow for the transfer of our registered office from the Netherlands to Belgium, we have converted into a Dutch European public company with limited liability (*Societas Europaea* or *SE*), since there is currently no clear legal framework under Dutch law for such transfer of registered office by a Dutch public company with limited liability (*naamloze vennootschap*). However, it is possible for a European public company with limited liability (*Societas Europaea* or *SE*) to cross-border transfer its registered office pursuant to the relevant provisions of the European Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European company (*Societas Europaea* or *SE*), or the SE regulation. At our General Meeting held on April 26, 2017, we received shareholder approval to convert into a Dutch European public company with limited liability (*Societas Europaea* or *SE*) pursuant to a notarial deed of conversion and amendment, which notarial deed was executed on the same date.

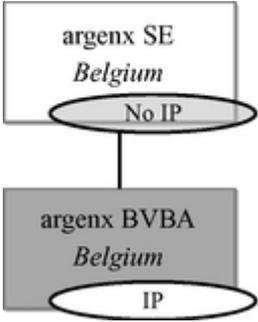
The diagram below sets out our group structure and legal ownership of intellectual property rights effective as of April 26, 2017:



**Step 2: Transfer of Ownership of Intellectual Property Rights to the Belgian BVBA**

On May 5, 2017, we transferred the legal ownership of all intellectual property rights of argenx SE to the Belgian BVBA, effective as of January 1, 2017, resulting in the Belgian BVBA holding all legal and economic ownership of our intellectual property rights. As a consequence, the research and development agreement between argenx SE and the Belgian BVBA has been terminated effective as of January 1, 2017.

The diagram below sets out our group structure and legal ownership of intellectual property rights following completion of the transfer of ownership of intellectual property rights to the Belgian BVBA, effective as of January 1, 2017:



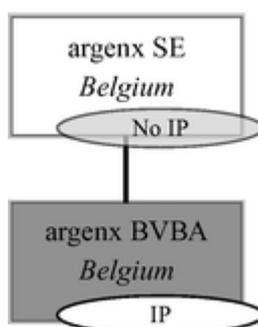
**Transfer of Our Registered Office from the Netherlands to Belgium**

Following our restructuring, and also in view of the above considerations, we intend to transfer our corporate seat located in Rotterdam, the Netherlands and our registered office located at Willemstraat 5, 4811 AH, Breda, the Netherlands, to Industriepark Zwijnaarde 7, Building C, 9052 Zwijnaarde (Gent), Belgium, or our redomiciliation. If we complete our redomiciliation, we will no longer have any presence in the Netherlands. Our redomiciliation is subject to a procedure governed by the SE regulation, which we intend to initiate as soon as reasonably practical after the completion of the Offering, which can be summarized as follows:

- our board of directors will draw up draft terms of migration (including the Belgian Articles of Association, the address of the new registered office, the proposed timetable of our redomiciliation and any rights provided for the protection of our shareholders and/or creditors) and a report explaining and justifying the legal and economic aspects of our redomiciliation and indicating the implications for our shareholders and for the employees;
- following the filing and announcement of these draft terms of our redomiciliation, a two-month waiting period will commence in which creditors may file their objections against our proposed redomiciliation and in which the Dutch Minister of Justice has the right to object to our redomiciliation by filing a declaration to that effect with the trade register of the Dutch Chamber of Commerce;

- following the two-month waiting period, our shareholders will be asked to approve and resolve upon our redomiciliation at a General Meeting. The resolution of the shareholders at a General Meeting requires an absolute majority of the votes cast, unless less than half of our issued and outstanding share capital is present or represented at that meeting, in which case a majority of at least two-thirds of the votes cast will be required;
- if and when our shareholders at a General Meeting will have approved our redomiciliation, a Dutch civil notary will issue a certificate confirming that the procedural rules in relation to our redomiciliation have been complied with; and
- following receipt of this Dutch civil notary certificate, our redomiciliation will be recorded in a notarial deed passed before a Belgian notary.

The diagram below sets out our group structure and legal ownership of intellectual property rights effective if and when our redomiciliation will be completed:



We cannot assure you that we will be able to successfully complete our redomiciliation, in which case we will remain a European public company with limited liability (*Societas Europaea* or *SE*) under Dutch law.

### Tax Considerations

In view of the above considerations, on April 20, 2017, we have reached an agreement with the Dutch tax authorities on the following aspects of the restructuring:

- the economic ownership of our intellectual property rights was effectively transferred from argenx SE to the Belgian BVBA as of August 28, 2009. Since then, argenx SE should have been treated only as the legal owner of our intellectual property rights, for which it should have received a low but stable remuneration only, instead of being the party absorbing all research and development costs;
- in order to compensate argenx SE for the business restructuring, the Belgian BVBA will pay an arm's length compensation to argenx SE in the form of an indemnification payment effective as of January 1, 2017;
- the indemnification payment consists of (i) compensation for the value of the economic ownership of our intellectual property rights as of September 2009 to January 1, 2017, (ii) accrued interest thereon and (iii) an adjustment for the difference between (a) the applied transfer pricing policy and (b) the appropriate transfer pricing policy taking into account the transfer of economic ownership as of August 28, 2009 in the period from September 2009 through 2016;
- based on a transfer pricing analysis performed by our tax advisers, the total indemnification payment is expected to be €80 million and will be charged by argenx SE to the Belgian BVBA. argenx SE will be able to off-set the full amount of its tax loss carry forwards against the taxable profits it will realize as a result of the indemnification payment;
- as part of the business restructuring, argenx SE will transfer the legal ownership of our intellectual property rights to the Belgian BVBA effective January 1, 2017 with the aim to align the legal reality with the underlying economics. The mere transfer of legal ownership of our intellectual

property rights from argenx SE to the Belgian BVBA as of January 1, 2017 is an integral part of the restructuring and therefore does not result in an additional transfer subject to tax in the Netherlands;

- the conversion of argenx SE from a Dutch N.V. into a Dutch European public company with limited liability (*Societas Europaea* or *SE*) and our redomiciliation are also an integral part of the restructuring and do not have any additional Dutch tax consequences. Although they are an integral part of the business restructuring, the tax consequences of this agreement, including the indemnification payment, will not be affected or impacted in case the SE is not redomiciled; and
- altogether, the restructuring results in a taxable amount for argenx SE of €2.4 million which will be subject to corporate income tax in the Netherlands at a tax rate of 25% (20% for the first €200,000 of taxable income).

In view of the above considerations, on April 4, 2017, we requested a tax ruling from the Belgian ruling commission with respect to the following aspects of the restructuring:

- the indemnification payment to be paid by the Belgian BVBA to argenx SE for the restructuring does not deviate from what would have been agreed by two independent companies in a similar relational situation including the previously built relationships which have effect in the framework of the restructuring and will not give rise to an adjustment on the basis of article 185 §2 of the Belgian Income Tax Code;
- the Belgian BVBA will not grant or receive an abnormal or benevolent advantage in the sense of articles 26, 79 and 207 of the Belgian Income Tax Code;
- the indemnification payment paid by the Belgian BVBA to argenx SE for the restructuring is expected to qualify as a deductible cost for the Belgian BVBA under article 49 §2 of the Belgian Income Tax Code, being (partly) incurred in the fiscal period in which the restructuring has been implemented and (partly) incurred in the following years in the form of a periodical amortization if the accounting treatment of the restructuring requires that the compensation is to be (partly) activated; and
- the contemplated restructuring is justified by other motives than the avoidance of income taxes in the sense of article 344 of the Belgian Income Tax Code.

In summary, the restructuring will result in a taxable amount for argenx SE of €2.4 million subject to Dutch corporate income tax at a tax rate set out above and an elimination of its tax loss carry forwards for Dutch corporate income tax purposes an amount of €77.5 million. On the other hand, the restructuring is expected to bring additional deductible costs to the Belgian BVBA for an amount of up to €80 million.

As set out in Part II “Risk Factors—Risks Related to Our Organization and Operations—The restructuring and its contemplated tax treatment is subject to approval by the Belgian tax authorities,” we cannot assure that we will obtain the tax ruling from the Belgian ruling commission and we may not be allowed to treat the amount of €80 million as a deductible cost for the Belgian BVBA.

## PART XII: MANAGEMENT

### Our Board of Directors

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

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 Prospectus and the Articles of Association and Board By-Laws. The Articles of Association are available in the governing Dutch language and an unofficial English translation thereof, and the Board By-laws are available in English, on our website.

### *Duties of Board Members*

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

An executive director may not be allocated the tasks of: (i) serving as chairperson of our board of directors; (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 our board can only be adopted with the consent of a majority of the non-executive directors.

### *Current composition of the Board*

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

The following table sets forth certain information with respect to the current members of our board of directors, including their ages, as of the date of this Prospectus:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Nationality</u>	<u>Date of appointment</u>	<u>Term expiration</u>
Tim Van Hauwermeiren.....	45	Executive Director (Chief Executive Officer)	BE	July 9, 2014	2018
Peter K.M. Verhaeghe .....	58	Non-Executive Director (chairperson)	BE	July 9, 2014	2018
David L. Lacey .....	64	Non-Executive Director	U.S.	July 9, 2014	2018
Werner Lanthaler.....	49	Non-Executive Director (vice-chairperson)	AT	July 9, 2014	2018
J. Donald deBethizy .....	66	Non-Executive Director	U.S.	May 13, 2015	2019
Pamela Klein .....	55	Non-Executive Director	U.S.	April 28, 2016	2020
A.A. Rosenberg .....	64	Non-Executive Director	UK	April 26, 2017	2021

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

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

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

**Peter K.M. Verhaeghe** has served as a member and chairperson of our board of directors since July 2014. Mr. Verhaeghe is the managing partner of VVGB Advocaten—Avocats, a corporate finance law and tax law firm, a position he has held since July 1999. He is currently lead counsel to a number of Belgian, Dutch and Swiss biotechnology and diagnostics companies. Mr. Verhaeghe currently serves as the president of the board of directors of Merisant France SAS, as a member of the management board of Merisant Company 2 sàrl and as a member of the board of directors of CzechPak Manufacturing s.r.o. He previously served as the chairperson of the board of directors of PharmaNeuroBoost NV from December 2006 to January 2013 and as liquidator in charge of KBC Private Equity Fund Biotech NV from April 2009 to December 2012. Mr. Verhaeghe holds a degree in law from the University of Leuven and an LLM degree from Harvard Law School.

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

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

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

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

**Msc A.A. Rosenberg** has served as a member of our board of directors since April 2017. He currently serves as CEO of TR Advisory Services GmbH, a consultancy firm advising on business development, licensing and

mergers and acquisitions. Mr. Rosenberg has also been a Managing Director of MPM Capital, a venture capital firm, since April 2015. From January 2013 until February 2015, he served as Corporate Head of M&A and Licensing at Novartis Pharma. He served as Global Head of Business Development and Licensing at Novartis Pharma from March 2005 to December 2012. Msc. A.A. Rosenberg holds non-executive board memberships in Radius Health Inc., TriNetX, Inc., Clinical Ink, Inc. and iOmx Therapeutics AG. Msc. A.A. Rosenberg has a B.Sc. (Hons) from the University of Leicester and a M.Sc. Physiology from the University of London.

## Our Executive Management

The following table sets forth certain information with respect to the current members of our executive management, including their ages, as of the date of this Prospectus:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Nationality</u>	<u>Date of appointment</u>
Tim Van Hauwermeiren.....	45	Chief Executive Officer and Executive Director	BE	July 15, 2008
Eric Castaldi.....	52	Chief Financial Officer	F	April 1, 2014
Nicolas Leupin .....	43	Chief Medical Officer	CH	February 1, 2016
Hans de Haard.....	57	Chief Scientific Officer	NL	July 1, 2008
Torsten Dreier .....	52	Chief Development Officer	D	May 1, 2008
Debbie Allen .....	57	Senior VP Business Development	UK	November 1, 2010
Dirk Beesaert.....	53	General Counsel	BE	April 1, 2017

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

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

**Eric Castaldi** has served as our Chief Financial Officer since April 2014 and served as a member of our board of directors from July 2014 to April 26, 2017. Mr. Castaldi has 28 years of international financial executive management experience, including 19 years in the biopharmaceutical industry. From 1998 to 2014, Mr. Castaldi served as chief financial officer and a member of the executive committee of Nicox SA, a Euronext-listed biotechnology company. From 2008 to 2012, he served as a member of the board of directors and as chairman of the audit committee of Hybrigenics Services SAS, a Euronext-listed French biopharmaceutical company specializing in oncology. Mr. Castaldi graduated with a degree in finance, accountancy and administration from the University of Nice.

**Dr. Nicolas Leupin** has served as our Chief Medical Officer since February 2016. Dr. Leupin has clinical and industry expertise in medical oncology as well as experience in drug development. He currently lectures at the University of Bern. From 2008 to 2015, Dr. Leupin served in different positions in clinical development at Celgene, including Director of Clinical Development of EMEA Celgene, where he contributed to building the clinical development department in Europe and then led the European lymphoma and myeloma teams, served as clinical lead for several compounds up to phase III clinical trials, and was responsible for running and managing hematology and oncology clinical trials, including both industry-sponsored trials and academic cooperative groups, several of them through to registration. Among other activities, he was responsible for specific clinical documents of registration dossiers that lead to European and American registrations. Dr. Leupin holds an MBA from Jones International University and an M.D. from the University of Bern and was board certified in medical oncology (Switzerland).

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

**Dr. Torsten Dreier** has served as our Chief Development Officer since May 2008. Dr. Dreier has been developing antibodies for more than 20 years and led teams that progressed six antibody products from

preclinical research into clinical trials. Dr. Dreier holds an M.Sc. and a Ph.D. in biochemistry from the University of Tübingen (Germany).

**Dr. Debbie Allen** has served as our Senior Vice President of Business Development since November 1, 2010. Dr. Allen has been active in the antibody engineering field since the 1980s. She has more than 30 years of corporate and business development experience with small and large biotech companies focused on biopharmaceuticals. Dr. Allen is an inventor of HUMIRA (adalimumab). Prior to joining us, Dr. Allen acted as an independent consultant to emerging biotech companies, providing strategic management and business development support. Dr. Allen holds an B.Sc. in cellular pathology from the University of Bristol and a Ph.D. in viral oncology from the University of London.

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

### **Director Independence**

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

### **Role of the Board in Risk Oversight**

Our board of directors is responsible for the oversight of our risk management activities and has delegated to the audit committee the responsibility to assist our board in this task. While our board oversees our risk management, our management is responsible for day-to-day risk management processes. Our board of directors expects our management to consider risk and risk management in each business decision, to proactively develop and monitor risk management strategies and processes for day-to-day activities and to effectively implement risk management strategies adopted by the board of directors. We believe this division of responsibilities is the most effective approach for addressing the risks we face.

### **Composition, Appointment and Dismissal**

The Articles of Association provide that our board of directors will consist of our 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 our board of directors, with the proviso that the board of directors must consist of at least three members.

Our directors are appointed by the shareholders at the General Meeting. The board of directors is required to make one or more proposals for each seat on our board of directors to be filled. A resolution to nominate a director by our board of directors (with support from the remuneration and nomination committee) may be adopted by a simple majority of the votes cast. A nomination for appointment of an executive director must state the candidate's age and the positions he or she holds, or has held, insofar as these are relevant for the performance of the duties of an executive director. The nomination must state the reasons for the nomination of the relevant person. A nomination for appointment of a non-executive director must state the candidate's age, his or her profession, the number of shares he or she holds and the employment positions he or she holds, or has held, insofar as these are relevant for the performance of the duties of a non-executive director. Furthermore, the names of the legal entities of which he or she is already a supervisory board member or a non-executive member of the board will be indicated; if those include legal entities which belong to the same group, a reference to that group will be sufficient. The nomination must state the reasons for the nomination of the relevant person.

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

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

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

### **Committees**

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

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

Our non-executive directors have established and appointed an audit committee, a remuneration and nomination committee and a research and development committee. The composition and function of all of our committees complies with all applicable requirements of Euronext Brussels and the Dutch Corporate Governance Code.

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

#### ***Audit Committee***

Our audit committee consists of three members: Werner Lanthaler (chairperson), Peter K.M. Verhaeghe and A.A. Rosenberg.

Our board of directors has determined that all members of our audit committee are independent under the applicable rules of the Dutch Corporate Governance Code.

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

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

- ensuring the integrity of our financial reporting, including review of period information before it is made public;
- evaluating our system of internal controls set up by our board of directors, including evaluation and approval of the explanatory notes on internal controls in our annual reports;
- reviewing the functions of our internal risk management system and the efficacy of these systems;

- assessing the necessity for setting up an internal audit function; and
- supervising our relationship with our external auditors during the external audit process, including evaluation of our auditors' independence.

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

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

The audit committee has met five times in the course of 2016. 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, discussion on the audit fees and audit plan, updates on cash, cash equivalents and financial assets management, 2017 budget and internal control activities.

#### ***Remuneration and Nomination Committee***

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

Our board of directors has determined that all members of our remuneration and nomination committee are independent under the applicable rules of the Dutch Corporate Governance Code.

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

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

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

The remuneration and nomination committee has met five times in the course of 2016. The main topics of discussion were the recommendation for senior management individual goals and cash compensations, recommendation for stock options grants for all executive management and all other employees, the benchmarking of the remuneration of the Chief Development Officer, and discussion on the composition of the remuneration and nomination committee after Christina Takke has left.

### ***Research and Development Committee***

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

Our board of directors has determined that all members of our research and development committee are independent under the applicable rules of the Dutch Corporate Governance Code.

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

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

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

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

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

### **General Information About the Current Members of Our Board of Directors and Executive Management**

The following table sets forth the companies and partnerships of which the current members of our board of directors and executive management have been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member

of the administrative, management or supervisory bodies or partner, as of the date of this Prospectus, other than argenx SE or our subsidiaries:

<b>Name</b>	<b>Current</b>	<b>Past</b>
Peter K.M. Verhaeghe.....	VVGB Advocaten—Avocats Merisant France SAS Merisant Company 2 sàrl CzechPak Manufacturing s.r.o.	PharmaNeuroBoost NV Biocartis NV Fujirebio Europe NV (formerly Innogenetics NV) KBC Private Equity Fund Biotech NV
David L. Lacey.....	David L. Lacey LLC Inbiomotion SL Atreca, Inc. Nurix, Inc.	-
Werner Lanthaler .....	Evotec AG	Bioxell SpA Pantec Biosolutions AG
J. Donald deBethizy .....	White City Consulting ApS Albumedix A/S Newron Pharmaceuticals SpA Noxxon Pharma NV and AG Rigontec GmbH Proterris, Inc.	Contera Pharma ApS Asceneuron SA Serendex Pharmaceuticals A/S Santaris Pharma A/S Targacept, Inc. LigoCyte Pharmaceuticals Inc. Enbiotix Inc Biosource Inc.
Pamela Klein .....	PMK BioResearch	Intellikine
A.A. Rosenberg.....	TR Advisory Services GmbH MPM Capital Radius Health, Inc. TriNetX, Inc. Clinical Ink, Inc. iOmx Therapeutics AG	Novartis Pharma MPM Capital
Tim Van Hauwermeiren.....	-	-
Eric Castaldi.....	-	Nicox SA Hybrigenics Services SAS
Hans de Haard.....	-	-
Nicolas Leupin .....	-	Celgene
Torsten Dreier .....	-	-
Debbie Allen .....	Andiamo Biotech	-
Dirk Beesaert.....	Pragma Capital SAS Cubigo NV	Gimv NV (and group companies of GIMV NV) TINC NV CapMan plc Grandeco NV DG Infra+ NV Finimmo NV

As of the date of this Prospectus, none of the members of our board of directors and executive management has a family relationship with any other member of our board of directors or executive management.

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

- has been convicted of any fraudulent offenses;
- has been a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation;
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or

- has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

***Peter K.M. Verhaeghe—PharmaNeuroBoost NV***

Mr. Verhaeghe was chairperson of the board of directors of PharmaNeuroBoost NV, which voluntarily filed for bankruptcy in 2013 after its Phase 3 trial failed and no additional funding was found to continue its operations.

***Peter K.M. Verhaeghe—KBC Private Equity Fund Biotech NV***

Mr. Verhaeghe was a member of the board of directors of KBC Private Equity Fund Biotech NV, a Euronext-listed fund, when it voluntarily liquidated pursuant to a decision of its shareholders. Mr. Verhaeghe was appointed as liquidator in charge and closed the liquidation by the end of 2012 with net proceeds for the shareholders of over €6 per share.

**Corporate Governance Practices**

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

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

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

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

**Board of Directors Resolutions Requiring a Special Majority**

Under the Board By-Laws, the following actions require the consent of the majority of the non-executive directors:

- Any proposal of our board of directors to the General Meeting with respect to the matters entailing a significant change in the identity or character of the company or its business as referred to in Section 2:107a of the Dutch Civil Code;
- Any proposal of our board of directors to the General Meeting with respect to the dissolution, liquidation or winding up of the company;
- Any proposal of our board of directors to the General Meeting with respect to an amendment of the Articles of Association;
- Any proposal of our board of directors to the General Meeting with respect to an issue of shares in our capital or to grant rights to subscribe for shares in our capital or to designate our board of directors as the corporate body authorized to do so as well as a resolution of our board of directors to issue shares or to grant rights to subscribe for our shares;
- Any proposal of our board of directors to the General Meeting with respect to the exclusion or restrictions of pre-emptive rights to subscribe for shares in our capital or to rights to subscribe for shares in our capital or to designate our board of directors as the corporate body authorized to do so as well as a resolution of our board of directors to restrict or exclude pre-emptive rights;

- Acquisition of our own shares;
- Any proposal of our board of directors to the General Meeting with respect to a reduction of share capital;
- Any change to our accounting policies;
- Adoption of as well as any changes to our reserves and dividends policy, as well as any proposal of our board of directors to the General Meeting for the payment of any dividends, an interim distribution as referred to in the first sentence of article 20, paragraph 6 of the Articles of Association, or any distribution out of our reserves;
- Adoption of our annual budget and the group to which we form a part, which will 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, subscribing or otherwise acquiring, or disposing of securities in the capital of other companies, or establishing any new branch or subsidiary as well as dissolving, liquidating, winding-up any such branch or subsidiary;
- Otherwise than in accordance with the adopted annual budget, incurring any debt, issuing any guarantees, making any loan or advances or giving any credit;
- Otherwise than in accordance with the adopted annual budget, the assignment or other sale of patents or other intellectual property 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;
- Disposing of or acquiring 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 in the capital, 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 €150,000 per year;
- Conducting 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 entering 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 of the company, executive director or non-executive director; and
- Changing the business location of the company.

Our board of directors 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 in writing.

Resolutions of the board of directors entailing a significant change in the identity or character of the company or its business require the approval of the shareholders at 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 shareholders at the General Meeting for these resolutions of the board of directors does not affect the power of representation of the board of directors.

The board of directors as a whole is authorized to represent the company. In addition, two executive directors acting jointly are also authorized to represent the company. Our board of directors may appoint individuals (*procuratiehouders*) with general or limited power to represent the company. Each of these individuals shall be able to represent the company with due observance of any restrictions imposed on him. Our board of directors shall determine their titles.

Tasks that have not been specifically allocated fall within the power of our board of directors 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. Our board of directors may only adopt resolutions when the majority of the relevant directors in office will be present or represented, with a simple voting majority of the votes cast, which is 50% plus one.

### **Proxy Voting by Board Members**

A non-executive director may issue a proxy for a specific board meeting but only to another non-executive directors in writing. An executive director may issue a proxy for a specific board meeting but only to another executive director in writing.

### **Corporate Governance Rules**

On December 8, 2016, the monitoring committee for the Dutch Corporate Governance Code has published the revised Dutch Corporate Governance Code, which is in force as of the financial year starting on or after January 1, 2017 and replaces the Dutch Corporate Governance Code dated December 10, 2008 which was in force as of January 1, 2009 until December 31, 2016. It is expected that the revised Dutch Corporate Governance Code will be enshrined in Dutch law by the Dutch legislator in the first half of 2017.

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

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

The discussions below summarize the most important differences between our expected governance structure following this offering and the principles and best practices of the Dutch Corporate Governance Code that has come into force as of the financial year starting on or after January 1, 2017:

- We do not comply with best practice provision 2.1.5 of the Dutch Corporate Governance Code, which requires that the non-executive directors shall draw up a diversity policy for the composition of the board. We aim for a diverse composition with respect to nationality, experience, background, age and gender, which objective has also been included in our profile of the size and composition of the non-executive directors.

- We do not comply with best practice provision 2.3.2 of the Dutch Corporate Governance Code, which requires that the non-executive directors will appoint among its members an audit committee, a remuneration committee and a selection and appointment committee, if the board of directors consists of more than four non-executive directors. For practical purposes, the remuneration committee and the selection and 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.
- We do not comply with best practice provision 2.4.5 of the Dutch Corporate Governance Code, which requires that the non-executive directors will follow an introductory program. The non-executive directors all have extensive relevant experience in the field we operate in, and/or have substantial experience with us. Therefore, an introductory program has until the date of this Prospectus not been deemed necessary. However, when in the future new non-executive directors will join the board of directors, we will re-evaluate the need for such introductory program.
- We do not comply with best practice provision 3.1.2 under vii of the Dutch Corporate Governance Code, which states that options are not to be exercised within the first three years after the date of granting. Pursuant to our option plan, options are exercisable once vested, which means that one-third of the options granted are exercisable after one year, and each month after one-twenty-fourth of the remaining options is exercisable. We deviate from this best practice provision 3.1.2 under vii to allow for a more liquid and hence more competitive option plan. In order to contribute to our long term value creation, options have a three year vesting period and hence any option package granted cannot be fully exercised within a three-year term. Until the date of this Prospectus, none of the directors have exercised any options within the first three years after the date of grant of those options.
- We do not comply with best practice provision 3.3.2 of the Dutch Corporate Governance Code, which requires that non-executive directors will not be granted any shares or rights to shares as remuneration. In accordance with our Remuneration Policy, certain non-executive directors may be granted options by way of remuneration, in recognition of the substantial industry expertise they bring to us.

### **Code of Business Conduct and Ethics**

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

### **Equity Holdings**

As at the date of this Prospectus, Tim Van Hauwermeiren holds 33,823 shares and Werner Lanthaler holds 1,000 shares.

All members of our board of directors and executive management hold stock options under the Option Plan, as set out below.

No members of our board of directors and executive management have subscribed for ADSs as part of the Offering.

### **Compensation of Our Executive Management and Board of Directors**

Our shareholders have adopted a policy governing the remuneration of our board of directors, which is aimed to attract, reward and retain highly qualified executive and non-executive directors and to provide and motivate the members of our board of directors with a balanced and competitive remuneration that is focused on sustainable results and is aligned with our long-term strategy as set out in our business plan.

At the General Meeting on April 28, 2016, the shareholders approved an amended remuneration policy, or the Remuneration Policy, which allows for the granting of compensation packages to our directors in line with a benchmarking analysis performed by an independent consulting firm engaged by our remuneration and nomination committee and an assessment of the duties of the directors, and includes competitive severance arrangements intended to attract and retain highly qualified personnel. In line with the Remuneration Policy, our board of directors have approved amendments to the employment and management agreements with our executive management. For a discussion of our employment arrangements with our executive management, see the Part XIV “Related Party Transactions—Agreements with Our Executive Management.”

Except the arrangements described in Part XIV “Related Party Transactions—Agreements with Our Executive Management,” there are no arrangements or understanding between us and any of the executive directors providing for benefits upon termination of their employment, other than as required by applicable law.

### ***Compensation of Our Executive Management***

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

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

*Fixed base salary.* The base salary of our executive management was determined on the basis of a benchmarking analysis completed by an independent consulting firm. In accordance with this benchmarking analysis, our board of directors has resolved to aim for a compensation of our executive management in the 50th percentile of the compensation offered by the European peer group identified by the independent consulting firm used in this analysis. In line with the amended remuneration policy discussed above, our board of directors has amended the current contracts between us and our executive directors to be brought in line with the new remuneration policy.

*Variable annual cash bonus.* The objective of this short-term annual cash incentive is to ensure that our executive management is incentivized to achieve performance targets in the shorter term. Our executive management is eligible for an annual cash incentive up to a maximum percentage of his/her annual base salary. On September 3, 2015, the maximum percentage for this purpose was set at 40% of base salary of the Chief Executive Officer, and at 35% of base salary of the other members of our executive management. Performance conditions are established by our board of directors before or at the beginning of the relevant calendar year and will include criteria concerning our financial performance, qualitative criteria representing our performance and/or individual qualitative performance.

*Long-term incentive awards.* Our board of directors intends to incentivize our executive management by issuing stock options from time to time to be able to attract and retain well-qualified executive management in connection with the Option Plan, as set out below.

*Severance arrangements.* We have entered into management contracts and employment agreements with our executive management, each of which provides for certain minimum notice periods if their service or employment with us is terminated in certain circumstances as described below in Part XIV “Related Party Transactions—Agreements with Our Executive Management.”

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

The following table sets forth information regarding compensation paid by us for Tim Van Hauwermeiren during the year ended December 31, 2016:

**Tim Van Hauwermeiren(1)**

	<b>Compensation (€)</b>
Base salary .....	253,284
Option awards (2).....	488,020
Non-equity incentive plan compensation .....	101,314
Pension contributions .....	11,929
Social security costs .....	10,284
Total	<u>864,831</u>

(1) Pursuant to Section 2:383c of the Dutch Civil Code, an individual break-down of compensation for the members of our board of directors is required. As Mr. Tim Van Hauwermeiren serves as a member of our board of directors, this table includes the individual break-down of compensation paid by us for him during the year ended December 31, 2016.

(2) Amount shown represents the expenses recorded with respect to the option awards granted in 2016 to Mr. Van Hauwermeiren measured using the Black Scholes formula. For a description of the assumptions used in valuing these awards, see note 4.14 to our financial statements incorporated by reference in this Prospectus. These amounts do not reflect the actual economic value realized by Mr. Van Hauwermeiren.

The following table sets forth information regarding compensation paid by us for Eric Castaldi during the year ended December 31, 2016:

**Eric Castaldi(1)**

	<b>Compensation (€)</b>
Base salary .....	235,952
Option awards (2) .....	354,577
Non-equity incentive plan compensation.....	82,583
Pension contributions .....	84,972
Social security costs.....	136,124
Total.....	<u>894,208</u>

(1) Mr. Eric Castaldi resigned from our board of directors effective April 26, 2017, but his employment agreement with us as our Chief Financial Officer continues to have full effect. Pursuant to Section 2:383c of the Dutch Civil Code, an individual break-down of compensation for the members of our board of directors is required. As Mr. Eric Castaldi served as a member of our board of directors until April 26, 2017, this table includes the individual break-down of compensation paid by us for him during the year ended December 31, 2016.

(2) Amount shown represents the expenses recorded with respect to the option awards granted in 2016 to Mr. Castaldi measured using the Black Scholes formula. For a description of the assumptions used in valuing these awards, see note 4.14 to our financial statements incorporated by reference in this Prospectus. These amounts do not reflect the actual economic value realized by Mr. Castaldi.

The following table sets forth information regarding aggregate compensation paid by us for the members of our executive management (including Eric Castaldi but excluding Tim Van Hauwermeiren) during the year ended December 31, 2016.

	<b>Compensation (€)(1)</b>
Base salary .....	1,046,087
Option awards (2).....	1,772,885
Non-equity incentive plan compensation .....	398,292
Pension contributions .....	113,473
Social security costs .....	<u>241,279</u>

Total

3,572,016

- (1) Pursuant to Section 2:383c of the Dutch Civil Code, only an individual break-down of compensation for the members of our board of directors is required. Since April 26, 2017, Mr. Eric Castaldi no longer serves as a member of our board of directors and no longer receives any compensation because of this former position as member of the board of directors. Mr. Eric Castaldi's employment agreement with us as our Chief Financial Officer continues to have full effect and any compensation earned by him as of April 26, 2017 solely concerns his executive management function as such. Accordingly, we will no longer be required to disclose the compensation earned by Mr. Eric Castaldi after April 26, 2017 on an individual basis, but we will only be required to disclose this information as part of the information provided regarding the aggregate compensation paid by us for members of our executive management. In view of such future disclosure, this table already includes the compensation for Mr. Eric Castaldi during the year ended December 31, 2016.
- (2) Amount shown represents the expenses recorded with respect to the option awards granted in 2016 to Mr. Eric Castaldi, Mr. Nicolas Leupin, Prof. Hans de Haard, Dr. Torsten Dreier and Dr. Debbie Allen measured using the Black Scholes formula. For a description of the assumptions used in valuing these awards, see note 4.14 to our financial statements incorporated by reference in this Prospectus. These amounts do not reflect the actual economic value realized by these members of our executive management.

The following table sets forth information regarding option awards granted to our executive management during the year ended December 31, 2016:

<u>Name</u>	<u>Stock options</u>	<u>Expiration date</u>	<u>Exercise price</u>
Tim Van Hauwermeiren.....	50,000	5/25/2026	€11.47
Tim Van Hauwermeiren.....	30,600	12/13/2026	€14.13
Eric Castaldi.....	28,200	5/25/2026	€11.47
Eric Castaldi.....	28,200	12/13/2026	€14.13
Nicolas Leupin .....	28,200	5/25/2026	€11.47
Nicolas Leupin .....	28,200	12/13/2026	€14.13
Hans de Haard.....	28,200	5/25/2026	€11.47
Hans de Haard.....	28,200	12/13/2026	€14.13
Torsten Dreier .....	28,200	5/25/2026	€11.47
Torsten Dreier .....	28,200	12/13/2026	€14.13
Debbie Allen .....	28,200	5/25/2026	€11.47
Debbie Allen .....	28,200	12/13/2026	€14.13

The table below shows the stock options held at the start of the year ended December 31, 2016 and the stock options granted to our executive management which have vested during the year ended December 31, 2016, as well as the stock options to vest in the years ending December 31, 2017, December 31, 2018 and December 31, 2019 (in number of stock options), and the respective exercise price of such stock options:

<u>Name</u>	<u>Total options held on January 1, 2016</u>	<u>Options granted in 2016</u>	<u>Options exercised in 2016</u>	<u>Total options held on December 31, 2016</u>	<u>Options vested until 2015</u>	<u>Exercise price</u>	<u>Options vested in 2016</u>	<u>Exercise price</u>	<u>Options to vest in 2017</u>	<u>Exercise price</u>	<u>Options to vest in 2018</u>	<u>Exercise price</u>	<u>Options to vest in 2019</u>	<u>Exercise price</u>
Tim Van Hauwermeiren	326,272	80,600	-125,292	281,580	65,380 35,000	2.44 7.17	35,000 10,200	7.17 9.47	35,000 10,200 26,389 10,200	7.17 9.47 11.47 14.13	10,200 16,667 10,200	9.47 11.47 14.13	6,944 10,200	11.47 14.13
Eric Castaldi	174,207	56,400	0	230,607	21,667	7.17	21,666 72,007 9,400	7.17 2.44 9.47	21,667 9,000 9,400 14,883 9,400	7.17 2.44 9.47 11.47 14.13	9,400 9,400 9,400	9.47 11.47 14.13	3,917 9,400	11.47 14.13
Nicolas Leupin	28,200	56,400	0	84,600	0	9.47	9,400	9.47	9,400 14,883 9,400	9.47 11.47 14.13	9,400 9,400 9,400	9.47 11.47 14.13	3,917 9,400	11.47 14.13
Hans De Haard	337,772	56,400	0	394,172	144,822 55,750 36,333	2.44 3.95 7.17	36,334	7.17	36,333	7.17				

							9,400	9.47	9,400	9.47	9,400	9.47		
									14,883	11.47	9,400	11.47	3,917	11.47
									9,400	14.13	9,400	14.13	9,400	14.13
Torsten Dreier	323,872	56,400	0	380,272	137,580	2.44								
					53,092	3.95								
					35,000	7.17	35,000	7.17	35,000	7.17				
							9,400	9.47	9,400	9.47	9,400	9.47		
									14,883	11.47	9,400	11.47	3,917	11.47
									9,400	14.13	9,400	14.13	9,400	14.13
Debbie Allen	121,511	56,400	0	177,911	39,195	2.44								
					10,616	3.95								
					14,500	7.17	14,500	7.17	14,500	7.17				
							9,400	9.47	9,400	9.47	9,400	9.47		
									14,883	11.47	9,400	11.47	3,917	11.47
									9,400	14.13	9,400	14.13	9,400	14.13

The table below shows the remaining term of the stock options held by our executive management during the year ended December 31, 2016.

<u>Name</u>	<u>Number of stock options</u>	<u>Remaining term on December 31, 2016 (rounded up)</u>
Tim Van Hauwermeiren.....	18,212	7.0 years
	152,168	8.0 years
	30,600	9.0 years
	50,000	9.5 years
	30,600	10.0 years
Eric Castaldi.....	60,970	7.5 years
	85,037	8.0 years
	28,200	9.0 years
	28,200	9.5 years
	28,200	10.0 years
Nicolas Leupin .....	28,200	9.0 years
	28,200	9.5 years
	28,200	10.0 years
Hans De Haard .....	25,570	3.5 years
	16,390	4.0 years
	69,360	6.5 years
	39,636	7.0 years
	158,616	8.0 years
	28,200	9.0 years
	28,200	9.5 years
	28,200	10.0 years
Torsten Dreier .....	24,350	3.5 years
	15,610	4.0 years
	65,890	6.5 years
	37,654	7.0 years
	152,168	8.0 years
	28,200	9.0 years
	28,200	9.5 years
	28,200	10.0 years
Debbie Allen .....	7,180	3.5 years
	810	4.0 years
	18,770	6.5 years
	10,727	7.0 years
	55,824	8.0 years
	28,200	9.0 years
	28,200	9.5 years
	28,200	10.0 years

The table below shows the stock options exercised by our executive management during the year ended December 31, 2016 and the exercise price of those stock options. Per exercised option, one share was issued.

<u>Name</u>	<u>Number of stock options</u>	<u>Exercise price</u>
Tim Van Hauwermeiren .....	53,092	3.95
Tim Van Hauwermeiren .....	72,200	2.44
Total .....	125,292	

### *Compensation of Our Non-Executive Directors*

The remuneration of the individual members of the board of directors is determined by the non-executive directors, at the recommendation of the remuneration and nomination committee, within the limits of the Remuneration Policy adopted by the shareholders at the General Meeting.

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

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

*Fixed fee.* The board of directors has set the annual base remuneration for non-executive directors at €35,000, additional remuneration for the chairperson of the board of directors at €20,000, additional remuneration for the chairperson of the audit committee of the board of directors at €10,000 and additional remuneration for the chairperson of the remuneration and nomination committee of the board of directors at €8,000.

*Long-term incentive plan.* The board of directors intends to incentivize the non-executive directors by issuing options from time to time to be able to attract and retain well-qualified non-executive directors in connection with the Option Plan. The board of directors grants options to the non-executive directors on the recommendation of the remuneration and nomination committee. Such option grants are based on an option allocation scheme established by the board of directors pursuant to the Option Plan. The conditions of our option plan apply to our non-executive directors, as set forth in “—argenx Employee Stock Option Plan.”

*Success payment.* In exceptional circumstances, the board of directors may decide to reward a non-executive director with a success payment relating to the occurrence of specific events achieved through the exceptional efforts of that person (such as a platform licensing or product licensing deal brokered by that non-executive director).

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

The following table sets forth the information regarding the compensation earned by our non-executive directors during the year ended December 31, 2016:

<u>Name</u>	<u>Fees earned or paid in cash (€)</u>	<u>Option awards (€) (1)</u>	<u>Total</u>
Peter K.M. Verhaeghe .....	55,000	54,579	109,579
John Paul de Koning (2) .....	—	—	—
David L. Lacey .....	45,930	54,579	100,509
Werner Lanthaler .....	45,000	54,579	99,579
Pamela Klein (3) .....	35,000	54,579	89,579
J. Donald deBethizy .....	43,000	54,579	97,579

- (1) Amount shown represents the expenses recorded with respect to the option awards granted in 2016 to the non-executive directors measured using the Black Scholes formula. For a description of the

assumptions used in valuing these awards, see note 4.14 to our financial statements incorporated by reference in this Prospectus. These amounts do not reflect the actual economic value realized by the non-executive director. On June 8, 2016, each of our non-executive directors (other than Dr. de Koning), was granted an option to purchase 10,000 ordinary shares with an exercise price of €11.38 per share and a ten-year term.

- (2) Dr. de Koning is affiliated with Life Sciences Partners, one of our shareholders, and accordingly, did not receive any compensation for his service as a non-executive director. Dr. de Koning resigned from our board of directors effective April 26, 2017.
- (3) Dr. Klein was appointed to the board on April 28, 2016, and therefore the amounts shown reflect the pro rata portion of Dr. Klein's fixed fee earned during 2016.

The table below shows the stock options held at the start of the year ended December 31, 2016 and the stock options granted to the non-executive directors which have vested during the year ended December 31, 2016, as well as the stock options to vest in the years ending December 31, 2017, December 31, 2018 and December 31, 2019 (in number of stock options), and the respective exercise price of such stock options:

Name	Total options held on January 1, 2016	Options granted in 2016	Total options held on December 31, 2016	Options vested until 2015	Exercise price	Options vested in 2016	Exercise price	Options to vest in 2017	Exercise price	Options to vest in 2018	Exercise price	Options to vest in 2019	Exercise price
Peter Verhaeghe	24,585	10,000	34,585	11,626	2.44								
				7,959	3.95								
				1,667	7.17	1,666	7.17	1,667	7.17	3,333	11.38	1,667	11.38
David L. Lacey	19,443	10,000	29,443	6,643	2.44								
				4,267	7.17	4,266	7.17	4,267	7.17	3,333	11.38	1,667	11.38
Werner Lanthaler	19,416	10,000	29,416	8,009	2.44								
				1,667	7.17	1,666	7.17	1,667	7.17	3,333	11.38	1,667	11.38
Don deBethizy ...	15,000	10,000	25,000										
						7,500	11.44	5,000	11.44	2,500	11.44		
								5,000	11.38	3,333	11.38	1,667	11.38
Pamela Klein	15,000	10,000	25,000										
						7,500	11.44	5,000	11.44	2,500	11.44		
								5,000	11.38	3,333	11.38	1,667	11.38

The table below shows the remaining term of the stock options held by the non-executive directors on December 31, 2016:

Name	Number of stock options	Remaining term on December 31, 2016 (rounded up)
Peter K.M. Verhaeghe.....	3,650	3.5 years
	2,340	4.0 years
	5,560	6.5 years
	3,181	7.0 years
	9,854	8.0 years
	10,000	9.5 years
David L. Lacey.....	3,180	6.5 years
	1,818	7.0 years
	14,445	8.0 years
	10,000	9.5 years
Werner Lanthaler .....	10,850	7.0 years
	8,566	8.0 years
	10,000	9.5 years
J. Donald deBethizy .....	15,000	8.5 years
	10,000	9.5 years
Pamela Klein.....	15,000	8.5 years

10,000

9.5 years

No stock options were exercised by non-executive directors during the year ended December 31, 2016, and no corresponding shares were issued in relation thereto.

### **argenx Employee Stock Option Plan**

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

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

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

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

Options granted pursuant to the Option Plan will vest with respect to one third of the shares upon the first anniversary of the date of grant, with the remaining two thirds vesting in twenty-four equal monthly installments with the option fully vesting upon the third anniversary of the date of grant, subject, in each case, to the optionee's continued status.

Each option will be granted with an exercise price equal to the fair market value upon the date of grant and will have a term equal to ten years from the date of grant. In the case of a (i) sale, merger, consolidation, tender offer or similar acquisition of shares or other transaction or series of related transactions as a result of which a change in control occurs, (ii) sale or other disposition of all or substantially all of the company's assets or (iii) dissolution and/or liquidation of the company, then 100% of any unvested options will vest.

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

On April 26, 2017 the shareholders at the General Meeting designated our board of directors as the corporate body competent to issue shares under the Option Plan and to limit or exclude pre-emptive rights of shareholders for such shares and option rights to subscribe for shares with the prior consent of the majority of the non-executive directors for a period of 18 months.

### **Statutory Auditor**

The fees for services provided by our independent auditor Deloitte and its member firms and/or affiliates, to us and our subsidiaries were approved by the audit committee and can be broken down as follows:

<b>Fees (in thousands of euros)</b>	<b>2016</b>	<b>2015</b>
Audit fees.....	85	70
Audit related fees.....	65	35
Tax and other services .....	2	3
Total.....	152	108

### **Liability of board members**

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

The liability of members of our board of directors and executive management is covered by a directors' and officers' liability insurance policy. This policy contains customary limitations and exclusions, such as willful misconduct or intentional recklessness (*opzet of bewuste roekeloosheid*).

### **Conflict-of-Interest Transactions**

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

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

There are no arrangements or understandings in place with major shareholders, customers, suppliers or others pursuant to which any member of our board of directors or executive management has been appointed.

At the date of this Prospectus, all current non-executive directors meet the independence criteria contained in the Dutch Corporate Governance Code. No member of our board of directors or executive management has a conflict of interest (actual or potential) between his duties to us and his private interests and/or other duties.

## **PART XIII: MANAGEMENT UPON COMPLETION OF OUR REDOMICILIATION**

### **Overview**

The following description summarizes the rules and principles according to which our board and management structure is expected to be organized after completion of our redomiciliation, once our articles of association to be adopted under Belgian law, or the Belgian Articles of Association, and our corporate governance charter to be adopted under the Belgian Corporate Governance Code, or the Belgian Governance Charter, will become effective and as contained in the relevant legislation.

The Belgian Articles of Association will, upon or shortly after completion of our redomiciliation, be available on our website in the governing Dutch language and an unofficial English translation thereof. The Belgian Governance Charter will be available on our website once adopted by the Belgian Board in the governing Dutch language and an unofficial English translation thereof.

Our management structure is expected to be a “one-tier” governance structure comprised of the board of directors, or the Belgian Board. The Belgian Board will be in charge of approving our strategy, overseeing our principal objectives, and assuming ultimate responsibility for the oversight of our activities.

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 Belgian law as in force on the date of this Prospectus.

### ***Duties of Board Members***

Under Belgian law, the Belgian Board will be vested with the power to perform all acts that are necessary or useful for the realization of our purpose, except for those actions that are specifically reserved by law or the Belgian Articles of Association to the shareholders at the General Meeting or other management bodies.

In particular, pursuant to the Belgian Corporate Governance Code, the Belgian Governance Charter should include the terms of reference of the Belgian Board detailing its responsibilities, duties, powers, composition and operation. The Belgian Board will be collectively responsible for at least:

- deciding on our values and strategy, our risk appetite and key policies;
- reviewing executive management performance and the realization of our strategy;
- monitoring and reviewing the effectiveness of the board's committees;
- taking all necessary measures to ensure the integrity and timely disclosure of our financial statements and other material financial and non-financial information disclosed to the shareholders and potential shareholders;
- approving a framework of internal control and risk management set up by our executive management and reviewing the implementation of this framework, taking into account the review made by the audit committee;
- supervising the performance of the external auditor(s) and the internal audit function, taking into account the review made by the audit committee;
- describing the main features of our internal control and risk management systems;
- deciding on the executive management structure and determining the powers and duties entrusted to the executive management;
- approving the remuneration report; and
- all other matters reserved to the Belgian Board by the Belgian Companies Code.

Within certain limits, the Belgian Board will be entitled to delegate part of its powers to the Chief Executive Officer.

The Belgian Articles of Association will define the powers of the Belgian Board, the directors or any other persons to represent the company.

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

### ***Composition of the Belgian Board***

Pursuant to Belgian law, the Belgian Board will comprise a minimum of three directors. We expect that the composition of the Belgian Board upon completion of our redomiciliation will be the same as the current composition of our board of directors.

The address for our directors will be our registered office, Industriepark Zwijnaarde 7, Building C, 9052 Zwijnaarde (Gent), Belgium.

### ***Executive Management***

We expect that the composition and address of our executive management upon completion of our redomiciliation will be the same as the current composition of our executive management. We do not expect our executive management to constitute a *directiecomité/comité de direction* within the meaning of article 524bis of the Belgian Companies Code.

### ***Director Independence***

A director will only qualify as an independent director if he meets at least the criteria set out in article 526ter of the Belgian Companies Code, which can be summarized as follows:

- Not being an executive member of the board of directors, exercising a function as a member of the executive management or as a person entrusted with daily management of the company or a company or person affiliated with the company, and not having been in such a position during the previous five years before his nomination.
- Not having served for more than three terms as a non-executive director of the board of directors, without exceeding a total term of more than twelve years.
- Not being an employee of the senior management (as defined in article 19, 2° of the Belgian Act of September 20, 1948 regarding the organisation of the business industry) of the company or a company or person affiliated with the company and not having been in such a position for the previous three years before his nomination.
- Not receiving, or having received, any significant remuneration or other significant advantage of a financial nature from the company or a company or person affiliated with the company, other than any bonus or fee (*tantièmes*) he receives or has received as a non-executive member of the board of directors.
- Not holding (directly or via one or more companies under his control) any shareholder rights representing 10% or more of the company 's shares or of a class of the company 's shares (as the case may be), and not representing a shareholder meeting this condition.
- If the shareholder rights held by the director (directly or via one or more companies under his control) represent less than 10%, the disposal of such shares or the exercise of the rights attached thereto may not be subject to contracts or unilateral undertakings entered into by the director. The director may also not represent a shareholder meeting this condition.
- Not having, or having had within the previous financial year, a significant business relationship with the company or a company or person affiliated with the company, either directly or as partner, shareholder, member of the board of directors, member of the senior management (as defined in

article 19, 2° of the aforementioned Belgian Act of September 20, 1948) of a company or person who maintains such a relationship.

- Not being or having been within the last three years, a partner or employee of the current or former statutory auditor of the company or a company or person affiliated with the current or former statutory auditor of the company.
- Not being an executive director of another company in which an executive director of the company is a non-executive member of the board, and not having other significant links with executive directors of the company through involvement in other companies or bodies.
- Not being a spouse, legal partner or close family member (by marriage or birth) to the second degree of a member of the board of directors, a member of the executive management, a person charged with the daily management, or a member of the senior management (as defined in article 19, 2° of the aforementioned Belgian Act of September 20, 1948) of the company or a company or person affiliated with the company, or of a person who finds him or herself in one or more of the circumstances described in the previous bullets.

The resolution appointing the director must mention the reasons on the basis of which the capacity of independent director is granted.

The Belgian Corporate Governance Code requires that the Belgian Board is composed of at least three independent directors. We are of the view that all currently expected non-executive members of the Belgian Board will comply with each of the relevant criteria of the Belgian Companies Code. Therefore, the composition of our Belgian Board is expected to comply with the independence requirements of the Belgian Corporate Governance Code.

#### ***Role of the Board in Risk Oversight***

We do not expect the Belgian Board's, the audit committee's and management's role in the oversight of our risk management activities to change following the completion of our redomiciliation.

#### ***Composition, Appointment and Dismissal After Completion of Our Redomiciliation***

Belgian law requires that directors are appointed by the shareholders at the General Meeting. Proposals by the Belgian Board for the appointment or re-election of any director must be based on a recommendation by the remuneration and nomination committee. The Belgian Corporate Governance Code requires the nomination committee to advise on proposals for appointment originating from shareholders. When a position on the Belgian Board becomes vacant, the remaining directors will have the right to temporarily fill the vacancy by appointing a candidate. Any such temporary appointment will (i) be subject to confirmation by the shareholders at the next General Meeting and (ii) subject to such confirmation, be for a term equal to the remainder of the original term of the director who held office prior to such vacancy arising.

As a general principle, in line with the Belgian Corporate Governance Code, the term of office of all directors of the Belgian Board will be four years and will terminate immediately after the closing of the fourth ordinary General Meeting following the date of their appointment, unless the shareholders at the General Meeting set a shorter term. All directors will be eligible for re-election.

The shareholders at the General Meeting have the authority to remove members of our board of directors at any time, with or without cause, by means of a resolution passed by a simple majority of the votes cast.

#### **Committees**

In accordance with the Belgian Corporate Governance Code, the Belgian Board can establish specialized committees which are responsible for assisting the Belgian Board and making recommendations in specific fields.

The committees will be advisory bodies only, and the decision-making will remain within the collegial responsibility of the Belgian Board. The Belgian Board will determine the terms of reference of each committee

with respect to the organization, procedures, policies and activities of the committee in line with the Belgian Companies Code and the Belgian Corporate Governance Code.

The Belgian Board will establish and appoint an audit committee, a remuneration and nomination committee and a research and development committee. We expect that the composition and function of all of our committees will comply with all applicable requirements of Euronext Brussels and the Belgian Corporate Governance Code.

#### ***Audit Committee***

According to the Belgian Companies Code, the audit committee must consist of non-executive directors and at least one of its members must be independent and must have the necessary competence in accounting and auditing and, according to the Belgian Corporate Governance Code, at least a majority of the members of the audit committee must be independent under the applicable rules of the Belgian Companies Code.

In accordance with the Belgian Companies Code, the audit committee must monitor our financial reporting processes, the effectiveness of our internal control and risk management systems, if there is an internal audit, monitoring the internal audit and its effectiveness, the statutory audit of our annual and consolidated financial statements, including the follow-up questions and recommendations by the statutory auditor. The audit committee must also review and monitor the statutory auditor's independence, in particular regarding the provision of additional services to the company.

The Belgian Corporate Governance Code requires that the audit committee meets as often as is required for its proper functioning, but at least four times a year and that it regularly (and at least every two to three years) reviews its terms of reference and its own effectiveness and recommends any necessary changes to the Belgian Board. The Belgian Corporate Governance Code requires that our audit committee meets at least twice a year with our statutory auditor to discuss matters relating to its terms of reference and any issues arising from the audit process, and in particular any material weaknesses in the internal control. The audit committee must report regularly to the Belgian Board on the exercise of its functions. It must inform the Belgian Board about all areas in which action or improvement is necessary in its opinion and produces recommendations concerning the necessary steps that need to be taken. The audit review and the reporting on that review must cover us and our subsidiaries as a whole.

The Belgian Corporate Governance Code further requires that, in addition to maintaining an effective working relationship with executive management, the internal and external auditors should be guaranteed free access to the Belgian Board. To this effect, the audit committee should act as the principal point of contact for the internal and external auditors. The external auditor and the head of the internal audit team should have direct and unrestricted access to the chairperson of the audit committee and the chairperson of the Belgian Board.

#### ***Remuneration and Nomination Committee***

According to the Belgian Companies Code, the remuneration and nomination committee must consist of non-executive directors and of a majority of independent directors and must have the necessary competence in remuneration policy. The remuneration and nomination committee must be chaired by the chairperson of the Belgian Board or another non-executive director appointed by the committee. The Chief Executive Officer participates in the meetings of the remuneration and nomination committee in an advisory capacity each time the remuneration of another member of executive management is being discussed.

In accordance with the Belgian Companies Code and the Belgian Corporate Governance Code, the role of the remuneration and nomination committee is to make recommendations to the board of directors with regard to the appointment of directors, the Chief Executive Officer and the other members of the executive management, to make proposals to the board of directors on the remuneration policy and individual remuneration for directors and members of the executive management, and to submit a remuneration report to the board of directors. In addition, the remuneration and nomination committee must each year submit the remuneration report to the shareholders at the annual General Meeting.

The Belgian Corporate Governance Code requires that our remuneration and nomination committee will meet as often as is required for its proper functioning, but at least twice per year and that it regularly (at least every two to three years) reviews its terms of reference and its own effectiveness and recommends any necessary changes to the Belgian Board.

### ***Research and Development Committee***

We expect no changes to the composition or terms of reference of our research and development committee.

### **Executive Management**

Pursuant to the Belgian Corporate Governance Code, the Belgian Governance Charter should include the terms of reference of our executive management detailing its responsibilities, duties, powers, composition and operation, and the executive management should at least:

- be entrusted with the running of the company;
- put internal controls in place (i.e. systems to identify, assess, manage and monitor financial and other risks) without prejudice to the Belgian Board's monitoring role, based on the framework approved by the Belgian Board;
- present to the Belgian Board a complete, timely, reliable and accurate preparation of our financial statements, in accordance with the applicable accounting standards and policies of the company;
- prepare the required disclosure of our financial statements and other material financial and non-financial information;
- present the Belgian Board with a balanced and understandable assessment of our financial situation;
- provide the Belgian Board in due time with all information necessary for it to carry out its duties;
- be responsible and accountable to the Belgian Board for the discharge of its responsibilities.

### **Corporate Governance Practices**

In accordance with the Belgian Corporate Governance Code, the Belgian Board must adopt terms of reference, the Belgian Governance Charter, that describe its and executive management's responsibilities, duties, composition and operation, shortly after completion of our redomiciliation, in line with the Belgian Companies Code and the Belgian Articles of Association.

### **Proxy Voting by Board Members**

Each director will be authorized to appoint another member of the Belgian Board to represent him and vote in his name.

### **Corporate Governance Rules**

We are committed to high standards of corporate governance and, as a company that will be incorporated under Belgian law upon completion of our redomiciliation and whose shares are listed on Euronext Brussels, will adhere to the principles and provisions of the Belgian Corporate Governance Code, after completion of our redomiciliation. A copy of the Belgian Corporate Governance Code can be found on <http://www.corporategovernancecommittee.be/en/about-2009-code>. The Belgian Corporate Governance Code is based on a "comply or explain" approach. Belgian listed companies should follow the Belgian Corporate Governance Code, but may deviate from its provisions provided that they disclose the justification for any such deviation. The Belgian Board will review our corporate governance at regular intervals and adopt any changes deemed necessary and appropriate.

Under the Belgian Corporate Governance Code, as a Belgian company, we will be required to establish a corporate governance statement in our annual report describing all relevant corporate governance events that have taken place during the year under review. We will be required to state both in our corporate governance statement and our Belgian Governance Charter that we have adopted the Belgian Corporate Governance Code as our reference code. If we have not complied fully with one or more provisions of the Belgian Corporate Governance Code, we will be required to explain our reasons for not having done so in the corporate governance statement.

We acknowledge the importance of good corporate governance. However, we do not expect to comply with all the provisions of the Belgian Corporate Governance Code upon completion of our redomiciliation. For example, we expect that we will not comply with provision 7.7 of the Belgian Corporate Governance Code, which requires that non-executive directors should not be entitled to performance-related remuneration such as (amongst others) stock related long-term incentive schemes. We have awarded and expect to continue to award stock based incentives to the non-executive directors, upon advice of the remuneration and nomination committee. We justify this as it allows to limit the portion of remuneration in cash that it would otherwise need to pay to attract or retain (internationally) renowned experts with the most relevant skills, knowledge and expertise, and as this is customary for directors active in companies in the biotech and life sciences industry, and as the portion of the remuneration payable in options is limited.

### **Code of Business Conduct and Ethics**

The Code of Conduct is expected to remain applicable following our redomiciliation.

### **Equity Holdings**

Reference is made to Part XII “Management—Equity Holdings.”

### **Compensation of Our Executive Management and the Belgian Board**

We expect our Remuneration Policy, the employment arrangements with our executive management and our Option Plan to remain unchanged upon completion of our redomiciliation.

### **Statutory Auditor**

Upon completion of our redomiciliation, our General Meeting will be requested to appoint a statutory auditor governed by Belgian law, upon recommendation of our audit committee.

### **Liability of board members**

Under Belgian law, our board of directors and certain other officers may be held liable for damages in the event of improper or negligent performance of their duties. They may be held jointly and severally liable for damages to our company and to third parties for infringement of the Belgian Articles of Association or of certain provisions of the Belgian Companies Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Under Belgian corporate law, we may provide for indemnification of our directors for their liability towards third parties. However, under Belgian law, such indemnification may generally not be available in instances of willful (*opzettelijk*) or fraudulent (*bedrog*) conduct or criminal (*strafrechtelijk*) liability.

### **Conflict-of-Interest Transactions**

Members of the Belgian Board will be required to arrange their personal and business affairs so as to avoid conflicts of interest with us within the meaning of article 523 of the Belgian Companies Code.

Any director with a conflicting financial interest on any matter before the Belgian Board will be required to bring it to the attention of both the statutory auditor and fellow directors and will not take part in any deliberation and vote related thereto. Conflicts of interest within the meaning of article 523 of the Belgian Companies Code will be disclosed in accordance with the relevant legal provisions.

Any proposed related party transaction or arrangement falling within the scope of article 524 of the Belgian Companies Code will be submitted to a committee of three independent directors in accordance with such article and will only be entered into after review by such committee.

## PART XIV: RELATED PARTY TRANSACTIONS

### Agreements with Our Executive Management

We have entered into a management agreement with Tim Van Hauwermeiren as our Chief Executive Officer and executive director. We have also entered into an employment agreement with Eric Castaldi, our Chief Financial Officer. Mr. Castaldi served as an executive director until April 26, 2017. The key terms of these agreements are as follows:

	<u>Tim Van Hauwermeiren</u>	<u>Eric Castaldi</u>
Base salary .....	€253,284	€235,952
Cash bonus .....	maximum 40% of base salary based on previously determined bonus targets established by the non-executive directors	maximum 35% of base salary based on previously determined bonus targets established by the non-executive directors
Pension contributions .....	€11,929	€84,972
Duration .....	Indefinite	Indefinite

We may terminate Mr. Van Hauwermeiren's services upon 18 months' notice, or payment of 18 months' pro-rated base salary in lieu of notice. Mr. Van Hauwermeiren would be entitled to the same payment in lieu of notice in the event he terminated his services with us in circumstances in which it cannot reasonably be expected for him to continue providing services to us (and after our failure to remedy such conditions after being provided at least 14 days' notice). Mr. Van Hauwermeiren would also be entitled to payment in lieu of notice in the event he terminated his services with us in certain cases of our failure to comply with obligations under applicable law or his agreement (and after our failure to remedy such non-compliance, if non-deliberate, after being provided at least 14 days' notice). In these cases, there will be a full acceleration of the vesting of any outstanding stock options held by Mr. Van Hauwermeiren. There will be no notice period or payment in lieu of notice in certain cases of Mr. Van Hauwermeiren's failure to comply with obligations under applicable law or his agreement. Mr. Van Hauwermeiren may be dismissed immediately as an executive director. In the case of Mr. Castaldi, if we terminate his employment without taking into account the statutory notice period (other than a termination for serious cause), or Mr. Castaldi terminates his employment with us in circumstances in which it cannot reasonably be expected for him to continue employment with us (and provided we have failed to remedy the condition after a period of 14 days from being given notice of such condition) then Mr. Castaldi will be entitled to receive the higher of (i) 12 months' gross annual salary or (ii) salary and benefits as defined under Belgian law for the statutory notice period (or, if the termination took into account all or part of the statutory notice period, for the remainder of the statutory notice period). In each such case (other than a termination for serious cause), there will be a full acceleration of the vesting of any outstanding stock options held by Mr. Castaldi.

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

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

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

Debbie Allen, our Senior Vice President of Business Development, has a consultancy agreement with our subsidiary, argenx BVBA, which is effective until January 1, 2018. Her consultancy agreement may be terminated at any time by mutual written consent of both parties and by us, subject to a one month notice period.

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

## **Indemnification Agreements**

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

## **Transactions with Related Companies**

### ***Research and development agreement between argenx SE and argenx BVBA***

argenx SE entered into a services agreement regarding research and development services with argenx BVBA on July 21, 2010 pursuant to which argenx BVBA will further develop and commercialize the intellectual property rights and know-how which argenx SE has developed in the field of identification and generation of therapeutic antibodies for pharmaceutical use and in the development and commercialization of pharmaceutical products containing such antibodies. All intellectual property rights so developed by argenx BVBA will exclusively vest in argenx SE Pursuant to the agreement, argenx BVBA is entitled to a fee based on a “cost-plus” basis, as well as royalties based on argenx SE’s income generated from commercial license agreements with pharmaceutical clients if such licenses resulted from the services provided by argenx BVBA.

For purposes of the agreement, argenx SE has granted argenx BVBA a worldwide non-exclusive license to use its intellectual property rights and know-how as well as an exclusive right to use certain biological materials, such as genetic materials and proteins. argenx BVBA will pay a yearly license fee to argenx SE determined in line with the market value of the license.

The agreement has an effective date as of August 28, 2009 and has an indefinite term. The agreement has been terminated pursuant to our restructuring. See Part XI “Overview of our Restructuring and Anticipated Redomiciliation.”

### ***Service and license agreements between argenx SE and argenx 110 B.V., argenx 111 B.V., argenx 113 B.V. and argenx 115 B.V.***

argenx SE is the owner of the patents in relation to the independent candidate medicines, ARGX-110 (110 Patent), ARGX-111 (111 Patent), ARGX-113 (113 Patent), and ARGX-115 (115 Patent) which have been developed on the basis of argenx SE’s SIMPLE Antibody™ platform, the POTELLIGENT® Technology, the NHance® technology and the ABDEG™ technology (Base Patents and Licenses). argenx SE has contributed the development programs in relation to ARGX-110, ARGX-111 and ARGX-113 with regard to the execution of the phase-I study to, respectively, argenx 110 B.V., argenx 111 B.V. and argenx 113 B.V., and the development programs in relation to ARGX-115 with regard to the execution of the pre-clinical studies to argenx 115 B.V., but not the 110 Patent, the 111 Patent, the 113 Patent, the 115 Patent or the Base Patents and Licenses.

On October 14, 2013 argenx SE has entered into two service and license agreements with, on the one hand, argenx 110 B.V. and, on the other hand, argenx 111 B.V. regarding research and development services and the licensing of patents relating to, respectively, the ARGX-110 program and the ARGX-111 program, and may enter into similar agreements with other subsidiaries relating to other programs.

Pursuant to the agreements, argenx SE has granted to, respectively, argenx 110 B.V. and argenx 111 B.V. for purposes of the ARGX-110 and ARGX-111 program a non-exclusive license to use the Base Patents and Licenses, the 110 Patent and the 111 Patent with a call option on, respectively, the 110 Patent and the 111 Patent, exercisable if a third party wishes to acquire, respectively, the ARGX-110 program or argenx 110 B.V., or the ARGX-111 program or argenx 111 B.V.

argenx 110 B.V. and argenx 111 B.V. have outsourced the research and development services and business development services in connection with the further development of the ARGX-110 and ARGX-111 program to argenx SE with the possibility to outsource these services to argenx BVBA. argenx SE is entitled to a fee based on a “cost-plus” basis for the services provided on behalf of argenx 110 B.V. and argenx 111 B.V.

The agreements with argenx 110 B.V. and argenx 111 B.V. have an effective date as of January 1, 2013 and have an indefinite term.

argenx 110 B.V., argenx 111 B.V., argenx 113 B.V. and argenx 115 B.V. have been merged into argenx SE, effective as per December 31, 2016, pursuant to which the service and license agreements have been automatically terminated.

#### ***Agreement with FairJourney LDA***

FairJourney LDA, or FairJourney, is a fee-for-service company focused on antibody discovery and engineering services. FairJourney was founded in 2012 and, as compensation for their support with the formation of FairJourney, our Chief Executive Officer and executive director Tim Van Hauwermeiren acquired shares representing 5% of the equity securities of FairJourney, and our Chief Scientific Officer, Hans de Haard, acquired shares representing 20% of the equity securities of FairJourney. In July 2012, we entered into a license and exclusive option agreement with FairJourney, pursuant to which we granted FairJourney a worldwide, non-exclusive license to our SIMPLE Antibody Platform to develop, manufacture and commercialize SIMPLE Antibodies to certain targets selected by FairJourney. Under the terms of the agreement, once FairJourney has advanced a product candidate discovered under the agreement to near proof-of-concept stage, we have the option to acquire patent rights generated by FairJourney specific to such product candidate along with a non-exclusive license to additional FairJourney intellectual property useful for further development, manufacture, or commercialization of the product candidate. Upon exercising this option, we must pay FairJourney an option fee equal to two times the expenses incurred by FairJourney for advancing such product candidate through the option exercise date, and we are required to pay a specified royalty in the mid-single digits on any sub-licensing revenue received by us for such product candidate. Alternatively, if we elect not to exercise the option, FairJourney is required to pay us a specified royalty in the mid-single digits on any sub-licensing revenue received by FairJourney for such product candidate. In connection with the agreement, we acquired shares of FairJourney representing 15% of the fully-diluted equity securities of FairJourney at the time of issuance.

#### ***Services Provided by VVGB Advocaten-Avocats***

In relation to the initial public offering of our shares on Euronext Brussels in July 2014, VVGB Advocaten-Avocats provided legal services to us. Peter K.M. Verhaeghe, one of our non-executive directors, is the managing partner of VVGB Advocaten-Avocats.

#### **Related Party Transactions Policy**

On April 21, 2017, we have adopted a related party transaction policy.

## PART XV: PRINCIPAL SHAREHOLDERS

### Shareholder structure

At the date of this Prospectus, the issued share capital of argenx SE amounts to EUR 2,012,647.90 and is represented by 20,126,479 ordinary shares. 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 argenx SE.

The following major shareholdings fall under the mandatory notice provisions of Section 5:38 of the DFSA on the basis of information provided by the shareholders and/or the public register of all notifications made available pursuant to the DFSA at the AFM's website (see also Part XVI "Description of Share Capital and Group Structure— Our Obligations and Obligations of our Shareholders and Directors to Notify Holders of Shares and Voting Rights") (i) before the Offering and (ii) immediately after the Offering, including the exercise in full of the underwriters' option to purchase additional ADSs.

Name and address of beneficial owner	Shares before the Offering		Shares owned after the Offering (including exercise in full of the underwriters option)
	Number	Percent	Percent
LSP IV Management B.V.	1,715,215	8.52%	6.38%
Forbion Capital Fund II Coöperatief U.A.	2,126,243	10.56%	7.91%
Shire plc	1,411,764	7.01%	5.25%
RTW Investments	1,841,731	9.15%	6.85%
Federated Equity Management Company of Pennsylvania	2,090,658	10.39%	7.78%
Perceptive Advisors LLC	1,124,478	5.59%	4.18%
Omnes Capital	495,415	2.46%	1.84%
Erasmus MC Biomedical Fund	479,913	2.38%	1.79%
JP Morgan Asset Management Holdings Inc.	965,992	4.80%	3.59%
A. van Herk	866,149	4.30%	3.22%
OrbiMed Advisors LLC	500,000	2.48%	1.86%
PMV N.V.	945,250	4.70%	3.52%
Thuja Capital Healthcare Fund B.V.	650,998	3.23%	2.42%
BioGeneration Ventures B.V.	403,996	2.01%	1.50%

The total number of stock options outstanding as at the date of this Prospectus totals 2,293,636.

At the date of this Prospectus, we are not directly or indirectly owned or controlled by any shareholder, whether individually or acting in concert. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

### Relationship with Significant Shareholders

Currently, as far as we are aware, there are no direct or indirect relationships between the us and any of our significant shareholders.

### Shareholders' Agreement

We have no knowledge of any shareholders' agreement that is effective.

## PART XVI: DESCRIPTION OF SHARE CAPITAL AND GROUP STRUCTURE

Set out below is a summary of certain relevant information concerning the ordinary shares, our current articles of association, or the Articles of Association, and certain provisions of Dutch law in force on the date of this Prospectus. Unless otherwise specified, the summary below describes the Articles of Association.

This section summarizes the Articles of Association, share capital and the rights attached to our ordinary shares, does not purport to give a complete overview and is qualified in its entirety by, and should be read in conjunction with, the Articles of Association and Dutch law, neither should it be considered as legal advice regarding these matters. The full text of the Articles of Association is incorporated by reference in this Prospectus and is available free of charge for the life of this Prospectus, in Dutch and in English, in electronic form on our website ([www.argenx.com](http://www.argenx.com)).

### General

We were incorporated on April 25, 2008, as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law. On May 28, 2014, we converted into a public company with limited liability (*naamloze vennootschap*) pursuant to a notarial deed of conversion and amendment. On April 26, 2017, we converted into a Dutch European public company with limited liability (*Societas Europaea* or *SE*) pursuant to a notarial deed of conversion and amendment and registration of the conversion with the trade register of the Dutch Chamber of Commerce.

We are registered with the trade register of the Dutch Chamber of Commerce under number 24435214. Our corporate seat is in Rotterdam, the Netherlands, and our registered office is at Willemstraat 5, 4811 AH, Breda, the Netherlands. Our telephone number is +31 (0) 10 70 38 441. Our website address is <http://www.argenx.com>.

Our ordinary shares are listed on the regulated market of Euronext Brussels under ISIN Code NL0010832176 under the symbol ARGX.

We have been approved to list the ADSs on The NASDAQ Global Select Market, under the symbol “ARGX.”

Initial settlement of the ADSs issued in the Offering will take place on the closing of the Offering through The Depository Trust Company, or DTC, in accordance with its customary settlement procedures for equity securities. Each person owning ADSs held through DTC must rely on the procedures thereof and on institutions that have accounts therewith to exercise any rights of a holder of the ordinary shares.

### Share Capital

Under Dutch law (Section 2:67 of the DCC), a company’s authorized share capital sets out the maximum amount and number of shares that it may issue without amending its articles of association.

Our Articles of Association provide for an authorized share capital in the amount of EUR 4.5 million divided into 45 million shares, each with a nominal value of EUR 0.10. All issued and outstanding shares have been fully paid up and the shares are held in dematerialized form.

On December 31, 2013, our share capital was divided in ordinary shares, preferred shares and cumulative convertible preferred shares. Following our IPO in July 2014, all shares have been converted into ordinary shares.

Number of shares outstanding on January 1, 2014	465,597
1:10 stock split July 9, 2014	4,655,970
Share reshuffling July 9, 2014	6,134,535
IPO July 10, 2014	4,705,882
Over-allotment August 10, 2014	208,725
<b>Number of shares outstanding on December 31, 2014</b>	<b>15,705,112</b>
Exercise of stock options on September 1, 2015	97,655
<b>Number of shares outstanding on December 31, 2015</b>	<b>15,802,767</b>
Subscription funds advised by subsidiaries of Federated Investors, Inc. January 20, 2016	1,480,420
Exercise of stock options on February 15, 2016	2,200
Exercise of stock options on March 16, 2016	10,000

Exercise of stock options on April 21, 2016	10,000
Exercise of stock options on May 27, 2016	33,092
Subscription by certain institutional investors on June 1, 2016	2,703,000
Exercise of stock options on September 26, 2016	70,000
Exercise of stock options on October 17, 2016	15,000
<b>Number of shares outstanding on December 31, 2016</b>	<b>20,126,479</b>
<b>Number of shares outstanding on the date of this Prospectus</b>	<b>20,126,479</b>

### *Stock split*

On December 31, 2013, our issued share capital consisted of 18,000 ordinary shares and 447,597 preferred shares with a nominal value of EUR 1.00 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 0.10 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 0.10 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 a result of the exercise of stock options under the Option Plan, 97,655 new shares were created in September 2015.

### *New Shares created during 2016*

In January 2016, funds advised by subsidiaries of Federated Investors, Inc. (U.S.) subscribed to 1,480,420 new shares. In June 2016, certain institutional investors subscribed to 2,703,000 new shares.

As a result of the exercise of stock options under the Option Plan, 2,200 new shares were created in February 2016, 10,000 in March 2016, 10,000 in April 2016, 33,092 in May 2016, 70,000 in September 2016 and 15,000 in October 2016.

### *New Shares created during 2017*

Until the date of this Prospectus, no new shares have been issued since December 31, 2016. Please refer to Part XVIII “Listing and Admission to Trading— The Offering and the Capital Increases” for a description of the new ordinary shares that will be issued in the context of the Offering.

This results in a total of 20,126,479 ordinary shares with a nominal value of EUR 0.10 per share.

## **Issue of Shares**

The Articles of Association provide that shares may be issued or rights to subscribe for our shares may be granted pursuant to a resolution of the shareholders at the General Meeting, or alternatively, by our board of directors if so designated by the shareholders at the General Meeting. A resolution of the shareholders at the General Meeting to issue shares, to grant rights to subscribe for shares or to designate our board of directors as the corporate body of the company authorized to do so can only take place at the proposal of our board of directors with the consent of the majority of the non-executive directors. Shares may be issued or rights to subscribe for shares may be granted by resolution of our board of directors, if and insofar as our board of

directors is designated to do so by the shareholders at the General Meeting. Designation by resolution of the shareholders at the General Meeting cannot be withdrawn unless determined otherwise at the time of designation. The scope and duration of our board of directors' authority to issue shares or grant rights to subscribe for shares (such as granting stock options or issuing convertible bonds) is determined by a resolution of the shareholders at the General Meeting and relates, at the most, to all unissued shares in the company's authorized capital at the relevant time. The duration of this authority may not exceed a period of five years. Designation of our board of directors as the body authorized to issue shares or grant rights to subscribe for shares may be extended by a resolution of the shareholders at the General Meeting for a period not exceeding five years in each case. The number of shares that may be issued is determined at the time of designation.

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

On April 26, 2017, the shareholders at the General Meeting designated our board of directors as the corporate body competent to issue additional shares and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of the non-executive directors for a period starting on April 26, 2017 and ending on December 31, 2017, for the purpose of the admission to listing and trading of the new ordinary shares on NASDAQ. While there is no current intention to benefit any specific person with this authorization to restrict the pre-emptive rights of the existing shareholders, when using this authorization, the board will be able to restrict the pre-emptive rights in whole or in part, including for the benefit of specific persons. In its resolution, the shareholders at the General Meeting restricted the competency of our board of directors as regards the issue of shares and the grant of rights to subscribe for shares to a maximum of 20% of our total issued and outstanding share capital as at the day of that meeting.

On April 26, 2017, the shareholders at the General Meeting furthermore granted an additional authorization to our board of directors to issue shares and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of the non-executive directors for a period of 18 months. In its resolution, the shareholders at the General Meeting restricted the competency of our board of directors under this second authorization as regards the issue of shares and the grant of rights to subscribe for shares to a maximum of 20% of our total issued and outstanding share capital as at the day of that meeting. This is in addition to the authorization described above. The primary purpose of this second authorization is to allow the board of directors the general flexibility to issue additional shares as and when the need may arise or an opportunity would present itself, including to issue shares and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders for such shares for the purpose of the admission to listing and trading of the new ordinary shares on NASDAQ in addition to the first authorization. While there is no current intention to benefit any specific person with this second authorization to restrict the pre-emptive rights of the existing shareholders, when using this authorization, the board will be able to restrict the pre-emptive rights in whole or in part, including for the benefit of specific persons.

### **Pre-emptive Rights**

Dutch law (Section 2:96a of the DCC) and the Articles of Association give shareholders pre-emptive rights to subscribe on a *pro rata* basis for any issue of new shares or, upon a grant of rights, to subscribe for shares. Holders of shares have no pre-emptive rights upon (1) the issue of shares against a payment in kind (being a contribution other than in cash); (2) the issue of shares to our employees or the employees of a member of our group; and (3) the issue of shares to persons exercising a previously granted right to subscribe for shares.

A shareholder may exercise pre-emptive rights during a period of at least two weeks from the date of the announcement of the issue of shares. Pursuant to the Articles of Association, the shareholders at the General Meeting may restrict or exclude the pre-emptive rights of shareholders. A resolution of the shareholders at the General Meeting to restrict or exclude the pre-emptive rights or to designate our board of directors as our body authorized to do so, may only be adopted on the proposal of our board of directors with the consent of the majority of the non-executive directors. A resolution of the shareholders at the General Meeting to exclude or restrict pre-emptive rights, or to authorize our board of directors to exclude or restrict pre-emptive rights, requires a majority of at least two-thirds of the votes cast, if less than 50% of our issued and outstanding share capital is present or represented at the General Meeting.

With respect to an issuance of shares pursuant to a resolution of our board of directors, the pre-emptive rights of shareholders may be restricted or excluded by resolution of our board of directors if and insofar as our board of directors is designated to do so by the shareholders at the General Meeting. A resolution of our board of directors to restrict or exclude pre-emptive rights can only be taken with the consent of the majority of the non-executive directors.

The designation of our board of directors as the body competent to restrict or exclude the pre-emptive rights may be extended by a resolution of the shareholders at the General Meeting for a period not exceeding five years in each case. Designation by resolution of the shareholders at the General Meeting cannot be withdrawn unless determined otherwise at the time of designation.

On April 26, 2017, the shareholders at the General Meeting designated our board of directors as the corporate body competent to issue additional shares and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of the non-executive directors for a period starting on April 26, 2017 and ending on December 31, 2017, for the purpose of the admission to listing and trading of the new ordinary shares on NASDAQ. While there is no current intention to benefit any specific person with this authorization to restrict the pre-emptive rights of the existing shareholders, when using this authorization the board will be able to restrict the pre-emptive rights in whole or in part, including for the benefit of specific persons. The board's ability to restrict the pre-emptive rights in whole or in part could be used as a potential anti-takeover measure. In its resolution, the shareholders at the General Meeting restricted the competency of our board of directors as regards the issue of shares and the grant of rights to subscribe for shares to a maximum of 20% of our total issued and outstanding share capital as at the day of that meeting.

On April 26, 2017, the shareholders at the General Meeting furthermore granted an additional authorization to our board of directors to issue shares and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of the non-executive directors for a period of 18 months. In its resolution, the shareholders at the General Meeting restricted the competency of our board of directors under this second authorization as regards the issue of shares and the grant of rights to subscribe for shares to a maximum of 20% of our total issued and outstanding share capital as at the day of that meeting. This is in addition to the authorization described above. The primary purpose of this second authorization is to allow the board of directors the general flexibility to issue additional shares as and when the need may arise or an opportunity would present itself, including to issue shares and grant rights to subscribe for shares and to limit or exclude pre-emptive rights of shareholders for such shares for the purpose of the admission to listing and trading of the new ordinary shares on NASDAQ in addition to the first authorization. While there is no current intention to benefit any specific person with this second authorization to restrict the pre-emptive rights of the existing shareholders, when using this authorization the board will be able to restrict the pre-emptive rights in whole or in part, including for the benefit of specific persons. The board's ability to restrict the pre-emptive rights in whole or in part could be used as a potential anti-takeover measure.

### **Acquisition of Shares by the Company**

We may not subscribe for our own shares on issue. We may acquire fully paid-up shares at any time for no consideration or, if:

- our shareholders' equity less the payment required to make the acquisition, does not fall below the sum of called-up and paid-in share capital and any statutory reserves;
- we and our subsidiaries would thereafter not hold shares or hold a pledge over shares with an aggregate nominal value exceeding 50% of our issued share capital; and
- our board of directors has been authorized thereto by the shareholders at the General Meeting.

As part of the authorization, the shareholders at the General Meeting must specify the number of shares that may be repurchased, the manner in which the shares may be acquired and the price range within which the shares may be acquired. An authorization by the shareholders at the General Meeting to our board of directors for the repurchase of shares can be granted for a maximum period of 18 months. No authorization of the shareholders at the General Meeting is required if ordinary shares are acquired by us with the intention of transferring such ordinary shares to our employees under an applicable employee stock purchase plan. A resolution of our board

of directors to repurchase shares can only be taken with the consent of the majority of the non-executive directors.

Shares held by us in our own share capital do not carry a right to any distribution. Furthermore, no voting rights may be exercised for any of the shares held by us or our subsidiaries unless such shares are subject to the right of usufruct or to a pledge in favor of a person other than us or its subsidiaries and the voting rights were vested in the pledgee or usufructuary before us or its subsidiaries acquired such shares. Neither we nor our subsidiaries may exercise voting rights in respect of shares for which we or our subsidiaries have a right of usufruct or a pledge.

### **Reduction of Share Capital**

The shareholders at the General Meeting may, upon a proposal of our board of directors with the consent of the majority of the non-executive directors, resolve to reduce the issued share capital by cancelling shares or by amending the Articles of Association to reduce the nominal value of the shares. Only shares held by us or shares for which we hold the depositary receipts may be cancelled. A resolution of the shareholders at the General Meeting to reduce the number of shares must designate the shares to which the resolution applies and must lay down rules for the implementation of the resolution. A resolution to reduce the issued share capital requires a majority of at least two-thirds of the votes cast, if less than 50% of our issued and outstanding share capital is present or represented at the General Meeting.

### **Articles of Association and Dutch Law**

When we refer to our Articles of Association in this Prospectus, we refer to our Articles of Association as they are in force at the date of this Prospectus.

Set forth below is a summary of relevant information concerning our share capital and material provisions of our Articles of Association and applicable Dutch law. This summary does not constitute legal advice regarding those matters and should not be regarded as such.

### ***Amendment of Articles of Association***

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

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

### ***Company's Shareholders' Register***

Subject to Dutch law (Section 2:85 of the DCC), we must keep our shareholders' register accurate and up-to-date. Our board of directors keeps our shareholders' register and records names and addresses of all holders of shares, showing the date on which the shares were acquired, the date of the acknowledgement by or notification of us as well as the amount paid on each share. The register also includes the names and addresses of those with a right of usufruct (*vruchtgebruik*) in shares belonging to another or a pledge in respect of such shares.

### ***Corporate Objectives***

Pursuant to Article 3 of our Articles of Association, our corporate objectives are: (a) to exploit, including all activities relating to research, development, production, marketing and commercial exploitation; biological, chemical or other products, processes and technologies in the life sciences sector in general, and more specifically in the diagnostic, pharmaceutical, medical, cosmetic, chemical and agricultural sector; (b) to design and develop instruments which may be used in medical diagnosis and affiliated areas; (c) the worldwide distribution of, sale of and rendering services relating to our products and subsidiaries directly to customers as well as through third parties; (d) to incorporate, to participate in any way whatsoever, to manage, to supervise, to operate and to promote enterprises, businesses and companies; (e) to render advice and services to businesses

and companies with which we form a group and to third parties; (f) to finance businesses and companies; (g) to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with the aforementioned; (h) to render guarantees, to bind us and to pledge our assets for obligations of the companies and enterprises with which we form a group and on behalf of third parties; (i) to obtain, alienate, manage and exploit registered property and items of property in general; (j) to trade in currencies, securities and items of property in general; (k) to develop and trade in patents, trademarks, licenses, know-how and other industrial property rights; and (l) to perform any and all activities of industrial, financial or commercial nature, as well as everything pertaining the foregoing, relating thereto or conducive thereto, all in the widest sense of the word.

### ***Limitation on Liability and Indemnification Matters***

Under Dutch law (Section 2:138 of the DCC), our board of directors and certain other officers may be held liable for damages in the event of improper or negligent performance of their duties. They may be held jointly and severally liable for damages to our company and to third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Directors and certain other officers are insured under an insurance policy taken out by us against damages resulting from their conduct when acting in the capacities as such directors or officers. In addition, our Articles of Association provide for indemnification of our directors, including reimbursement for reasonable legal fees and damages or fines based on acts or failures to act in their duties. No indemnification will be given to a member of our board of directors if a Dutch court has established, without possibility for appeal, that the acts or omissions of such indemnified person that led to the financial losses, damages, suit, claim, action or legal proceedings resulted from either an improper performance of his or her duties as a director or an officer of our company or an unlawful or illegal act, and only to the extent that his or her financial losses, damages and expenses are covered by an insurance and the insurer has settled these financial losses, damages and expenses (or has indicated that it would do so). Furthermore, such indemnification will generally not be available in instances of willful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct unless Dutch law provides otherwise.

### ***Shareholders' Meetings and Consents***

#### ***General Meeting***

General Meetings are held at the place where the company has its official seat. The annual General Meeting shall be held on the third Tuesday of the month of May on the hour and at the place mentioned in the convening notice. If such a date is not a business day, the annual General Meeting shall be held the first following business day. The annual General Meeting must be held within six months of the end of each financial year. Additional extraordinary General Meetings may also be held whenever considered appropriate by our board of directors. Pursuant to Dutch law (Section 2:110 of the DCC), one or more shareholders and others entitled to attend a General Meeting, who jointly represent at least one-tenth of the issued capital, may request our board of directors to convene a General Meeting. If our board of directors has not taken the steps necessary to ensure that a General Meeting will be held within the relevant statutory period after the request, the requesting persons may, at his/her/their request, be authorized by court in preliminary relief proceedings to convene a General Meeting. The court shall disallow the application if it does not appear that the applicants have previously requested our board of directors to convene a General Meeting and our board of directors has not taken the necessary steps so that the General Meeting could be held within six weeks after the request.

General Meetings can be convened by a notice, which will include an agenda stating the items to be discussed, including for the annual General Meeting, among other things, the adoption of the annual accounts, appropriation of our profits and proposals relating to the composition of our board of directors, including the filling of any vacancies in our board of directors. In addition, the agenda will include such items as have been included therein by our board. The agenda will also include such items requested by one or more shareholders, and others entitled to attend General Meetings, representing at least 3% of the issued share capital. Requests must be made in writing and received by our board of directors at least 60 days before the day of the convocation of the meeting. No resolutions will be adopted on items other than those which have been included in the agenda. In accordance with the Dutch Corporate Governance Code, a shareholder may include an item on the agenda only after consulting our board of directors in that respect. If one or more shareholders intends to request that an item be put on the agenda that may result in a change in the company's strategy, our board of directors may invoke a response time of a maximum of 180 days until the day of the General Meeting.

The General Meeting is presided over by the chairperson or, if he is absent, by the vice chairperson of the board of directors. If the chairperson and the vice chairperson are absent, the non-executive directors present at the meeting will appoint one of them to be chairperson. Board members may attend a General Meeting. In these meetings, they have an advisory vote. The chairperson of the meeting may decide at its discretion to admit other persons to the meeting.

The external auditor of the company shall attend the General Meeting in which the annual accounts are discussed.

In connection with our General Meetings, ADS holders will not be treated as our shareholders and will not have shareholder rights.

### ***Admission and Registration***

All shareholders, and each usufructuary and pledgee to whom the right to vote on our shares accrues, are entitled, in person or represented by a proxy authorized in writing, to attend and address the General Meeting and exercise voting rights pro rata to their shareholding. Shareholders may exercise their rights if they are the holders of our shares on the record date as required by Dutch law (Section 2:119 of the DCC), which is currently the 28<sup>th</sup> day before the day of the General Meeting, and they or their proxy have notified us of their intention to attend the General Meeting in writing or by any other electronic means that can be reproduced on paper ultimately at a date set for that purpose by our board of directors which date may not be earlier than the seventh day prior to the General Meeting, specifying such person's name and the number of shares for which such person may exercise the voting rights and/or meeting rights at such General Meeting. The convocation notice will state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

### ***Quorum and Voting Requirements***

Each ordinary share confers the right on the holder to cast one vote at the General Meeting. Shareholders may vote by proxy. The voting rights attached to any shares held by us are suspended as long as they are held in treasury. Nonetheless, the holders of a right of usufruct (*vruchtgebruik*) in shares belonging to another and the holders of a right of pledge in respect of ordinary shares held by us are not excluded from any right they may have to vote on such ordinary shares, if the right of usufruct (*vruchtgebruik*) or the right of pledge was granted prior to the time such ordinary share was acquired by us. We may not cast votes in respect of a share in respect of which there is a right of usufruct (*vruchtgebruik*) or a right of pledge. Shares which are not entitled to voting rights pursuant to the preceding sentences will not be taken into account for the purpose of determining the number of shareholders that vote and that are present or represented, or the amount of the share capital that is provided or that is represented at a General Meeting.

In accordance with Dutch law (Section 2:120 paragraph 1 of the DCC) and generally accepted business practices, our Articles of Association do not provide quorum requirements generally applicable to the General Meeting. Decisions of the General Meeting are taken by an absolute majority of votes cast, except where Dutch law (e.g. Sections 2:18 paragraph 2 under a; 2:96a paragraph 7; 2:99 paragraph 6; 2:133 paragraph 2 and 2:330 paragraph 1 of the DCC) or the Articles of Association provide for a qualified majority or unanimity.

### ***Board Members***

#### ***Election of Board Members***

Under our Articles of Association, our directors are appointed by the shareholders at the General Meeting upon proposal by our board of directors.

#### ***Duties and Liabilities of Directors***

Under Dutch law (Section 2:129 paragraph 1 of the DCC), our board of directors is collectively responsible for our general affairs. Pursuant to our Articles of Association, our board of directors will divide its duties among its members, with our day-to-day management entrusted to the executive directors. The non-executive directors supervise the management of the executive directors and the general affairs of our 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 of

Association. The division of tasks within our board of directors is determined (and amended, if necessary) by our board of directors. Each director has a duty to properly perform the duties assigned to him or her and to act in our corporate interest. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees and other stakeholders.

### ***Dividends and Other Distributions***

#### *Amount Available for Distribution*

Pursuant to Dutch law (Section 2:105 paragraph 3 of the DCC) and the Articles of Association, the distribution of profits will take place following the adoption of our annual accounts, from which we will determine whether such distribution is permitted. We may only make distributions to the shareholders, whether from profits or from our freely distributable reserves, only insofar as our shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law.

The shareholders at the General Meeting may determine which part of our profits will be added to the reserves in consideration of our reserves and dividends policy. The remaining part of the profits after the addition to the reserves will be at the disposal of the shareholders at the General Meeting. Distributions of dividends will be made pro rata to the nominal value of each share.

Subject to Dutch law (Section 2:105 of the DCC) and the Articles of Association, our board of directors, with the consent of the majority of the non-executive directors, may resolve to distribute an interim dividend if it determines such interim dividend to be justified by our profits. For this purpose, our board of directors must prepare an interim statement of assets and liabilities. Such interim statement will show our financial position 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. An interim dividend can only be paid if (a) an interim statement of assets and liabilities is drawn up showing that the funds available for distribution are sufficient, and (b) our shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law.

Our board of directors, with the consent of the majority of the non-executive directors, may resolve that we make distributions to shareholders from one or more of our freely distributable reserves, other than by way of profit distribution, subject to the due observance of our policy on reserves and dividends. Any such distributions will be made pro rata to the nominal value of each share.

Dividends and other distributions will be made payable not later than the date determined by our board. Claims to dividends and other distributions not made within five years from the date that such dividends or distributions became payable, will lapse and any such amounts will be considered to have been forfeited to us (*verjaring*).

We do not anticipate paying any cash dividends for the foreseeable future.

#### *Exchange Controls*

Pursuant to Dutch law, there are no exchange controls applicable to the transfer to persons outside of the Netherlands of dividends or other distributions with respect to, or of the proceeds from the sale of, shares of a Dutch company.

Pursuant to Dutch law, there are no exchange controls applicable to our import or export of capital, including the availability of cash and cash equivalents to us as a Dutch company.

### ***Annual Accounts and Semi-Annual Accounts***

Our financial year is the calendar year. Within four months after the end of our financial year, our board of directors must prepare the annual accounts. It must make them available for inspection by the shareholders at our office. The annual accounts must be accompanied by an auditors' statement, an annual report, a report by our board of directors and certain other information required under Dutch law (Section 2 Title 9 of the DCC).

The annual accounts, the annual report, the other information required under Dutch law (Section 2 Title 9 of the DCC) and the auditors' statement must be made available to shareholders for review from the day of the notice convening the annual General Meeting. All members of our board of directors must sign the annual accounts and

if a member does not sign, the reasons for this must be stated. The annual accounts must be adopted by the General Meeting.

Within two months after the end of the first six months of the financial year, our board of directors must prepare semi-annual accounts and make them publicly available. If the semi-annual accounts are audited or reviewed, the independent auditor's report must be made publicly available together with the semi-annual accounts.

### ***Dissolution and Liquidation***

argenx SE may only be dissolved by a resolution of the shareholders at a General Meeting upon a proposal made by our board of directors with the consent of the majority of the non-executive directors. If a resolution to dissolve argenx SE is to be put to the shareholders at a General Meeting, this must in all cases be stated in the notice convening the General Meeting. If the shareholders at a General Meeting resolve to dissolve argenx SE, the members of our board of directors will be charged with the liquidation of the business of argenx SE. During liquidation, the provisions of the Articles of Association will remain in force as far as possible.

A resolution by the shareholders at a General Meeting to dissolve argenx SE requires a two-thirds majority of the votes cast if less than half the issued and outstanding share capital is represented at the meeting.

Any surplus remaining after settlement of all debts and liquidation costs will be distributed to the shareholders in proportion to the nominal value of their shareholdings.

### **Public Offer**

In accordance with Directive 2004/25/EC, each European Union member state should ensure the protection of minority shareholders by obliging any person that acquires control of a company to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price.

The Directive 2004/25/EC applies to all companies governed by the laws of a European Union member state of which all or some voting securities are admitted to trading on a regulated market in one or more European Union member states. The laws of the European Union member state in which a company has its registered office will determine the percentage of voting rights that is regarded as conferring control over that company.

In accordance with Section 5:70 of the DFSA, any person—whether acting alone or in concert with others—who, directly or indirectly, acquires a controlling interest in a company will be obliged to launch a mandatory public offer for all our outstanding shares. A controlling interest is deemed to exist if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the General Meeting. An exception is made for, amongst others, shareholders who—whether alone or acting in concert with others—(i) had an interest of at least 30% of our voting rights before our shares were first admitted to trading on Euronext Brussels and who still have such an interest after such first admittance to trading, and (ii) reduce their holding to below 30% of the voting rights within 30 days of the acquisition of the controlling interest provided that (a) the reduction of their holding was not effected by a transfer of shares to an exempted party and (b) during such period such shareholders or group of shareholders did not exercise their voting rights.

The rules under the DFSA regarding mandatory public offers apply to us because the company has its statutory seat in the Netherlands. However, as the shares are not admitted to trading on a regulated market in the Netherlands but are admitted to trading on Euronext Brussels and the ADSs will be admitted to trading on The NASDAQ Global Select Market, the Dutch Decree on public offers (*Besluit openbare biedingen Wft*) will only apply in relation to matters relating to information to be provided to trade unions and employees and company law matters, including the convocation of a General Meeting in the event of a public offer and a position statement by our board of directors. In case of a mandatory public offer, the provisions regarding the offered consideration and the bid procedure will be governed by Belgian law pursuant to article 4§1, 3° of the Belgian law dated April 1, 2007 on public takeover bids, or the Takeover Law. Pursuant to article 53 of the Belgian Royal Decree of April 27, 2007 on public takeover bids, or the Takeover Royal Decree, a mandatory public offer on our shares must be launched at a price equal to the higher of (i) the highest price paid by the offeror or persons acting in concert with it for the acquisition of shares during the last 12 months and (ii) the weighted average trading prices during the last 30 days before the obligation to launch a mandatory public offer was triggered. The price can be in cash or in securities. However, if the securities that are offered as consideration are not liquid securities that are traded on a regulated market or if the offeror or persons acting in concert with it have acquired shares for cash in the last 12 months, a cash alternative has to be offered.

Various protective measures are possible and permissible within the boundaries set by Dutch law and Dutch case law. We have adopted several provisions that may have the effect of making a takeover of our company more difficult or less attractive, including requirements that certain matters, including an amendment of our Articles of Association, may only be brought to our shareholders for a vote upon a proposal by our board of directors.

No takeover bid has been instigated by third parties in respect of our equity during the previous financial year and the current financial year.

### **Squeeze Out Procedures**

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

In addition, pursuant to Section 359c, Book 2 of the Dutch Civil Code, following a public offer, a holder of at least 95% of our issued share capital and voting rights has the right to require the minority shareholders to sell their shares to it. Any such request must be filed with the Enterprise Chamber within three months after the end of the acceptance period of the public offer. Conversely, pursuant to article 2:359d of the Dutch Civil Code each minority shareholder has the right to require the holder of at least 95% of our issued share capital and voting rights to purchase its shares in such case. The minority shareholder must file such claim with the Enterprise Chamber within three months after the end of the acceptance period of the public offer.

### **Market Abuse Rules**

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

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

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

amends an order concerning our shares or other financial instruments to which that information relates, or induces that person to make such a cancellation or amendment.

The company will be under an obligation to make any inside information immediately public. However, the company may, on its own responsibility, delay the publication of inside information if it can ensure the confidentiality of the information. Such deferral is only possible if the publication thereof could damage the company's legitimate interests and if the deferral does not risk misleading the market. If the company wishes to use this deferral right it needs to inform the Belgian Financial Services and Markets Authority thereof after the information is disclosed to the public and provide a written explanation of how the conditions for deferral were met. The company will be subject to Belgian law and MAR regarding the publication of inside information.

Directors, other persons discharging managerial responsibilities and persons closely associated with them are covered by the MAR notification obligations. Directors and other persons discharging managerial responsibilities as well as persons closely associated with them, must notify the AFM of every transaction conducted on their own account relating to the shares or debt instruments of the company, or to derivatives or other financial instruments linked to those shares or debt instruments. Notification must be made within three working days after the date of the transaction. Under MAR, no notification of a transaction needs to be made until transactions in a calendar year by that director, persons discharging managerial responsibilities or persons closely associated with them exceed a threshold of €5,000 (without netting). Once the threshold has been reached, all transactions will need to be notified, regardless of amount and wherever concluded.

Non-compliance with these reporting obligations could lead to criminal penalties, administrative fines and cease-and-desist orders (and the publication thereof), imprisonment or other sanctions.

### **Transparency Directive**

We are a European public company with limited liability (*Societas Europaea* or *SE*) incorporated and existing under the laws of the Netherlands. The Netherlands is our home European Union member state (*lidstaat van herkomst*) for the purposes of Directive 2004/109/EC of the European Parliament and of the Council of December 15, 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC and the rules and regulations promulgated pursuant thereto, as amended by Directive 2010/73/EU, or the Transparency Directive, as a consequence of which we will be subject to the DFSA in respect of certain ongoing transparency and disclosure obligations. In addition, as long as our shares are listed on Euronext Brussels and the ADSs on The NASDAQ Global Select Market, we are required to disclose any regulated information which has been disclosed pursuant to the DFSA as well in accordance with the Belgian Act of May 2, 2007, the Belgian Royal Decree of November 14, 2007 and NASDAQ listing rules.

We must publish our annual accounts within four months after the end of each financial year and our half-yearly figures within two months after the end of the first six months of each financial year. Within five calendar days after adoption of our annual accounts, we must file our adopted annual accounts with the AFM.

Pursuant to the DFSA, we will be required to make public without delay any change in the rights attaching to our shares or any rights to subscribe our shares.

### **Dutch Financial Reporting Supervision Act**

Pursuant to the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*), or the DFRSA, the AFM supervises the application of financial reporting standards by companies whose official seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange.

Pursuant to the DFRSA, the AFM has an independent right to (i) request an explanation from us regarding our application of the applicable financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt that our financial reporting meets such standards and (ii) recommend to us that we make available further explanations and files these with the AFM. If we do not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber orders us to (a) provide an explanation of the way we have applied the applicable financial reporting standards to our financial reports or (b) prepare our financial reports in accordance with the Enterprise Chamber's instructions.

## **Our Obligations and Obligations of our Shareholders and Directors to Notify Holders of Shares and Voting Rights**

Pursuant to Chapter 5.3 of the DFSA, any person who, directly or indirectly, acquires or disposes of an actual or potential capital interest or voting rights in the company must immediately give written notice to the AFM of such acquisition or disposal if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must be taken into account: (i) shares and/or voting rights directly held (or acquired or disposed of) by any person; (ii) shares or voting rights held (or acquired or disposed of) by such person's controlled entities or by a third party for such person's account; (iii) voting rights held (or acquired or disposed of) by a third party with whom such person has concluded an oral or written voting agreement; (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment; (v) shares which such person, or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire shares; (vi) shares which determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps; (vii) shares that must be acquired upon exercise of a put option by a counterparty; and (viii) shares which are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

Controlled entities (*gecontroleerde ondernemingen*) within the meaning of the DFSA do not themselves have notification obligations under the DFSA as their direct and indirect interests are attributed to their (ultimate) parent. If a person who has a 3% or larger interest in the company's share capital or voting rights ceases to be a controlled entity it must immediately notify the AFM and all notification obligations under the DFSA will become applicable to such former controlled entity.

Special rules apply to the attribution of shares and/or voting rights which are part of the property of a partnership or other form of joint ownership. A holder of a pledge or right of usufruct in respect of shares can also be subject to notification obligations, if such person has, or can acquire, the right to vote on the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger notification obligations as if the pledgee or beneficial owner were the legal holder of the shares and/or voting rights.

Furthermore, when calculating the percentage of capital interest a person is also considered to be in possession of shares if (i) such person holds a financial instrument the value of which is (in part) determined by the value of the shares or any distributions associated therewith and which does not entitle such person to acquire any shares, (ii) such person may be obliged to purchase shares on the basis of an option, or (iii) such person has concluded another contract whereby such person acquires an economic interest comparable to that of holding a share.

Under the DFSA, we are required to notify the AFM promptly of any change of 1% or more in our issued and outstanding share capital or voting rights since the previous notification. Other changes in our issued and outstanding share capital or voting rights must be notified to the AFM within eight days after the end of the quarter in which the change occurred. If a person's capital interest or voting rights reaches, exceeds or falls below the above-mentioned thresholds as a result of a change in our issued and outstanding share capital or voting rights, such person is required to make a notification not later than on the fourth trading day after the AFM has published our notification as described above.

Every holder of 3% or more of our share capital or voting rights who, in relation to its previous notification, reaches, exceeds or falls below any of the above mentioned thresholds as a consequence of a different composition by means of an exchange or conversion into shares or the exercise of rights pursuant to an agreement to acquire voting rights, must notify the AFM at the latest within four trading days.

Furthermore, each director must notify the AFM of each change in the number of shares he or she holds and of each change in the number of votes he or she is entitled to cast in respect of our issued and outstanding share capital, immediately after the relevant change.

The AFM does not issue separate public announcements of the notifications. It does, however, keep a public register of and publishes all notifications made pursuant to the DFSA at its website ([www.afm.nl](http://www.afm.nl)). Third parties can request to be notified automatically by email of changes to the public register in relation to a particular company's shares or a particular notifying party.

Non-compliance with these notification obligations is an economic offence and may lead to criminal prosecution. The AFM may impose administrative penalties for non-compliance, and the publication thereof. In addition, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be notified. A claim requiring that such measures be imposed may be instituted by us, or by one or more of our shareholders who alone or together with others represent at least 3% of our issued and outstanding share capital of or voting rights. The measures that the civil court may impose include:

- an order requiring the person with a duty to disclose to make the appropriate disclosure;
- suspension of the right to exercise the voting rights by the person with a duty to disclose for a period of up to three years as determined by the court;
- voiding a resolution adopted by the shareholders at the General Meeting, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person with a duty to disclose, or suspension of a resolution adopted by the shareholders at the General Meeting until the court makes a decision about such voiding; and
- an order to the person with a duty to disclose to refrain, during a period of up to five years as determined by the court, from acquiring shares or voting rights in the company.

Shareholders are advised to consult with their own legal advisors to determine whether the notification obligations apply to them.

Pursuant to the Dutch Corporate Governance Code and in accordance with the rules intended to prevent market abuse, on July 3, 2016, we adopted, and prior to the closing of this offering we intend to update, an insider trading policy in respect of the holding of and carrying out of transactions by board members and employees in our shares or in financial instruments the value of which is determined by the value of our shares. Furthermore, we have drawn up a list of those persons working for us who could have access to inside information on a regular or incidental basis and have informed such persons of the rules on insider trading and market manipulation, including the sanctions which can be imposed in the event of a violation of those rules.

## **Short Positions**

### ***Net Short Position***

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

### ***Gross Short Position***

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

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

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

## Group Structure

argenx SE is the top entity in our group. argenx SE is the sole shareholder of argenx BVBA, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of Belgium, having its registered seat in Zwijnaarde, Belgium.

Until December 31, 2016, argenx SE was the sole shareholder in argenx 110 B.V., argenx 111 B.V., argenx 113 B.V. and argenx 115 B.V., each of which was a company with limited liability incorporated under the laws of the Netherlands. These entities were merged into argenx SE, effective as of December 31, 2016.

argenx SE has no indirect subsidiaries.

argenx SE holds a small minority stake of 1% in Bird Rock Bio, a company incorporated under the laws of Delaware with its registered seat in La Jolla, U.S. Please refer to Part X “Business—Collaborations—Our Collaboration with Bird Rock Bio (for ARGX-109)” for further information on the relationship between us and Bird Rock Bio.

argenx SE holds a small minority stake of 15% of the fully-diluted equity securities in FairJourney, a company incorporated under the laws of Portugal with its registered seat in Água Longa, Portugal. Please refer to Part XIV “Related Party Transactions—Transactions with Related Companies—Agreement with FairJourney LDA” for further information on the relationship between us and FairJourney.

## American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent one share (or a right to receive one share) deposited with ING Bank N.V., as custodian for the depositary in the Netherlands. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary’s office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon’s principal executive office is located at 225 Liberty Street, New York, New York 10286.

An ADS holder will not be treated as one of our shareholders and will not have shareholder rights. Dutch law governs shareholder rights. The depositary will be the holder of the shares underlying the ADSs. A registered holder of ADSs will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. ADS holders will receive these distributions in proportion to the number of shares their ADSs represent.

An ADS holder may surrender his ADSs at the depositary’s office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at an ADS holder’s request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. The depositary may charge the ADS holder a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit the ADS holders’ voting instructions (and we are not required to do so), the depositary will notify them of a General Meeting and send or make voting materials available to them. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to Dutch law and the provisions of our Articles of Association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit the ADS holders’ voting instructions, an ADS holder can still send voting instructions, and, in that case, the depositary may try to vote as he instructs, but it is not required to do so. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed or as described in the following sentence. If we asked the depositary to solicit an ADS holder’s instructions at least 45 days before the meeting date but the depositary does not receive voting instructions from an ADS holder by the specified date, it will consider such ADS holder to have

authorized and directed it to give a discretionary proxy to a person designated by us to vote the number of deposited securities represented by its ADSs. The depositary will give a discretionary proxy in those circumstances to vote on all questions to be voted upon unless we notify the depositary that:

- we do not wish to receive a discretionary proxy;
- there is substantial shareholder opposition to the particular question; or
- the particular question would have an adverse impact on our shareholders.

We are required to notify the depositary if one of the conditions specified above exists.

In order to give an ADS holder a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to our shares, if we request the depositary to act, we agree to give the depositary notice of any meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

## **PART XVII: DESCRIPTION OF SHARE CAPITAL AND GROUP STRUCTURE UPON COMPLETION OF OUR REDOMICILIATION**

Set out below is a summary of certain matters relating to (the holding of) our ordinary shares, certain rights of our shareholders under Belgian law, as well as certain other matters relating to Belgian law, in each case as they are expected to apply to argenx SE upon completion of our redomiciliation.

This section is only a summary, does not purport to give a complete overview of all relevant provisions of Belgian law and is qualified in its entirety by, and should be read in conjunction with, the Belgian Articles of Association once these will be adopted and Belgian law, neither should it be considered as legal advice regarding these matters. The Belgian Articles of Association will, upon or shortly after completion of our redomiciliation, be available on our website in the governing Dutch language and an unofficial English translation thereof ([www.argenx.com](http://www.argenx.com)).

### **General**

Reference is made to Part XVI “Description of Share Capital and Group Structure.”

Upon completion of our redomiciliation, we expect our registered office to be at Industriepark Zwijnaarde 7, Building C, 9052 Zwijnaarde (Gent), Belgium and we will need to register with the Belgian register of legal entities (*rechtspersonenregister (RPR)*) and deregister with the trade register of the Dutch Chamber of Commerce. Our telephone number will be +32 9 310 34 00. Our website address will remain <http://www.argenx.com>.

Our ordinary shares will remain listed on the regulated market of Euronext Brussels under ISIN Code NL0010832176 under the symbol ARGX.

### **Share Capital**

Under Belgian law, a company’s articles of association set out the issued and outstanding share capital and the issued and outstanding shares. Any issue of new shares requires an amendment to its articles of association, as set out in “—Belgian Articles of Association and Belgian Law—Amendment of Belgian Articles of Association” below.

On the basis of the issued and outstanding ordinary shares after the Offering, including the exercise in full of the underwriters’ option to purchase additional ADSs, the Belgian Articles of Association are thus expected to provide for an issued and outstanding share capital in the amount of EUR 2,687,122.90 divided into 26,871,229 ordinary shares, each with a nominal value of EUR 0.10.

For a description of the history of our share capital, reference is made to Part XVI “Description of Share Capital and Group Structure—Share Capital.”

### **Issue of Shares After Completion of Our Redomiciliation**

Following completion of our redomiciliation, changes to our share capital will be decided by the shareholders at the General Meeting. The shareholders at the General Meeting may at any time decide to increase or decrease the share capital. Such resolution must satisfy the following quorum and majority requirements (i) a quorum of 50% of the issued share capital must be present or represented at the General Meeting, and (ii) the capital increase must be approved by at least 75% of the votes cast at the General Meeting. If there is no quorum, a second General Meeting must be convened where no quorum requirement applies but where the special 75% majority requirement applies.

Subject to the same quorum and majority requirements, the shareholders at the General Meeting may authorize the Belgian Board, within certain limits, to increase our share capital without any further approval of shareholders by way of authorized capital. This authorization needs to be limited in time (*i.e.*, it can only be granted for a renewable period of a maximum of five years) and in scope (*i.e.*, the increase by way of authorized capital may not exceed the amount of the share capital at the time of the authorization).

No shareholders' resolution is required to issue shares pursuant to the exercise of a previously granted (by the shareholders at the General Meeting or the Belgian Board pursuant to the authorized capital) right to subscribe for shares.

### **Preferential Subscription Rights After Completion of Our Redomiciliation**

Following completion of our redomiciliation, in the event of a share capital increase for cash by way of the issue of equity interests, all of our shareholders will have a preferential right to subscribe for any such equity interests as set out in and in accordance with article 592 of the Belgian Companies Code. Such preferential subscription right entitles each shareholder to subscribe for any new equity interests, in each case pro rata to the proportion of our existing share capital that it holds immediately prior to such issue. Each shareholder may exercise its respective preferential subscription right in whole or in part and the preferential subscription rights are transferable during the subscription period.

The shareholders at the General Meeting may restrict or cancel this preferential subscription right, in accordance with Article 596 of the Belgian Companies Code, for a purpose that is in our best interests. Where the shareholders at the General Meeting have granted an authorization to the Belgian Board to effect a capital increase in the framework of the authorized capital and such authorization allows the Belgian Board to do so, the Belgian Board may likewise restrict or cancel the preferential subscription right in accordance with the provisions of the Belgian Companies Code.

Generally, unless expressly authorized in advance by the shareholders at the General Meeting, the authorization of the Belgian Board to increase our share capital through contributions in cash with restriction or cancellation of the preferential subscription right of the existing shareholders is suspended as of the notification to us by the FSMA of a public takeover bid on our financial instruments.

Any decision to restrict or cancel the preferential subscription right will require a quorum at the first General Meeting of shareholders holding at least 50% of the share capital and, in any event, approval by a qualified majority of at least 75% of the votes cast at the General Meeting. If there is no quorum, a second General Meeting must be convened. At the second General Meeting, no quorum is required, but the relevant resolution must be approved by a qualified majority of at least 75% of the votes cast at the General Meeting.

### **Acquisition and Disposal of Shares by the Company**

We may only acquire own shares pursuant to a decision by the shareholders at the General Meeting taken under the conditions of quorum and majority provided for in the Belgian Companies Code. Such a decision requires a quorum at the first General Meeting of shareholders holding at least 50% of the share capital and approval by a qualified majority of at least 80% of the votes cast at the General Meeting. If there is no quorum, a second General Meeting must be convened. At the second General Meeting, no quorum is required, but the relevant resolution must be approved by a qualified majority of at least 80% of the votes cast at the General Meeting. The prior approval by the shareholders is not required if we purchase the shares to offer these to our personnel.

In accordance with the Belgian Companies Code, an offer to purchase shares must be made by way of an offer to all shareholders under the same conditions. We can also acquire shares without offer to all shareholders under the same conditions, provided that the acquisition of the shares is effected in the central order book of the regulated market of Euronext Brussels or, if the transaction is not effected via the central order book, provided that the price offered for the shares is lower than or equal to the highest independent bid price in the central order book of the regulated market of Euronext Brussels at that time. Shares can only be acquired with funds that would otherwise be available for distribution as a dividend to the shareholders. The total amount of shares held by us can at no time be more than 20% of our share capital. Voting rights attached to shares held by us as treasury shares are suspended.

Generally, the shareholders at the General Meeting can authorize the board of directors to acquire on or outside the stock exchange a number of own shares representing a maximum of 20% of the subscribed capital, determining the minimum and maximum price that the Belgian Board can pay for the shares. This authorization can also cover the acquisition on or outside the stock exchange by a direct subsidiary and can be valid for a term of up to five years as of the date of the approval of the proposed resolution.

We may only dispose of our own shares pursuant to a decision by the General Meeting taken under the conditions of quorum and majority provided for in the Belgian Companies Code. Such a decision requires a

quorum at the first General Meeting of shareholders holding at least 50% of the share capital and approval by a qualified majority of at least 80% of the votes cast at the General Meeting. If there is no quorum, a second General Meeting must be convened. At the second General Meeting, no quorum is required, but the relevant resolution must be approved by a qualified majority of at least 80% of the votes cast at the General Meeting. This authorization can also cover the disposal of our own shares on or outside the stock market by a direct subsidiary of argenx SE within the meaning of article 627 of the Belgian Companies Code.

### **Reduction of Share Capital**

The shareholders at the General Meeting may resolve to reduce the issued share capital by cancelling shares or by amending the Belgian Articles of Association reducing the nominal, or, if the shares have no nominal value, the fractional value of the shares, ensuring an equal treatment of shareholders. Such resolution must satisfy the following quorum and majority requirements (i) a quorum of 50% of the issued share capital must be present or represented at the General Meeting, and (ii) the capital increase must be approved by at least 75% of the votes cast at the General Meeting. If there is no quorum, a second General Meeting must be convened where no quorum requirement applies but where the special 75% majority requirement applies.

A resolution to reduce the share capital triggers a creditors' protection procedure under the Belgian Companies Code. Creditors whose receivables came into existence prior to, and that have not yet matured at the date of publication of the shareholders' resolution in respect of the share capital reduction in the annexes to the Belgian Official Gazette (*Belgisch Staatsblad*) or for which proceedings have been initiated in a court of law or an arbitral tribunal before the date of the General Meeting resolving upon the capital reduction, may request that we provide (additional) collateral in respect of such receivables. Such creditors are entitled to request (additional) collateral for a period of two months following the publication of the resolution in the Belgian Official Gazette (*Belgisch Staatsblad*). We may also discharge any such creditor's request by paying the receivable at its value less a discount for early payment. If a creditor exercises its rights under the creditors' protection procedure and requests (additional) collateral, we may not make use of the proceeds of the capital reduction for distribution to our shareholders until such creditor has obtained (additional) collateral or payment from us, unless a court, ruling in the form of summary proceedings, has denied the creditor's request for collateral on the ground that the creditor benefits from sufficient existing collateral or that our solvency profile does not justify a request for collateral.

### **Belgian Articles of Association and Belgian Law**

When we refer to our Belgian Articles of Association in this Prospectus, we refer to our Belgian Articles of Association as they are expected to be adopted by our shareholders at the General Meeting upon the approval of the redomiciliation and to become effective subject to completion of the redomiciliation.

Set forth below is a summary of relevant information concerning our share capital and material provisions of applicable Belgian law expected to apply as from our redomiciliation. This summary does not constitute legal advice regarding those matters and should not be regarded as such.

#### ***Amendment of Belgian Articles of Association***

The shareholders at the General Meeting may resolve to amend the Belgian Articles of Association. Subject to certain special quorum and majority requirements as set out under “—Shareholders’ Meetings and Consents— Quorum and Voting Requirements” below, such resolution must satisfy the following quorum and majority requirements (i) a quorum of 50% of the issued share capital must be present or represented at the General Meeting, and (ii) the capital increase must be approved by at least 75% of the votes cast at the General Meeting. If there is no quorum, a second General Meeting must be convened where no quorum requirement applies but where the special 75% majority requirement applies.

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

#### ***Company’s Shareholders’ Register***

Subject to Belgian law, we must keep our shareholders’ register accurate and up-to-date. The Belgian Board will keep our shareholders’ register and records names and addresses of all holders of registered shares, showing the date on which the shares were acquired. The register also includes the names and addresses of those with a right

of usufruct (*vruchtgebruik*) in or a pledge (*pand*) on shares belonging to another or a pledge in respect of such shares.

### ***Corporate Objectives***

We do not expect our corporate objectives to change upon completion of our redomiciliation.

### ***Limitation on Liability and Indemnification Matters***

Under Belgian law, the board of directors and certain other officers may be held liable for damages in the event of improper or negligent performance of their duties. They may be held jointly and severally liable for damages to the company and to third parties for infringement of the Belgian Articles of Association or of certain provisions of the Belgian Companies Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Under Belgian corporate law, we may provide for indemnification of our directors for their liability towards third parties. However, under Belgian law, such indemnification may generally not be available in instances of willful (*opzettelijk*) or fraudulent (*bedrog*) conduct or criminal (*strafrechtelijk*) liability.

### ***Shareholders' Meetings and Consents***

#### ***General Meeting***

After completion of our redomiciliation, the annual General Meeting will be held at our registered office or at the place determined in the notice convening the General Meeting. The annual General Meeting must be held within six months of the end of each financial year, at the day and time as to be set out in the Belgian Articles of Association. At this General Meeting, the Belgian Board and the statutory auditor must present a report on our management and financial situation at the end of the previous accounting year. The shareholders will then vote on the approval of the annual accounts, the allocation of our profit or loss, the appointment or renewal, if necessary, of directors or statutory auditors, remuneration of the directors and the auditor and the release from liability of the directors and the statutory auditor.

The Belgian Board or our statutory auditor (or the liquidators, if appropriate) may, whenever our interests so require, convene a special or extraordinary General Meeting. Such General Meeting must also be convened every time one or more of our shareholders holding at least one-fifth of our share capital so demand. Such General Meeting will be held on the day, at the hour and in the place designated by the convening notice. They may be held at locations other than our registered office.

The notice convening a General Meeting must state the place, date and hour of the meeting and must include an agenda indicating the items to be discussed. The notice needs to contain a description of the formalities that shareholders must fulfil in order to be admitted to the General Meeting and exercise their voting right, information on the manner in which shareholders can put additional items on the agenda and table draft resolutions, information on the manner in which shareholders can ask questions during the General Meeting, information on the procedure to participate in the General Meeting by means of a proxy or to vote by means of a remote vote, and, as applicable, the registration date for the General Meeting. The notice must also mention where shareholders can obtain a copy of the documentation that will be submitted to the shareholders at the General Meeting, the agenda with the proposed resolutions or, if no resolutions are proposed, a commentary by the board of directors, updates of the agenda if shareholders have put additional items or draft resolutions on the agenda, the forms to vote by proxy or by means of a remote vote, and the address of the webpage on which the documentation and information relating to the General Meeting will be made available. This documentation and information, together with the notice and the total number of outstanding voting rights, must also be made available on our website at the same time as the publication of the notice convening the meeting, for a period of five years after the relevant General Meeting.

The notice convening the General Meeting has to be published at least 30 days prior to the General Meeting in the Belgian Official Gazette (*Belgisch Staatsblad*) and in a newspaper that is published nation-wide in Belgium and in media that can be reasonably relied upon for the dissemination of information within the EEA in a manner ensuring fast access to such information on a non-discriminatory basis. A publication in a nation-wide newspaper is not needed for the annual General Meeting taking place on the date, hour and place indicated in the Belgian Articles of Association if the agenda is limited to the treatment of the financial statements, the annual report of the Belgian Board, the remuneration report and the report of the statutory auditor, the discharge from liability of the directors and statutory auditor, and the remuneration of directors. In addition to this publication,

the notice has to be distributed at least 30 days prior to the General Meeting via the normal publication means that we use for the publication of press releases and regulated information. The term of 30 days prior to the General Meeting for the publication and distribution of the convening notice can be reduced to 17 days for a second General Meeting if, as the case may be, the applicable quorum for the General Meeting is not reached at the first General Meeting, the date of the second General Meeting was mentioned in the notice for the first General Meeting and no new item is put on the agenda of the second General Meeting. See also further below under “—Quorum and Voting Requirements”.

At the same time as its publication, the convening notice must also be sent to the holders of registered shares, holders of registered bonds, holders of registered warrants, holders of registered certificates issued with our cooperation (if any), and to our directors and statutory auditor. This communication needs to be made by letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication.

One or more shareholders that together hold at least 3% of our share capital may request items to be added to the agenda of any convened General Meeting and submit proposals for resolutions with regard to existing agenda items or new items to be added to the agenda, provided that (i) they prove ownership of such shareholding as at the date of their request and record their shares representing such shareholding on the fourteenth calendar day preceding the date of the General Meeting, or the Record Date, and (ii) the additional items to be added to the agenda and/or proposed resolutions have been sent in writing (by registered mail or e-mail) by these shareholders to our registered office no later than the twenty-second day preceding the date of the relevant General Meeting. Such shareholdings must be proven by a certificate evidencing the registration of the relevant shares in our share register or by a certificate issued by the authorized account holder or the clearing organization certifying the book-entry of the relevant number of dematerialized shares in the name of the relevant shareholder(s). We will acknowledge receipt of shareholders’ requests within 48 hours and, if required, publish a revised agenda of the General Meeting, at the latest on the fifteenth day preceding the date of the General Meeting. The right to request that items be added to the agenda or that proposed resolutions in relation to existing agenda items be submitted does not apply in case of a second General Meeting that must be convened because the quorum was not obtained during the first General Meeting.

Within the limits of Article 540 of the Belgian Companies Code, our directors and statutory auditor will answer, during the General Meeting, any questions raised by shareholders. Shareholders may ask questions either during the General Meeting or in writing, provided that we receive the written question at the latest on the sixth day preceding the date of the General Meeting.

### ***Admission and Registration***

All our shareholders will be entitled to attend a General Meeting, take part in the deliberations and, within the limits prescribed by the Belgian Companies Code and the Belgian Articles of Association, vote, provided they have complied with the formalities for admission set out in the Belgian Companies Code and the Belgian Articles of Association.

The right to participate in and vote at a General Meeting will require shareholders to:

- have the ownership of their shares recorded in their name on the Record Date either through registration in our register of the registered shares, for holders of registered shares; or through book-entry in the accounts of an authorized account holder or clearing organization, for holders of dematerialized shares; and
- notify us (or a person designated by us) at the latest on the sixth calendar day preceding the day of the General Meeting, of their intention to participate in the General Meeting, indicating the number of shares in respect of which they intend to do so. In addition, the holders of dematerialized shares must, at the latest on the same day, provide us (or a person designated by us) with an original certificate issued by an authorized account holder or a clearing organization certifying the number of shares owned on the Record Date by the relevant shareholder and for which it has notified its intention to participate in the General Meeting.

### ***Voting by proxy***

Any shareholder with the right to vote may either personally participate in the General Meeting or give a proxy to another person, who needs not be a shareholder, to represent him or her at the General Meeting. A shareholder may designate, for a given General Meeting, only one person as proxy holder, except in circumstances where Belgian law allows the designation of multiple proxy holders. The appointment of a proxy holder may take place in paper form or electronically (in which case the form will be signed by means of an electronic signature in accordance with applicable Belgian law), through a form which will be made available by us. The signed original paper or electronic form must be received by us at the latest on the sixth calendar day preceding the General Meeting. Any appointment of a proxy holder will comply with relevant requirements of applicable Belgian law in terms of conflicting interests, record keeping and any other applicable requirements.

### ***Remote Voting in Relation to the General Meetings***

The Belgian Articles of Association may allow any shareholder to vote remotely in relation to a General Meeting, by sending a paper form or, if permitted in the notice convening the General Meeting, by sending a form electronically (in which case the form will be signed by means of an electronic signature in accordance with applicable Belgian law). These forms will be made available by us. Only forms received by us at the latest on the sixth calendar day preceding the date of the General Meeting will be taken into account. Voting through the signed electronic form may occur until the last calendar day before the General Meeting.

Shareholders voting remotely must, in order for their vote to be taken into account for the calculation of the quorum and voting majority, comply with the admission formalities.

### ***Quorum and Voting Requirements***

Each ordinary share will be entitled to one vote except for shares owned by us, or by any of our subsidiaries, the voting rights of which will be suspended. We expect that the shares held by our principal shareholders will not entitle such shareholders to different voting rights.

In accordance with Belgian law, save as provided in the Belgian Companies Code, there will be no quorum requirement at our General Meetings and decisions will be taken by a simple majority vote.

Resolutions relating to amendments of the Belgian Articles of Association or our merger or split will be subject to special quorum and majority requirements. Specifically, any resolution on these matters will require the presence in person or by proxy of shareholders holding an aggregate of at least 50% of our issued share capital, and the approval of at least 75% of the votes cast at the General Meeting. If there is no quorum, a second General Meeting must be convened. At the second General Meeting, the quorum requirement will not apply. However, the special majority requirement will continue to apply.

Any modification of our corporate purpose or legal form or any authorization to repurchase shares will require a quorum of shareholders holding an aggregate of at least 50% of the share capital and approval by a qualified majority of at least 80% of the votes cast at the General Meeting. If there is no quorum, a second General Meeting must be convened. At the second General Meeting, no quorum will be required, but the relevant resolution must be approved by a qualified majority of at least 80% of the votes cast at the General Meeting.

In addition, under Belgian law, the Belgian Articles of Association may require the approval by the General Meeting for other important changes to the company, and may impose more stringent quorum and majority requirements.

### ***Board Members***

#### ***Election of Board Members***

Pursuant to the Belgian Companies Code and the Belgian Corporate Governance Code, our directors will be appointed by the shareholders at the General Meeting by a simple majority vote, following an advice of our remuneration and nomination committee.

### *Duties and Liabilities of Directors*

Under Belgian law, the Belgian Board will be collectively responsible for our general affairs. Each director has a duty to properly perform the duties assigned to him or her and to act in our corporate interest.

### *Remuneration of Board Members*

Under Belgian law, we must adopt a remuneration policy for our board members. Such remuneration policy shall be adopted by the shareholders at the General Meeting upon the proposal of the remuneration and nomination committee. Under Belgian law, the shareholders at the General Meeting approve the remuneration of the directors, including inter alia, each time as relevant, (i) in relation to the remuneration of executive and non-executive directors, the exemption from the rule that share based awards can only vest during a period of at least three years as of the grant of the awards, (ii) in relation to the remuneration of executive directors, the exemption from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years, (iii) in relation to the remuneration of non-executive directors, any variable part of the remuneration and (iv) any provisions of service agreements to be entered into with executive directors providing for severance payments exceeding twelve months' remuneration (or, subject to a motivated opinion by the nomination and remuneration committee, eighteen months' remuneration).

### *Dividends and Other Distributions*

#### *Amount Available for Distribution*

All shares participate equally in our profits. The Belgian Companies Code provides that dividends can only be paid up to an amount equal to the excess of our shareholders' equity over the sum of (i) paid-up or called-up share capital, and (ii) reserves not available for distribution pursuant to law or the Belgian Articles of Association, based on the most recent statutory audited financial statements, prepared in accordance with Belgian GAAP. Under Belgian law, prior to distributing dividends, we must allocate an amount of 5% of our annual net profit on an unconsolidated basis to a legal reserve in our unconsolidated financial statements until such reserve equals 10% of our share capital.

All shares entitle the holder thereof to an equal right to participate in our profits (if any). Pursuant to the Belgian Companies Code, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual General Meeting, based on the most recent statutory audited financial statements, prepared in accordance with the generally accepted accounting principles in Belgium and based on a (non-binding) proposal of the Belgian Board, and will be paid on the dates and the places determined by the Belgian Board. The Belgian Articles of Association may also authorize the Belgian Board to declare interim dividends without shareholder approval subject to the terms and conditions of the Belgian Companies Code.

Claims to dividends and other distributions not made within five years from the date that such dividends or distributions became payable, will lapse and any such amounts will be considered to have been forfeited to us (*verjaring*).

#### *Exchange Controls*

Pursuant to Belgian law, there are no exchange controls applicable to the transfer to persons outside of Belgium of dividends or other distributions with respect to, or of the proceeds from the sale of, shares of a Belgian company.

Pursuant to Belgian law, there are no exchange controls applicable to our import or export of capital, including the availability of cash and cash equivalents to us as a Belgian company.

We are in principle under an obligation to report to the National Bank of Belgium certain cross-border payments, transfers of funds, investments and other transactions in accordance with applicable balance-of-payments statistical reporting obligations. Where a cross-border transaction is carried out by a Belgian credit institution on our behalf, the credit institution will in certain circumstances be responsible for the reporting obligations.

### ***Annual Accounts and Semi-Annual Accounts***

Our financial year will remain the calendar year. As a Belgian company with shares listed on the regulated market of Euronext Brussels, the Belgian Board will need to prepare and publish an annual financial report (which includes our audited statutory and consolidated financial statements, the report of the Belgian Board and the report of the statutory auditor) within four months after the end of our financial year and at least thirty days before our annual General Meeting and (optionally) an annual announcement preceding the publication of the annual financial report, as well as a half-yearly financial report on the first six months of our financial year (which includes a condensed set of financial statements and an interim management report) within three months after the end of these first six months. Copies of these documents will be made available on our website and on STORI, the Belgian central storage mechanism, which is operated by the FSMA and can be accessed via [www.fsma.be](http://www.fsma.be).

The annual accounts must be adopted by the General Meeting.

### ***Dissolution and Liquidation***

As from the completion of our redomiciliation, argenx SE can only be dissolved by a shareholders' resolution passed in accordance with the conditions laid down for the amendments of the Belgian Articles of Association (i.e. with a majority of at least 75% of the votes cast at an extraordinary General Meeting where at least 50% of the share capital is present or represented).

If, as a result of losses incurred, the ratio of our net assets (determined in accordance with Belgian legal and accounting rules) to share capital is less than 50%, the Belgian Board must convene an extraordinary General Meeting within two months as of the date upon which the Belgian Board discovered or should have discovered this undercapitalization. At this General Meeting, the Belgian Board must propose either the dissolution of the company or the continuation of the company, in which case the Belgian Board must propose measures to redress our financial situation. Shareholders' resolutions relating to our dissolution are adopted in accordance with the conditions laid down for the amendments of the Belgian Articles of Association.

If, as a result of losses incurred, the ratio of our net assets to share capital is less than 25%, the same procedure must be followed; provided, however, that in this instance shareholders representing 25% of the votes validly cast at the relevant General Meeting can decide to dissolve the company. If the amount of our net assets has dropped below EUR 61,500 (the minimum amount of share capital of a Belgian European public company (*Societas Europaea* or *SE*)), any interested party is entitled to request the competent court to dissolve the company. The court can order the dissolution of the company or grant a grace period within which the company may remedy the situation.

If we are dissolved for any reason, the liquidation must be carried out by one or more liquidators appointed by the shareholders at the General Meeting and whose appointment has been ratified by the commercial court. In the event of our dissolution and liquidation, the assets remaining after payment of all debts and liquidation expenses will be distributed to the holders of our shares, each receiving a sum proportional to the number of ordinary shares held by them. All shares will have the same rights in relation to all proceeds of our dissolution, liquidation or winding-up.

### **Public Offer**

Public offers for our shares and other securities giving access to voting rights (such as warrants or convertible bonds, if any) will be subject to supervision by the FSMA. Any public takeover bid must be extended to all of our voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus which has been approved by the FSMA prior to publication.

In accordance with Directive 2004/25/EC, each European Union member state should ensure the protection of minority shareholders by obliging any person that acquires control of a company to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price.

The Directive 2004/25/EC applies to all companies governed by the laws of a European Union member state of which all or some voting securities are admitted to trading on a regulated market in one or more European Union member states. The laws of the European Union member state in which a company has its registered office will determine the percentage of voting rights that is regarded as conferring control over that company.

After completion of our redomiciliation, all aspects of mandatory bids will be governed by the Takeover Law. The Takeover Law provides that a mandatory bid must be launched if a person, as a result of its own acquisition or the acquisition by persons acting in concert with it or by persons acting for its account, directly or indirectly holds more than 30% of the voting securities in a company having its registered office in Belgium and of which at least part of the voting securities are traded on a regulated market or on a multilateral trading facility designated by the Takeover Royal Decree.

The mere fact of exceeding the relevant threshold through the acquisition of shares will give rise to a mandatory bid, irrespective of whether the price paid in the relevant transaction exceeds the current market price. The duty to launch a mandatory bid does not apply in case of an acquisition if it can be shown that a third party exercises control over us or that such third party holds a larger stake than the person holding 30% of the voting securities.

Pursuant to article 53 of the Takeover Royal Decree, a mandatory public offer on our shares must be launched at a price equal to the higher of (i) the highest price paid by the offeror or persons acting in concert with it for the acquisition of shares during the last 12 months and (ii) the weighted average trading prices during the last 30 days before the obligation to launch a mandatory public offer was triggered. The price can be in cash and/or in securities. However, if the securities that are offered as consideration are not liquid securities that are traded on a regulated market or if the offeror or persons acting in concert with it have acquired shares for cash in the last 12 months, a cash alternative has to be offered.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligations to disclose significant shareholdings and merger control regulations, that apply to us following completion of our redomiciliation and which may make an unsolicited tender offer, merger, change in management or other change in control, more difficult. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of our shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their shares at a premium.

In addition, the board of directors of Belgian companies may in certain instances, and subject to prior authorization by the shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (pursuant to the authorized capital) or through share buy-backs (i.e. purchase of own shares). In principle, the authorization of the board of directors to increase our share capital through contributions in kind or in cash with restriction or limitation of the preferential subscription right of the existing shareholders is suspended as of the notification to the company by the FSMA of a public takeover bid on the securities of the company. The General Meeting can, however, under certain conditions, expressly authorize the board of directors to increase the capital of the company in such case by issuing shares in an amount of not more than 10% of the existing shares of the company at the time of such a public takeover bid.

### **Squeeze Out Procedures**

Pursuant to Article 513 of the Belgian Companies Code and the regulations promulgated thereunder, a person or legal entity, or different persons or legal entities acting alone or in concert, who, together with the company, own 95% of the securities with voting rights in a public company, are entitled to acquire the totality of the securities with voting rights in that company following a squeeze-out offer. The securities that are not voluntarily tendered in response to such an offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the squeeze-out procedure, the company is no longer deemed a public company, unless bonds issued by the company are still distributed amongst the public. The consideration for the securities must be in cash and must represent the fair value (verified by an independent expert) as to safeguard the interests of the transferring shareholders.

A squeeze-out offer is also possible upon completion of a public takeover, provided that the bidder holds 95% of the voting capital and 95% of the voting securities of the public company. In such case, the bidder may require that all remaining shareholders sell their securities to the bidder at the offer price of the takeover bid, provided that, in case of a voluntary takeover offer, the bidder has also acquired 90% of the voting capital to which the offer relates. The shares that are not voluntarily tendered in response to any such offer are deemed to be automatically transferred to the bidder at the end of the procedure. The bidder needs to reopen his/her public takeover offer within three months following the expiration of the offer period.

Within three months following the expiration of an offer period, holders of voting securities or of securities giving access to voting rights may require the offeror, acting alone or in concert, who owns 95% of the voting capital and 95% of the voting securities in a public company following a takeover bid, to buy its securities from it at the price of the bid, on the condition that, in case of a voluntary takeover offer, the offeror has acquired, through the acceptance of the bid, securities representing at least 90% of the voting capital subject to the takeover bid.

### **Market Abuse Rules**

Our obligations under MAR will remain unchanged upon completion of our redomiciliation. The obligations of our directors, other persons discharging managerial responsibilities and persons closely associated with them will also remain unchanged, except that they will need to notify the FSMA, and no longer the AFM, of every transaction conducted on their own account relating to the shares or debt instruments of the company, or to derivatives or other financial instruments linked to those shares or debt instruments.

### **Transparency Directive**

Upon completion of our redomiciliation, we will become a European public company with limited liability (*Societas Europaea* or *SE*) incorporated and existing under the laws of Belgium. Belgium will be our home European Union member state (*lidstaat van herkomst*) for the purposes of Directive 2004/109/EC, or the Transparency Directive as amended by Directive 2010/73/EU, as a consequence of which we will be subject to the Belgian law of May 2, 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions, implementing into Belgian law Directive 2004/109/CE, or the Transparency Law, and the Belgian Royal Decree of November 14, 2007.

We must publish our annual accounts within four months after the end of each financial year and our half-yearly figures within three months after the end of the first six months of each financial year.

Pursuant to the Belgian Royal Decree of November 14, 2007, we will be required to make public without delay any change in the rights attaching to our shares or any rights to subscribe our shares.

### **Our Obligations and Obligations of our Shareholders and Directors to Notify Holders of Shares and Voting Rights**

Pursuant to the Transparency Law, a notification to us and to the FSMA will be required by all natural and legal persons in the following instances:

- an acquisition or disposal of voting securities, voting rights or financial instruments that are treated as voting securities;
- the holding of voting securities upon first admission of them to trading on a regulated market;
- the passive reaching of a threshold in terms of holding of voting securities, voting rights or financial instruments that are treated as voting securities;
- the reaching of a threshold as described in the preceding bullet by persons acting in concert or a change in the nature of an agreement to act in concert;
- where a previous notification concerning the voting securities is updated;
- the acquisition or disposal of the control of an entity that holds the voting securities; and
- where we introduce additional notification thresholds in the Belgian Articles of Association,

in each case where the percentage of voting rights attached to the securities held by such persons reaches, exceeds or falls below the legal thresholds (set at 5% of the total voting rights, 10%, 15%, 20% and so on at intervals of 5%) or, as the case may be, the additional thresholds that may be provided in the Belgian Articles of Association.

The notification must be made as soon as possible and at the latest within four trading days following the acquisition or disposal of the voting rights triggering the reaching of the threshold. If we receive a notification of information regarding the reaching of a threshold, we will be required to publish such information within three trading days following receipt of the notification. No shareholder may cast a greater number of votes at a General Meeting than those attached to the rights or securities it has notified in accordance with the Transparency Law at least 20 days before the date of the General Meeting, subject to certain exceptions.

The form on which such notifications must be made, as well as further explanations, can be found on the website of the FSMA ([www.fsma.be](http://www.fsma.be)). Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability. The FSMA may also impose administrative sanctions.

Shareholders are advised to consult with their own legal advisors to determine whether the notification obligations apply to them.

The insider trading policy that we adopted on July 3, 2016 will continue to apply following completion of our redomiciliation.

### **Short Positions**

The requirements under European Union regulation No 236/2012 will not change upon completion of our redomiciliation, except that notifications will need to be made to the FSMA instead of the AFM.

### **Group Structure**

The group structure will not change upon completion of our redomiciliation.

### **American Depositary Shares**

We expect the rights of ADS holders to remain unchanged after completion of our redomiciliation, except that the rights attached to the underlying shares will be governed by Belgian law and the Belgian Articles of Association.

## **PART XVIII: LISTING AND ADMISSION TO TRADING**

### **Listing and General Information**

#### ***Listing of the New Ordinary Shares***

An application will be made for the listing on Euronext Brussels of all new ordinary shares to be issued in connection with the Offering. The new ordinary shares, as the existing ordinary shares, will be listed with ISIN Code NL0010832176 under the symbol “ARGX.”

It is expected that the Listing will occur on or about May 23, 2017.

We have been approved to list the ADSs on The NASDAQ Global Select Market under the symbol “ARGX”.

Upon the closing of the Offering, the transfer agent and registrar for the ADSs will be The Bank of New York Mellon.

#### ***Clearing and settlement***

Transactions on Euronext Brussels will be cleared and settled on a delivery versus payment basis two business days following the trade date. Trades are cleared and settled through electronic book-entry changes in the accounts of participants in Euroclear. It thereby ensures that sellers receive cash upon delivery of the securities and that buyers receive the corresponding securities upon payment, and eliminates the need for physical movement of securities.

### **The Offering and the Capital Increases**

The new ordinary shares will be issued at the occasion of a capital increase resolved upon by our board of directors on or about May 23, 2017 in view of the Offering, in consideration for a total gross issuance price of \$114,660,750 (see also below under “—Issuance Price of the New Ordinary Shares”). This capital increase will be resolved upon by our board of directors pursuant to the authorization to issue ordinary shares and grant rights to subscribe for ordinary shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of our non-executive directors for a period starting on April 26, 2017 and ending on December 31, 2017, and pursuant to the authorization to issue ordinary shares and grant rights to subscribe for ordinary shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of our non-executive directors for a period of 18 months from April 26, 2017, granted by the General Meeting on April 26, 2017.

Pursuant to the authorization to issue ordinary shares and grant rights to subscribe for ordinary shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of our non-executive directors for a period starting on April 26, 2017 and ending on December 31, 2017, and pursuant to the authorization to issue ordinary shares and grant rights to subscribe for ordinary shares and to limit or exclude pre-emptive rights of shareholders for such shares with the prior consent of the majority of our non-executive directors for a period of 18 months from April 26, 2017, granted by the General Meeting on April 26, 2017, our board of directors has excluded the pre-emptive rights of the existing shareholders to allow us to offer the new ordinary shares in the form of ADSs in the framework of the Offering, to retail and institutional investors in the United States and to other unspecified institutional and professional investors in or from any other country or jurisdiction where such offering is permitted in compliance with any applicable rules and regulations of any such country or jurisdiction.

We have appointed Cowen and Company, LLC, Piper Jaffray & Co., JMP Securities LLC and Wedbush Securities Inc. as the underwriters in relation to the Offering. The ADSs representing the new ordinary shares are placed with the final investors following a book-building carried out by the underwriters. Investors have not been offered the possibility to subscribe for any new ordinary shares directly. Each ADS represents one new ordinary share.

We have filed with the SEC a registration statement on Form F-1 under the Securities Act, including relevant exhibits and schedules, covering the underlying new ordinary shares represented by the ADSs (to be) sold in the Offering. The registration statement has become effective on May 17, 2017.

We have been approved to list the ADSs on The NASDAQ Global Select Market subject to completion of customary procedures in the United States under the symbol “ARGX”.

Pricing of the new ordinary shares took place on May 17, 2017 and closing of the Offering is expected to take place on May 23, 2017.

On or about May 23, 2017, we will issue, offer and deliver to ABN AMRO Bank N.V. the new ordinary shares with a nominal value of EUR 0.10 each in the share capital of the company and procure that such number of new ordinary shares - being delivered in the form of the ADSs - are deposited by ABN AMRO Bank N.V. (as our agent), on behalf of the underwriters, through the facilities and in accordance with the procedures of the Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. and in accordance with the Act on Securities Book-Entry Transactions (*Wet giraal effectenverkeer*), with ING Bank N.V., who will act as custodian for Bank of New York Mellon and who will hold the new ordinary shares underlying the ADSs for the account of the investors. Bank of New York Mellon will, as depository, register and deliver the ADSs representing the new ordinary shares to Cowen and Company, LLC and Piper Jaffray & Co. for the account of the respective underwriters for subsequent delivery to the other underwriters through the facilities of The Depository Trust Company.

A holder of ADSs has the right to cancel the ADSs and to withdraw the underlying ordinary shares, subject to the payment to the depository of the applicable fees and expenses or taxes incurred by the depository as a result of the cancellation. The cancellation of ADSs and withdrawal of the underlying ordinary shares will in principle not have an effect on other shareholders trading their shares on Euronext Brussels. A holder of ADSs will not be treated as a shareholder and will not have shareholder rights. The rights and obligations of a holder of ADSs are provided for in the deposit agreement between the depository, us and the holders of ADSs (as amended from time to time). The terms and conditions of the ADSs are also endorsed on physical certificates (called American Depository Receipts or ADRs) issued to investors should they elect to hold ADSs in certificated form.

We have granted to the underwriters an option to purchase up to 879,750 additional ADSs at the public offering price, less the underwriting discount, in the Offering. This option was exercisable for a period of 30 days after the date of allotment. The underwriters could exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the sale of ADSs offered in the Offering. This option has been exercised in full on May 19, 2017 and these 879,750 new ordinary shares will be issued, offered and delivered to cover over-allotments or short positions of ADSs in accordance with the procedure set out above.

### **Issuance Price of the New Ordinary Shares**

The total gross issuance price of the new ordinary shares (nominal value plus issuance premium) at which the new ordinary shares will be issued and subscribed for in the framework of the Offering is \$17.00 per new ordinary share. The balance between the issuance price of the new ordinary shares and their nominal value will be considered non-stipulated share premium (*niet-bedongen agio*) and an entry to that effect shall be made into the non-stipulated share premium reserve of genex SE.

### **Description of the New Ordinary Shares**

All the new ordinary shares that will be issued will be registered shares with nominal value, having the same rights and benefits as, and ranking *pari passu* in all respects with, the existing and outstanding ordinary shares at the moment of their issuance and are entitled to distributions in respect of which the relevant record date or due date falls on or after the date of issuance of the new ordinary shares. Each new ordinary share will represent the same portion of share capital as the other existing ordinary shares. All new ordinary shares will be freely transferable, subject to the restrictions included in the lock-up agreements as set out in “—Lock-Up Agreements” below.

For a further description of the ordinary shares and the rights and benefits attached thereto, see Part XVI “Description of Share Capital and Group structure”.

The new ordinary shares will be denominated in euro and will be issued under Dutch law.

Holders of ADSs are not treated as shareholders, unless they withdraw the ordinary shares underlying the ADSs. A holder of ADSs will have the rights and obligations as set out in the deposit agreement between us, the depository and the holders of ADSs, pursuant to which a holder of ADSs shall benefit from the rights attached to

the underlying ordinary shares represented by the ADSs through the depository. The terms and conditions of the ADSs are also endorsed on physical certificates, called American Depositary Receipts or ADRs, issued to investors should they elect to hold ADSs in certificated form. For more information on the ADSs, you are advised to contact the depository, Bank of New York Mellon, with principal office at 225 Liberty Street, New York, New York 10286.

### **Price Stabilization, Short Positions and Penalty Bids**

In connection with the Offering of ordinary shares in the form of ADSs, the underwriters could engage in stabilizing transactions, overallotment transactions, syndicate covering transactions, penalty bids and purchases to cover positions created by short sales. Such stabilization activities could be undertaken for a period of 30 days after May 17, 2017.

- Stabilizing transactions permit bids to purchase ordinary shares in the form of ADSs so long as the stabilizing bids do not exceed a specified maximum, and are engaged in for the purpose of preventing or retarding a decline in the market price of the ADSs while the Offering is in progress.
- Overallotment transactions involve sales by the underwriters of ADSs in excess of the number of ADSs the underwriters are obligated to purchase. This creates a syndicate short position which may be either a covered short position or a naked short position. In a covered short position, the number of ADSs over-allotted by the underwriters is not greater than the number of ADSs that they may purchase in the overallotment option. In a naked short position, the number of ADSs involved is greater than the number of ADSs in the overallotment option. The underwriters may close out any short position by exercising their overallotment option and/or purchasing ADSs in the open market.
- Syndicate covering transactions involve purchases of ADSs in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of ADSs to close out the short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared with the price at which they may purchase ADSs through exercise of the overallotment option. If the underwriters sell more ADSs than could be covered by exercise of the overallotment option and, therefore, have a naked short position, the position can be closed out only by buying ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that after pricing there could be downward pressure on the price of the ADSs in the open market that could adversely affect investors who purchase in the Offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the ADSs originally sold by that syndicate member is purchased in stabilizing or syndicate covering transactions to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of the ADSs or preventing or retarding a decline in the market price of the ADSs. As a result, the price of the ADSs in the open market may be higher than it would otherwise be in the absence of these transactions. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of the ADSs. These transactions may be effected on The NASDAQ Global Select Market, in the over-the-counter market or otherwise. They do not necessarily occur and, if commenced, could be discontinued at any time.

Stabilization transactions could only be effected during a period of 30 days after the date of allotment. They may not be effected above the public offering price. Cowen and Company, LLC has acted as stabilization agent.

### **Lock-Up Agreements**

Pursuant to certain “lock-up” agreements, we, the members of our board of directors and the members of our executive management, have agreed, subject to certain exceptions, not to offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of or announce the intention to otherwise dispose of, or enter into any swap, hedge or similar agreement or arrangement that transfers, in whole or in part, the economic risk of ownership of, directly or indirectly, or make any demand or request or exercise any right with respect to the registration of, or file with the SEC a registration statement under the Securities Act relating to, any ordinary shares or securities convertible into or exchangeable or exercisable for any ordinary shares (including ADSs) without the prior

written consent of Cowen and Company, LLC and Piper Jaffray & Co., for a period of 90 days after the date of the underwriting agreement.

This lock-up provision applies to ordinary shares or ADSs in the Offering or ordinary shares owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. The lock-up agreements include customary exceptions, including sales of securities acquired in the open market after the completion of the Offering; transfers of securities to an immediate family member of the party subject to the lock-up agreement, as a bona fide gift to a charity or educational institution or by will or intestate succession upon the death of the party subject to the lock-up agreement; distributions of securities in transactions not involving a disposition of value; transfers to us pursuant to agreements in effect as of the date of this Prospectus under which we have the option to repurchase securities upon the termination of the party subject to the lock-up agreement; transfers of securities solely in connection with the exercise of equity awards outstanding as of the date of this Prospectus, or the surrender or forfeiture to us of securities in partial or full settlement of any withholding tax obligation of the party subject to the lock-up agreement accruing upon the exercise or vesting of equity awards outstanding as of the date of this Prospectus; the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that (i) such plan does not provide for the transfer of common stock during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required or voluntarily made regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period; and transfers of securities pursuant to a change in control of us.

Cowen and Company, LLC and Piper Jaffray & Co., in their sole discretion, may release our ordinary shares and other securities subject to the lock-up agreements described above in whole or in part at any time. When determining whether or not to release our ordinary shares and other securities from lock-up agreements, Cowen and Company, LLC and Piper Jaffray & Co. will consider, among other factors, the holder's reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time of the request. In the event of such a release or waiver for one of our directors or officers, Cowen and Company, LLC and Piper Jaffray & Co. will provide us with notice of the impending release or waiver at least three business days before the effective date of such release or waiver and we will announce the impending release or waiver by issuing a press release at least two business days before the effective date of the release or waiver.

### **Material Interests to the Issue**

There is no natural or legal person involved in the issue of the new ordinary shares and having an interest that is material to the Offering, other than the underwriters.

Certain of the underwriters in the Offering and their affiliates have provided, and may in the future provide, various investment banking, commercial banking and other financial services for us and our affiliates for which they have received, and may in the future receive, customary fees.

Kempen & Co N.V. is acting as issuer's advisor in connection with the Offering. Kempen & Co N.V. is not acting as an underwriter and will not sell or offer to sell any securities and will not identify, solicit or engage directly with potential investors. In addition, Kempen & Co N.V. will not underwrite or purchase any of the offered securities or otherwise participate in any such undertaking.

### **Paying Agent**

The financial services for the ordinary shares will be provided by ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1000 EA Amsterdam, the Netherlands. Should we alter our policy in this matter, this will be announced in accordance with applicable law.

### **Underwriting Agreement**

On May 17, 2017, we and the underwriters for the Offering have entered into an underwriting agreement with respect to the new ordinary shares that have been offered in the form of ADSs. Subject to the terms and conditions of the underwriting agreement, each underwriter has severally agreed to purchase from us the number of new ordinary shares set forth opposite its name below. Cowen and Company, LLC and Piper Jaffray & Co. are the representatives of the underwriters.

<b>Underwriter</b>	<b>Number of Shares</b>
Cowen and Company, LLC.....	2,839,897
Piper Jaffray & Co. ....	2,484,907
JMP Securities LLC.....	709,973
Wedbush Securities Inc.....	709,973
<b>Total</b> .....	<u>6,744,750</u>

The underwriting agreement provides that the obligations of the underwriters are subject to certain conditions precedent and that the underwriters have agreed, severally and not jointly, to purchase all of the ADSs sold under the underwriting agreement if any of these ADSs are purchased, other than those ADSs covered by the overallotment option described above. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against specified liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect thereof.

The underwriters are offering the ordinary shares in the form of ADSs, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel and other conditions specified in the underwriting agreement. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The address of Cowen and Company, LLC is 599 Lexington Avenue, New York, NY 10022, and the address of Piper Jaffray & Co. is 345 Park Avenue, New York, New York 10154.

#### **Expenses of the Offering**

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, which are expected to be incurred in connection with our sale of the ADSs in the Offering. With the exception of the registration fee payable to the SEC and the filing fee payable to FINRA, all amounts are estimates.

<b>Itemized expenses</b>	<b>Amount</b>
SEC registration fee .....	\$ 13,290
NASDAQ listing fee .....	125,000
FINRA filing fee .....	17,699
AFM filing fee .....	37,090
Euronext listing fee .....	52,535
Printing expenses .....	125,000
Legal fees and expenses .....	1,633,510
Accounting fees and expenses .....	565,894
Miscellaneous costs.....	705,922
<b>Total</b> .....	<u>\$ 3,275,940</u>

The underwriting discounts and commissions amount to \$1.19 per ADS, totalling \$8,026,253 given the exercise in full of the underwriters' over-allotment option.

## **PART XIX: TAXATION**

The information presented under the caption “Belgian Tax Consequences Prior to Our Redomiciliation” is a summary of certain material Belgian federal income tax consequences of the acquisition, ownership and disposal of our ordinary shares prior to our proposed redomiciliation, and the information presented under the caption “Belgian Tax Consequences Upon Completion of Our Redomiciliation” is a summary of certain material Belgian federal income tax consequences of the acquisition, ownership and disposal of our ordinary shares upon completion of our proposed redomiciliation. The information presented under the caption “Certain Material U.S. Federal Income Tax Considerations to U.S. Holders” below is a discussion of certain material U.S. federal income tax considerations to a U.S. holder (as defined below) of investing in our ordinary shares. The information presented under the caption “Dutch Tax Consequences Prior to Our Redomiciliation” is a discussion of the material Dutch tax consequences of the acquisition, ownership and disposal of our ordinary shares prior to our proposed redomiciliation, and the information presented under the caption “Dutch Tax Consequences Upon Completion of Our Redomiciliation” is a discussion of the material Dutch tax consequences of the acquisition, ownership and disposal of our ordinary shares upon completion of our proposed redomiciliation.

You should consult your tax advisor regarding the applicable tax consequences to you of investing in our ordinary shares under the laws of Belgium, the United States (federal, state and local), the Netherlands, and any other applicable foreign jurisdiction.

### **Belgian Tax Consequences Prior to Our Redomiciliation**

The paragraphs below present a summary of certain material Belgian federal income tax consequences of the ownership and disposal of ordinary shares by an investor that purchases such ordinary shares prior to the completion of our proposed redomiciliation. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this prospectus, all of which are subject to change, including changes that could have retroactive effect.

Investors should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

This summary does not purport to address all tax consequences of the ownership and disposal of ordinary shares, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, ordinary shares as a position in a straddle, share-repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions. This summary does not address the local taxes that may be due in connection with an investment in shares, other than the additional municipal taxes which generally vary between 0% and 10% of the investor’s income tax liability in Belgium.

Investors should consult their own advisors regarding the tax consequences of an investment in the ordinary shares in light of their particular situation, including the effect of any state, local or other national laws, treaties and regulatory interpretations thereof.

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (that is, an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), a company subject to Belgian corporate income tax (that is, a corporate entity that has its official seat, its main establishment, its administrative seat or seat of management in Belgium), an Organization for Financing Pensions subject to Belgian corporate income tax (that is a Belgian pension fund incorporated under the form of an Organization for Financing Pensions), or a legal entity subject to Belgian income tax on legal entities (that is, a legal entity other than a company subject to Belgian corporate income tax, that has its official seat, its main establishment, its administrative seat or seat of management in Belgium). A Belgian non-resident is any person that is not a Belgian resident.

### ***Dividends***

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to the ordinary shares is generally treated as a dividend distribution. By way of exception, the repayment of capital carried out in accordance with the Belgian Companies Code is not treated as a dividend distribution to the extent that such

repayment is imputed to fiscal capital. This fiscal capital includes, in principle, the actual paid-up statutory share capital and, subject to certain conditions, the paid-up share premiums and the cash amounts subscribed to at the time of the issue of profit sharing certificates.

Belgian withholding tax of 30% is normally levied on dividends by any intermediary established in Belgium that is in any way involved in the processing of the payment of non-Belgian sourced dividends (e.g. a Belgian financial institution). This withholding tax rate is subject to such relief as may be available under applicable domestic or tax treaty provisions.

The Belgian withholding tax is calculated on the dividend amount after deduction of any non-Belgian dividend withholding tax.

In the case of a redemption of the ordinary shares, the redemption distribution (after deduction of the part of the fiscal capital represented by the redeemed ordinary shares) will be treated as a dividend subject to a Belgian withholding tax of 30%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if this redemption is carried out on a stock exchange and meets certain conditions.

In the event of our liquidation, any amounts distributed in excess of the fiscal capital will in principle be subject to the 30% withholding tax, subject to such relief as may be available under applicable domestic or tax treaty provisions.

Under Belgian law, non-Belgian dividend withholding tax is not creditable against Belgian income tax and is not reimbursable to the extent that it exceeds Belgian income tax. Please refer to “—Dutch Tax consequences—Dividend Withholding Tax” for a description of withholding tax that may be imposed on dividends by the Netherlands.

#### *Belgian Resident Individuals*

For Belgian resident individuals who acquire and hold ordinary shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability. They may nevertheless need to report the dividends in their personal income tax return if no intermediary established in Belgium was in any way involved in the processing of the payment of the non-Belgian sourced dividends. Moreover, even if an intermediary established in Belgium was involved, they can opt to report the income in their personal income tax return if the personal income tax due on the dividends is expected to be less than the paid withholding tax so that the latter can be partly or fully offset and the excess (if any) reimbursed. Where the beneficiary needs or, as applicable, opts to report them, dividends will normally be taxable at the lower of the generally applicable 30% Belgian withholding tax rate on dividends or, in case globalization is more advantageous, at the progressive personal income tax rates applicable to the taxpayer's overall declared income. If the beneficiary reports the dividends, the income tax due on such dividends will not be increased by municipal surcharges. In addition, if the dividends are reported, the Belgian dividend withholding tax levied at source may, in both cases, be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on our ordinary shares. The latter condition is not applicable if the individual can demonstrate that it has held ordinary shares in full legal ownership for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

For Belgian resident individual investors who acquire and hold ordinary shares for professional purposes, the Belgian withholding tax does not fully discharge their Belgian income tax liability. Dividends received must be reported by the investor and will, in such a case, be taxable at the investor's personal income tax rate increased with municipal surcharges. Belgian withholding tax levied may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own ordinary shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on ordinary shares. The latter condition is not applicable if the investor can demonstrate that it has held the full legal ownership of ordinary shares for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

### *Belgian Resident Companies*

Dividends received by Belgian resident companies are exempt from Belgian withholding tax provided that the investor satisfies the identification requirements in Article 117, par. 11 of the Royal Decree implementing the Belgian Income Tax Code.

For Belgian resident companies, the dividend income (after deduction of any non-Belgian withholding tax but including any Belgian withholding tax) must be declared in the corporate income tax return and will be subject to a corporate income tax rate of 33.99% (including the 3% crisis surcharge) (lower corporate income tax rates apply for Small and Medium Sized Enterprises, or SMEs).

Belgian resident companies can generally (although subject to certain limitations) deduct up to 95% of the gross dividend received from their taxable income, or the Dividend Received Deduction, provided that at the time of a dividend payment or attribution: (i) the Belgian resident company holds ordinary shares representing at least 10% of our share capital or our participation with an acquisition value of at least EUR 2,500,000 (it being understood that only one out of the two tests must be satisfied); (ii) our ordinary shares have been or will be held in full ownership for an uninterrupted period of at least one year immediately prior to the payment or attribution of the dividend; and (iii) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the Belgian Income Tax Code, or the Article 203 ITC Taxation Condition, are met, or together, the Conditions for the application of the dividend received deduction regime.

The Conditions for the application of the dividend received deduction regime depend on a factual analysis and for this reason the availability of this regime should be verified upon each dividend distribution.

Any Belgian dividend withholding tax levied at source can be credited against the mainstream Belgian corporate income tax and is reimbursable to the extent it exceeds such corporate income tax, subject to two conditions: (i) the taxpayer must own our ordinary shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on our ordinary shares. The latter condition is not applicable: (i) if the taxpayer can demonstrate that it has held the ordinary shares in full legal ownership for an uninterrupted period of 12 months immediately prior to the payment or attribution of the dividends or (ii) if, during that period, the ordinary shares never belonged to a taxpayer other than a Belgian resident company or a non-resident company that has, in an uninterrupted manner, invested the ordinary shares in a Belgian permanent establishment, or PE, in Belgium.

### *Organizations For Financing Pensions*

For organizations for financing pensions, or OFPs, *i.e.* Belgian pension funds incorporated under the form of an OFP (*organismes de financement de pensions/organismen voor de financiering van pensioenen*) within the meaning of Article 8 of the Belgian Law of October 27, 2006, the dividend income is generally tax-exempt. Although there is no specific exemption from Belgian dividend withholding tax at source for dividends paid or attributed to OFPs, subject to certain limitations, the Belgian dividend withholding tax can be credited against the OFPs' corporate income tax and is reimbursable to the extent it exceeds the corporate income tax due.

### *Other Taxable Legal Entities*

For taxpayers subject to the Belgium income tax on legal entities, the Belgian dividend withholding tax in principle fully discharges their income tax liability.

### *Belgian Non-Resident Individuals And Companies*

Dividend payments on the ordinary shares through a professional intermediary in Belgium will, in principle, be subject to the 30% withholding tax, unless the shareholder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. Non-resident investors can also obtain an exemption of Belgian dividend withholding tax if they are the owners or usufructors of the ordinary shares and they deliver an affidavit confirming that they have not allocated the ordinary shares to business activities in Belgium and that they are non-residents, provided that the dividend is paid through a Belgian credit institution, stock market company or recognized clearing or settlement institution.

If our ordinary shares are acquired by a non-resident investor in connection with a business in Belgium, the investor must report any dividends received, which are taxable at the applicable non-resident individual or

corporate income tax rate, as appropriate. Any Belgian withholding tax levied at source can be credited against the non-resident individual or corporate income tax and is reimbursable to the extent it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own our ordinary shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on the ordinary shares. The latter condition is not applicable if (i) the non-resident individual or the non-resident company can demonstrate that the ordinary shares were held in full legal ownership for an uninterrupted period of 12 months immediately prior to the payment or attribution of the dividends or (ii) with regard to non-resident companies only, if, during the said period, the ordinary shares have not belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the ordinary shares in a Belgian PE.

Non-resident companies that have invested our ordinary shares in a Belgian establishment can deduct up to 95% of the gross dividends included in their taxable profits if, at the date dividends are paid or attributed, the Conditions for the application of the Dividend Received Deduction regime are satisfied. Application of the Dividend Received Deduction regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

### ***Capital Gains And Losses On Ordinary Shares***

#### *Belgian Resident Individuals*

In principle, Belgian resident individuals acquiring our ordinary shares as a private investment should not be subject to Belgian capital gains tax on the disposal of the ordinary shares; capital losses are not tax deductible.

Capital gains realized in a private (i.e. non-professional) context on the transfer for consideration of shares by a private individual, are taxable at 33% (plus local surcharges) if the capital gain is deemed to be realized outside the scope of the normal management of the individual's private estate. Capital losses are, however, not tax deductible in such event.

Gains realized by Belgian resident individuals upon the redemption of our ordinary shares or upon our liquidation are generally taxable as a dividend.

Belgian resident individuals who hold our ordinary shares for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realized upon the disposal of the ordinary shares, except for ordinary shares held for more than five years, which are taxable at a flat rate of 16.5% (plus local surcharges). Capital losses on the ordinary shares incurred by Belgian resident individuals who hold the ordinary shares for professional purposes are in principle tax deductible.

#### *Belgian Resident Companies*

Belgian resident companies (not being SMEs) are subject to Belgian capital gains taxation at a flat rate of 0.412% on gains realized upon the disposal of our ordinary shares provided that: (i) the Article 203 ITC Taxation Condition is satisfied and (ii) the ordinary shares have been held in full legal ownership for an uninterrupted period of at least one year. The 0.412% flat capital gains tax rate cannot be off-set by any tax assets (such as tax losses) or tax credits.

Belgian resident companies qualifying as SMEs (within the meaning of Article 15 of the Belgian Companies Code) are normally not subject to Belgian capital gains taxation on gains realized upon the disposal of our ordinary shares provided that (i) the Article 203 ITC Taxation Condition is satisfied and (ii) the ordinary shares have been held in full legal ownership for an uninterrupted period of at least one year immediately preceding the disposal.

If the one-year minimum holding condition would not be satisfied (but the Article 203 ITC Taxation Condition is) the capital gains realized upon the disposal of our ordinary shares by a Belgian resident company (non-SME or SME) are taxable at a flat corporate income tax rate of 25.75% (including the 3% crisis surcharge).

Capital losses on our ordinary shares incurred by resident companies (both non-SMEs and SMEs) are as a general rule not tax deductible.

Our ordinary shares held in the trading portfolios (*portefeuille commercial/handelsportefeuille*) of qualifying credit institutions, investment enterprises and management companies of collective investment undertakings which are subject to the Royal Decree of September 23, 1992 on the annual accounts of credit institutions, investment firms and management companies of collective investment undertakings (*comptes annuels des établissements de crédit, des entreprises d'investissement et des sociétés de gestion d'organismes de placement collectif/jaarrekening van de kredietinstellingen, de beleggingsondernemingen en de beheervennootschappen van instellingen voor collectieve belegging*) are subject to a different regime. The capital gains on such shares are taxable at the ordinary corporate income tax rate of 33.99% (including the 3% crisis surcharge) and the capital losses on such shares are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realization.

Capital gains realized by Belgian resident companies (both non-SMEs and SMEs and both ordinary Belgian resident companies and qualifying credit institutions, investment enterprises and management companies of collective investment undertakings) upon the redemption of our ordinary shares or upon our liquidation are, in principle, subject to the same taxation regime as dividends.

#### *Organizations For Financing Pensions*

OFPs are, in principle, not subject to Belgian capital gains taxation realized upon the disposal of the ordinary shares, and capital losses are not tax deductible.

#### *Other Taxable Legal Entities*

Belgian resident legal entities subject to the legal entities income tax are, in principle, not subject to Belgian capital gains taxation on the disposal of ordinary shares.

Capital gains realized by Belgian resident legal entities upon the redemption of ordinary shares or upon our liquidation will in principle be taxed as dividends.

Capital losses on ordinary shares incurred by Belgian resident legal entities are not tax deductible.

#### *Belgian Non-Resident Individuals And Companies*

Non-resident individuals or companies are, in principle, not subject to Belgian income tax on capital gains realized upon disposal of the ordinary shares, unless such ordinary shares are held as part of a business conducted in Belgium through a Belgian establishment. In such a case, the same principles apply as described with regard to Belgian individuals (holding the shares for professional purposes) or Belgian companies.

Non-resident individuals who do not use the shares for professional purposes and who have their fiscal residence in a country with which Belgium has not concluded a tax treaty or with which Belgium has concluded a tax treaty that confers the authority to tax capital gains on the ordinary shares to Belgium, might be subject to tax in Belgium if the capital gains arise from transactions which are to be considered speculative or beyond the normal management of one's private estate. See “—Capital gains and losses on ordinary shares—Belgian resident individuals”. Such non-resident individuals might therefore be obliged to file a tax return and should consult their own tax advisor.

Capital gains realized by non-resident individuals or non-resident companies upon repurchase of the shares or upon our liquidation will, in principle, be subject to the same taxation regime as dividends.

#### *Tax On Stock Exchange Transactions*

The purchase and the sale as well as any other acquisition or transfer for consideration of our ordinary shares (secondary market) entered into or carried out in Belgium through a professional intermediary is subject to the tax on stock exchange transactions (*taxe sur les opérations de bourse/taks op de beursverrichtingen*) of 0.27% of the purchase price, capped at EUR 1600 per transaction and per party. A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary. The scope of application of the tax on stock exchange transactions has been extended by the Law of December 25, 2016 (as published in the Belgian Official Gazette of December 29, 2016 and entered into force on January 1, 2017) to private individuals with habitual residence (*résidence habituelle / gewone verblijfplaats*) in Belgium, or legal entities for the account of their seat or establishment in Belgium carrying out transactions, directly or indirectly, through professional

intermediaries established outside of Belgium. If the intermediary is established outside of Belgium, the tax will in principle be due by the ordering private individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium could be responsible for collecting the tax on stock exchange transactions if they appointed a Belgian representative for tax purposes, subject to certain conditions and formalities.

No tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2, 9° and 10° of the Belgian Law of August 2, 2002; (ii) insurance companies described in Article 2, §1 of the Belgian Law of July 9, 1975; (iii) professional retirement institutions referred to in Article 2, 1° of the Belgian Law of October 27, 2006 concerning the supervision on institutions for occupational pension; (iv) collective investment institutions; and (v) Belgian non-residents provided they deliver a certificate to their financial intermediary in Belgium confirming their non-resident status.

On February 14, 2013 the European Union Commission adopted the Draft Directive on a Financial Transaction Tax, or Financial Transaction Tax. The Draft Directive currently stipulates that once the Financial Transaction Tax enters into effect, the Participating Member States will not maintain or introduce any taxes on financial transactions other than the Financial Transaction Tax (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the Financial Transaction Tax enters into effect. The Draft Directive is still subject to negotiation between the Participating Member States and may, therefore, be further amended at any time.

### **Belgian Taxation Upon Completion of Our Redomiciliation**

The summary below presents certain material Belgian federal income tax consequences of the ownership and disposal of ordinary shares by an investor that purchases such ordinary shares, if and when our redomiciliation is completed. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this prospectus, all of which are subject to change, including changes that could have retroactive effect.

Investors should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

This summary does not purport to address all tax consequences of the ownership and disposal of ordinary shares, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, ordinary shares as a position in a straddle, share-repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions. This summary does not address the local taxes that may be due in connection with an investment in shares, other than the additional municipal taxes which generally vary between 0% and 10% of the investor's income tax liability in Belgium.

Investors should consult their own advisors regarding the tax consequences of an investment in the ordinary shares in light of their particular situation, including the effect of any state, local or other national laws, treaties and regulatory interpretations thereof.

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (that is, an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), a company subject to Belgian corporate income tax (that is, a corporate entity that has its official seat, its main establishment, its administrative seat or seat of management in Belgium), an Organization for Financing Pensions subject to Belgian corporate income tax (that is a Belgian pension fund incorporated under the form of an Organization for Financing Pensions), or a legal entity subject to Belgian income tax on legal entities (that is, a legal entity other than a company subject to Belgian corporate income tax, that has its official seat, its main establishment, its administrative seat or seat of management in Belgium). A Belgian non-resident is any person that is not a Belgian resident.

## *Dividends*

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to ordinary shares is generally treated as a dividend distribution. By way of exception, the repayment of capital carried out in accordance with the Belgian Companies Code is not treated as a dividend distribution to the extent such repayment is imputed to fiscal capital. This fiscal capital includes, in principle, the actual paid-up statutory share capital and, subject to certain conditions, the paid-up share premiums and the cash amounts subscribed to at the time of the issue of profit sharing certificates.

Belgian dividend withholding tax of 30% is levied on dividends, subject to such relief as may be available under applicable domestic or tax treaty provisions.

In the case of a redemption of the ordinary shares, the redemption distribution (after deduction of the part of the fiscal capital represented by the redeemed ordinary shares) will be treated as a dividend subject to Belgian withholding tax of 30%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if this redemption is carried out on a stock exchange and meets certain conditions.

In the event of our liquidation, any amounts distributed in excess of the fiscal capital will in principle be subject to the 30% withholding tax, subject to such relief as may be available under applicable domestic or tax treaty provisions.

### *Belgian Resident Individuals*

For Belgian resident individuals who acquire and hold ordinary shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability. They may nevertheless elect to report the dividends in their personal income tax return. Where the beneficiary opts to report them, dividends will normally be taxable at the lower of the generally applicable 30% Belgian withholding tax rate on dividends, or in case globalization is more advantageous, at the progressive personal income tax rates applicable to the taxpayer's overall declared income. If the beneficiary reports the dividends, the income tax due on such dividends will not be increased by municipal surcharges. In addition, if the dividends are reported, the Belgian dividend withholding tax levied at source may, in both cases, be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on our ordinary shares. The latter condition is not applicable if the individual can demonstrate that it has held ordinary shares in full legal ownership for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

For Belgian resident individual investors who acquire and hold ordinary shares for professional purposes, the Belgian withholding tax does not fully discharge their Belgian income tax liability. Dividends received must be reported by the investor and will, in such a case, be taxable at the investor's personal income tax rate increased with municipal surcharges. Belgian withholding tax levied may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own ordinary shares in full legal ownership at the time the dividends are paid or attributed, and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on ordinary shares. The latter condition is not applicable if the investor can demonstrate that it has held the full legal ownership of ordinary shares for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

### *Belgian Resident Companies*

#### Corporate Income Tax

For Belgian resident companies, the dividend withholding tax does not fully discharge corporate income tax liability. The gross dividend income (including any Belgian withholding tax) must be declared in the corporate income tax return and will be subject to a corporate income tax rate of 33.99% (including at 3% crisis surcharge), unless the reduced corporate income tax rates apply.

Belgian resident companies can generally (although subject to certain limitations) deduct up to 95% of the gross dividend received from their taxable income, or the Dividend Received Deduction, provided that at the time of a dividend payment or attribution: (i) the Belgian resident company holds ordinary shares representing at least 10% of our share capital or a participation in our shares with an acquisition value of at least EUR 2,500,000 (it

being understood that only one out of the two tests must be satisfied); (ii) our ordinary shares have been or will be held in full ownership for an uninterrupted period of at least one year immediately prior to the payment or attribution of the dividend; and (iii) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the Belgian Income Tax Code, or the Article 203 ITC Taxation Condition, are met, or together, the Conditions for the application of the dividend received deduction regime). Under certain circumstances the conditions referred to under (i) and (ii) do not need to be fulfilled in order for the Dividend Received Deduction to apply.

The conditions for the application of the dividend received deduction regime depend on a factual analysis and for this reason the availability of this regime should thus be verified upon each dividend distribution.

Any Belgian dividend withholding tax levied at source can be credited against the mainstream Belgian corporate income tax and is reimbursable to the extent it exceeds such corporate income tax, subject to two conditions: (i) the taxpayer must own our ordinary shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on our ordinary shares. The latter condition is not applicable if: (i) the taxpayer can demonstrate that it has held the ordinary shares in full legal ownership for an uninterrupted period of 12 months immediately prior to the payment or attribution of the dividends or (ii) during that period, the ordinary shares never belonged to a taxpayer other than a Belgian resident company or a non-resident company that has, in an uninterrupted manner, invested the ordinary shares in a permanent establishment, or PE, in Belgium.

#### Withholding Tax

Dividends distributed to a Belgian resident company will be exempt from Belgian withholding tax provided that the Belgian resident company holds, upon payment or attribution of the dividends, at least 10% of our share capital and such minimum participation is or will be held for an uninterrupted period of at least one year.

In order to benefit from this exemption, the investor must provide us or our paying agent with a certificate confirming its qualifying status and the fact that it satisfies the two conditions set out above. If the investor holds a qualifying participation for less than one uninterrupted year, at the time the dividends are paid or attributed, we will levy the withholding tax but not transfer it to the Belgian Treasury provided the investor certifies its qualifying status, the date from which it has held such minimum participation, and its commitment to hold the qualifying participation for an uninterrupted period of at least one year. The investor must also inform us or our paying agent when the one-year period expires or if its shareholding will drop below 10% of our share capital before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the levied dividend withholding tax will be refunded to the investor.

#### *Organizations For Financing Pensions*

For OFPs, the dividend income is generally tax-exempt. Although there is no specific exemption from dividend withholding tax at source for dividends paid or attributed to OFPs, subject to certain limitations, the Belgian dividend withholding tax can be credited against an OFP's corporate income tax and is reimbursable to the extent it exceeds the corporate income tax due.

#### *Other Taxable Legal Entities*

For taxpayers subject to the Belgium income tax on legal entities, the Belgian dividend withholding tax in principle fully discharges their income tax liability.

#### *Belgian Non-Resident Individuals And Companies*

For non-resident individuals and companies, dividend withholding tax will be the only tax on dividends in Belgium, unless the non-resident holds ordinary shares in connection with a business conducted in Belgium through a Belgian establishment.

If our ordinary shares are acquired by a non-resident investor in connection with a business in Belgium, the investor must report any dividends received, which are taxable at the applicable non-resident individual or corporate income tax rate, as appropriate. Any Belgian withholding tax levied at source can be credited against the non-resident individual or corporate income tax and is reimbursable to the extent it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own our ordinary shares in full legal ownership at the time

the dividends are paid or attributed and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on the ordinary shares. The latter condition is not applicable if (i) the non-resident individual or the non-resident company can demonstrate that the ordinary shares were held in full legal ownership for an uninterrupted period of 12 months immediately prior to the payment or attribution of the dividends or (ii) with regard to non-resident companies only, if, during the said period, the ordinary shares have not belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the ordinary shares in a Belgian PE.

Non-resident companies that have invested our ordinary shares in a Belgian establishment can deduct up to 95% of the gross dividends included in their taxable profits if, at the date dividends are paid or attributed, the Conditions for the application of the Dividend Received Deduction regime are satisfied. See “—Belgian resident companies”. Application of the Dividend Received Deduction regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

### ***Capital Gains And Losses On Ordinary Shares***

#### *Belgian Resident Individuals*

In principle, Belgian resident individuals acquiring our ordinary shares as a private investment should not be subject to Belgian capital gains tax on the disposal of the ordinary shares; capital losses are not tax deductible.

Capital gains realized in a private (i.e. non-professional) context on the transfer for consideration of shares by a private individual, are taxable at 33% (plus local surcharges) if the capital gain is deemed to be realized outside the scope of the normal management of the individual's private estate. Capital losses are, however, not tax deductible in such event.

Capital gains realized by Belgian resident individuals on the disposal of the shares to a non-resident company (or body constituted in a similar legal form), to a foreign state (or one of its political subdivisions or local authorities) or to a non-resident legal entity, each time established outside the European Economic Area, are taxable at a rate of 16.5% (plus local surcharges) if, at any time during the five years preceding the sale, the Belgian resident individual has owned, directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in us (i.e. a shareholding of more than 25% in our shares).

Gains realized by Belgian resident individuals upon the redemption of our ordinary shares or upon our liquidation are generally taxable as a dividend. See “—Dividends—Belgian resident individuals”.

Belgian resident individuals who hold our ordinary shares for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realized upon the disposal of the ordinary shares, except for ordinary shares held for more than five years, which are taxable at a flat rate of 16.5% (plus local surcharges). Capital losses on the ordinary shares incurred by Belgian resident individuals who hold the ordinary shares for professional purposes are in principle tax deductible.

#### *Belgian Resident Companies*

Belgian resident companies (other than small companies within the meaning of Article 15, §1 to §6 of the Belgian Companies Code, or SMEs) are subject to Belgian capital gains taxation at a flat rate of 0.412% on gains realized upon the disposal of our ordinary shares provided that: (i) the Article 203 ITC Taxation Condition is satisfied and (ii) the ordinary shares have been held in full legal ownership for an uninterrupted period of at least one year. The 0.412% flat capital gains tax rate cannot be off-set by any tax assets (such as tax losses) or tax credits.

Belgian resident companies qualifying as SMEs are normally not subject to Belgian capital gains taxation on gains realized upon the disposal of our ordinary shares provided that (i) the Article 203 ITC Taxation Condition is satisfied and (ii) the ordinary shares have been held in full legal ownership for an uninterrupted period of at least one year immediately preceding the disposal.

If the one-year minimum holding condition would not be satisfied (but the Article 203 ITC Taxation Condition is) the capital gains realized upon the disposal of our ordinary shares by a Belgian resident company (non-SME or SME) are taxable at a flat corporate income tax rate of 25.75% (including the 3% crisis surcharge).

Capital losses on our ordinary shares incurred by resident companies (both non-SMEs and SMEs) are as a general rule not tax deductible.

Our ordinary shares held in the trading portfolios (*portefeuille commercial / handelsportefeuille*) of qualifying credit institutions, investment enterprises and management companies of collective investment undertakings which are subject to the Royal Decree of September 23, 1992 on the annual accounts of credit institutions, investment firms and management companies of collective investment undertakings (*comptes annuels des établissements de crédit, des entreprises d'investissement et des sociétés de gestion d'organismes de placement / jaarrekening van de kredietinstellingen, de beleggingsondernemingen en de beheervenootschappen van instellingen voor collectieve belegging*) are subject to a different regime. The capital gains on such shares are taxable at the ordinary corporate income tax rate of 33.99% (including the 3% crisis surcharge) and the capital losses on such shares are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realization.

Capital gains realized by Belgian resident companies (both non-SMEs and SMEs and both ordinary Belgian resident companies and qualifying credit institutions, investment enterprises and management companies of collective investment undertakings) upon the redemption of our ordinary shares or upon our liquidation are, in principle, subject to the same taxation regime as dividends. See “—Dividends” above.

#### *Organizations For Financing Pensions*

OFPs within the meaning of article 8 of the Belgian Act of October 27, 2006 are, in principle, not subject to Belgian capital gains taxation realized upon the disposal of the ordinary shares, and capital losses are not tax deductible.

#### *Other Taxable Legal Entities*

Belgian resident legal entities subject to the legal entities income tax are, in principle, not subject to Belgian capital gains taxation on the disposal of ordinary shares.

Capital gains realized by Belgian resident legal entities upon the redemption of our ordinary shares or upon our liquidation will in principle be taxed as dividends. See “—Dividends” above.

Capital losses on ordinary shares incurred by Belgian resident legal entities are not tax deductible.

#### *Belgian Non-Resident Individuals And Companies*

Non-resident individuals or companies are, in principle, not subject to Belgian income tax on capital gains realized upon disposal of the ordinary shares, unless such ordinary shares are held as part of a business conducted in Belgium through a Belgian establishment. In such a case, the same principles apply as described with regard to Belgian individuals (holding the shares for professional purposes) or Belgian companies.

Non-resident individuals who do not use the shares for professional purposes and who have their fiscal residence in a country with which Belgium has not concluded a tax treaty or with which Belgium has concluded a tax treaty that confers the authority to tax capital gains on the ordinary shares to Belgium, might be subject to tax in Belgium if the capital gains arise from transactions which are to be considered speculative or beyond the normal management of one's private estate. See “—Capital gains and losses on shares—Belgian resident individuals”. Such non-resident individuals might therefore be obliged to file a tax return and should consult their own tax advisor.

Capital gains realized by non-resident individuals or non-resident companies upon repurchase of our shares or upon our liquidation will, in principle, be subject to the same taxation regime as dividends.

#### ***Tax On Stock Exchange Transactions***

Upon the issue of the ordinary shares (primary market), no Tax on Stock Exchange Transactions is due.

The purchase and the sale as well as any other acquisition or transfer for consideration of our ordinary shares (secondary market) in Belgium through a professional intermediary is subject to the tax on stock exchange transactions (*taxe sur les opérations de bourse / taks op de beursverrichtingen*) of 0.27% of the purchase price,

capped at EUR 1600 per transaction and per party, or the Tax on Stock Exchange Transactions. A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary. The scope of application of the tax on stock exchange transactions has been extended by the Law of December 25, 2016 (as published in the Belgian Official Gazette of December 29, 2016 and entered into force on January 1; 2017) to private individuals with habitual residence (*résidence habituelle / gewone verblijfplaats*) in Belgium, or legal entities for the account of their seat or establishment in Belgium carrying out transactions, directly or indirectly, through professional intermediaries established outside of Belgium. If the intermediary is established outside of Belgium, the tax will in principle be due by the ordering private individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium could be responsible for collecting the tax on stock exchange transactions if they appointed a Belgian representative for tax purposes, subject to certain conditions and formalities.

No tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2, 9° and 10° of the Belgian Law of August 2, 2002; (ii) insurance companies described in Article 2, §1 of the Belgian Law of July 9, 1975; (iii) professional retirement institutions referred to in Article 2, 1° of the Belgian Law of October 27, 2006 concerning the supervision on institutions for occupational pension; (iv) collective investment institutions; and (v) Belgian non-residents provided they deliver a certificate to their financial intermediary in Belgium confirming their non-resident status.

On February 14, 2013 the European Union Commission adopted the Draft Directive on a Financial Transaction Tax, or Financial Transaction Tax. The Draft Directive currently stipulates that once the Financial Transaction Tax enters into effect, the Participating Member States will not maintain or introduce any taxes on financial transactions other than the Financial Transaction Tax (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the Financial Transaction Tax enters into effect. The Draft Directive is still subject to negotiation between the Participating Member States and may, therefore, be further amended at any time.

#### **Certain Material U.S. Federal Income Tax Considerations to U.S. Holders**

The following is a summary of certain material U.S. federal income tax considerations relating to the acquisition, ownership and disposition of our ordinary shares by a U.S. holder (as defined below). This summary addresses only the U.S. federal income tax considerations for U.S. holders that are initial purchasers of our ordinary shares pursuant to the Offering and that will hold such ordinary shares as capital assets for U.S. federal income tax purposes. This summary does not address all U.S. federal income tax matters that may be relevant to a particular U.S. holder. This summary does not address tax considerations applicable to a holder of our ordinary shares that may be subject to special tax rules including, without limitation, the following:

- banks, financial institutions or insurance companies;
- brokers, dealers or traders in securities, currencies, commodities, or notional principal contracts;
- tax-exempt entities or organizations, including an “individual retirement account” or “Roth IRA” as defined in Section 408 or 408A of the Code (as defined below), respectively;
- real estate investment trusts, regulated investment companies or grantor trusts;
- persons that hold our ordinary shares as part of a “hedging,” “integrated” or “conversion” transaction or as a position in a “straddle” for U.S. federal income tax purposes;
- partnerships (including entities or arrangements classified as partnerships for U.S. federal income tax purposes) or other pass-through entities, or persons that will hold our ordinary shares through such an entity;
- certain former citizens or long-term residents of the United States;
- holders that own directly, indirectly, or through attribution 10% or more of the voting power or value of our ordinary shares and shares; and

- holders that have a “functional currency” for U.S. federal income tax purposes other than the U.S. dollar.

Further, this summary does not address the U.S. federal estate, gift, or alternative minimum tax considerations, or any U.S. state, local, or non-U.S. tax considerations of the acquisition, ownership and disposition of our ordinary shares.

This description is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code; existing, proposed and temporary U.S. Treasury Regulations promulgated thereunder, administrative and judicial interpretations thereof; and the income tax treaties between the Netherlands and the United States, and Belgium and the United States in each case as in effect and available on the date hereof. All the foregoing is subject to change, which change could apply retroactively, and to differing interpretations, all of which could affect the tax considerations described below. There can be no assurances that the U.S. Internal Revenue Service, or the IRS, will not take a contrary or different position concerning the tax consequences of the acquisition, ownership and disposition of our ordinary shares or that such a position would not be sustained. Holders should consult their own tax advisors concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of our ordinary shares in their particular circumstances.

For the purposes of this summary, a “U.S. holder” is a beneficial owner of our ordinary shares that is (or is treated as), for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity that is treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust or have a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our ordinary shares, the U.S. federal income tax consequences relating to an investment in those ordinary shares will depend in part upon the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor regarding the U.S. federal income tax considerations of owning and disposing of our ordinary shares in its particular circumstances.

In general, a U.S. holder who owns our ordinary shares will be treated as the beneficial owner of the underlying shares represented by those ordinary shares for U.S. federal income tax purposes. Accordingly, no gain or loss will generally be recognized if a U.S. holder exchanges our ordinary shares for the underlying shares represented by those ordinary shares.

As indicated below, this discussion is subject to U.S. federal income tax rules applicable to a “passive foreign investment company,” or a PFIC.

**Persons considering an investment in our ordinary shares should consult their own tax advisors as to the particular tax consequences applicable to them relating to the acquisition, ownership and disposition of our ordinary shares, including the applicability of U.S. federal, state and local tax laws and non-U.S. tax laws.**

**Distributions.** Although we do not currently plan to pay dividends, and subject to the discussion under “— Passive Foreign Investment Company Considerations” below, the gross amount of any distribution (before reduction for any amounts withheld in respect of Dutch or Belgian withholding tax) actually or constructively received by a U.S. holder with respect to our ordinary shares will be taxable to the U.S. holder as a dividend to the extent of the U.S. holder’s pro rata share of our current and accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions in excess of earnings and profits will be non-taxable to the U.S. holder to the extent of, and will be applied against and reduce, the U.S. holder’s adjusted tax basis in our

ordinary shares. Distributions in excess of earnings and profits and such adjusted tax basis will generally be taxable to the U.S. holder as either long-term or short-term capital gain depending upon whether the U.S. holder has held our ordinary shares for more than one year as of the time such distribution is received. However, since we do not calculate our earnings and profits under U.S. federal income tax principles, it is expected that any distribution will be reported as a dividend, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. Non-corporate U.S. holders may qualify for the preferential rates of taxation with respect to dividends on our ordinary shares applicable to long-term capital gains (i.e., gains from the sale of capital assets held for more than one year) applicable to qualified dividend income (as discussed below) if we are a “qualified foreign corporation” and certain other requirements (discussed below) are met. A non-U.S. corporation (other than a corporation that is a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation with respect to any dividend it pays on shares which are readily tradable on an established securities market in the United States. We have been approved to list our ADSs on The NASDAQ Global Select Market which is an established securities market in the United States, and we expect our the ADSs to be readily tradable on The NASDAQ Global Select Market. However, there can be no assurance that our ordinary shares will be considered readily tradable on an established securities market in the United States in later years. Therefore, subject to the discussion under “—Passive Foreign Investment Company Considerations” below, such dividends will generally be “qualified dividend income” in the hands of non-corporate U.S. holders, provided that a holding period requirement (more than 60 days of ownership, without protection from the risk of loss, during the 121-day period beginning 60 days before the ex-dividend date) and certain other requirements are met. The dividends will not be eligible for the dividends-received deduction generally allowed to corporate U.S. holders.

A U.S. holder generally may claim the amount of any Dutch or Belgian withholding tax as either a deduction from gross income or a credit against U.S. federal income tax liability. However, the foreign tax credit is subject to numerous complex limitations that must be determined and applied on an individual basis. Generally, the credit cannot exceed the proportionate share of a U.S. holder’s U.S. federal income tax liability that such U.S. holder’s taxable income bears to such U.S. holder’s worldwide taxable income. In applying this limitation, a U.S. holder’s various items of income and deduction must be classified, under complex rules, as either “foreign source” or “U.S. source.” In addition, this limitation is calculated separately with respect to specific categories of income. The amount of a distribution with respect to our ordinary shares that is treated as a “dividend” may be lower for U.S. federal income tax purposes than it is for Dutch or Belgian income tax purposes, potentially resulting in a reduced foreign tax credit for the U.S. holder. Furthermore, Dutch or Belgian income taxes withheld in excess of the rate applicable under the income tax treaty between the Netherlands or Belgium and the United States will not be eligible for credit against U.S. holders’ federal income tax liability. Each U.S. holder should consult its own tax advisors regarding the foreign tax credit rules.

***Sale, Exchange or Other Taxable Disposition of our Ordinary Shares.*** A U.S. holder will generally recognize gain or loss for U.S. federal income tax purposes upon the sale, exchange or other taxable disposition of our ordinary shares in an amount equal to the difference between the U.S. dollar value of the amount realized from such sale or exchange and the U.S. holder’s tax basis for those ordinary shares. Subject to the discussion under “—Passive Foreign Investment Company Considerations” below, this gain or loss will generally be a capital gain or loss. The adjusted tax basis in our ordinary shares generally will be equal to the cost of such ordinary shares. Capital gain from the sale, exchange or other taxable disposition of our ordinary shares of a non-corporate U.S. holder is generally eligible for a preferential rate of taxation applicable to capital gains, if the non-corporate U.S. holder’s holding period determined at the time of such sale, exchange or other taxable disposition for such ordinary shares exceeds one year (i.e., such gain is long-term taxable gain). The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations. Any such gain or loss that a U.S. holder recognizes generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

***Medicare Tax.*** Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their “net investment income,” which may include all or a portion of their dividend income and net gains from the disposition of our ordinary shares. Each U.S. holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Medicare tax to its income and gains in respect of its investment in our ordinary shares.

***Passive Foreign Investment Company Considerations.*** If we are a PFIC for any taxable year, a U.S. holder would be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of U.S. federal income tax that a U.S. holder could derive from investing in a non-U.S. company that does not distribute all of its earnings on a current basis.

A corporation organized outside the United States generally will be a PFIC for U.S. federal income tax purposes for any taxable year in which either: (i) at least 75% of its gross income is “passive income” or (ii) at least 50% of the average quarterly value of its total gross assets (for which purpose the total value of our assets may be determined in part by reference to the market value of our ordinary shares, which is subject to change) is attributable to assets that produce “passive income” or are held for the production of “passive income.”

Passive income for this purpose generally includes dividends, interest, royalties, rents, gains from commodities and securities transactions, the excess of gains over losses from the disposition of assets which produce passive income, and includes amounts derived by reason of the temporary investment of cash, including the funds raised in offerings of our ordinary shares. If a non-U.S. corporation owns directly or indirectly at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation’s income for purposes of the PFIC tests. If we are a PFIC for any year with respect to which a U.S. holder owns our ordinary shares, we will continue to be treated as a PFIC with respect to such U.S. holder in all succeeding years during which the U.S. holder owns our ordinary shares, regardless of whether we continue to meet the tests described above.

Whether we are a PFIC for any taxable year will depend on the composition of our income and the projected composition and estimated fair market values of our assets in each year, and because this is a factual determination made annually after the end of each taxable year, there can be no assurance that we will not be considered a PFIC for any taxable year. The market value of our assets may be determined in large part by reference to the market price of our ordinary shares, which is likely to fluctuate after the Offering. Based on the foregoing, we do not anticipate that we will be a PFIC for the current taxable year based upon the expected value of our assets, including any goodwill, and the expected composition of our income and assets, however, as previously mentioned, we cannot provide any assurances regarding our PFIC status for the current or any prior or future taxable years.

If we are a PFIC, for any taxable year, then unless you make one of the elections described below, a special tax regime will apply to both (a) any “excess distribution” by us to you (generally, your ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by you in the shorter of the three preceding years or your holding period for our ordinary shares) and (b) any gain realized on the sale or other disposition of our ordinary shares. Under this regime, any excess distribution and realized gain will be treated as ordinary income and will be subject to tax as if (a) the excess distribution or gain had been realized ratably over your holding period, (b) the amount deemed realized in each year had been subject to tax in each year of that holding period at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax at the U.S. holder’s regular ordinary income rate for the current year and would not be subject to the interest charge discussed below), and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, dividend distributions made to you will not qualify for the lower rates of taxation applicable to long-term capital gains discussed above under “—Distributions.”

Certain elections exist that would result in an alternative treatment (such as mark-to-market treatment) of our ordinary shares. If a U.S. holder makes the mark-to-market election, the U.S. holder generally will recognize as ordinary income any excess of the fair market value of our ordinary shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of our ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes the election, the U.S. holder’s tax basis in our ordinary shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of our ordinary shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). The mark-to-market election is available only if we are a PFIC and our ordinary shares are “regularly traded” on a “qualified exchange.” Our ordinary shares will be treated as “regularly traded” in any calendar year in which more than a de minimis quantity of our ordinary shares are traded on a qualified exchange on at least 15 days during each calendar quarter (subject to the rule that trades that have as one of their principal purposes the meeting of the trading requirement as disregarded). NASDAQ is a qualified exchange for this purpose and, consequently, if our ordinary shares are regularly traded, the mark-to-market election will generally be available to a U.S. holder.

If we are a PFIC for any year during which a U.S. holder holds our ordinary shares, we must generally continue to be treated as a PFIC by that U.S. holder for all succeeding years during which the U.S. holder holds our ordinary shares, unless we cease to meet the requirements for PFIC status and the U.S. holder makes a “deemed sale” election with respect to our ordinary shares. If such election is made, the U.S. holder will be deemed to have sold our ordinary shares it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain from such deemed sale would be subject to the consequences applicable to sales of PFIC shares described above. After the deemed sale election, the U.S. holder’s ordinary shares with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

The tax consequences that would apply if we were a PFIC would also be different from those described above if a U.S. holder were able to make a valid “qualified electing fund,” or QEF, election. However, we do not currently intend to provide the information necessary for U.S. holders to make a QEF election if we were treated as a PFIC for any taxable year and prospective investors should assume that a QEF election will not be available. U.S. holders should consult their tax advisors to determine whether any of these above elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

If we are determined to be a PFIC, the general tax treatment for U.S. holders described in this section would apply to indirect distributions and gains deemed to be realized by U.S. holders in respect of any of our subsidiaries that also may be determined to be PFICs.

If a U.S. holder owns our ordinary shares during any taxable year in which we are a PFIC, the U.S. holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to the company, generally with the U.S. holder’s federal income tax return for that year. If our company were a PFIC for a given taxable year, then you should consult your tax advisor concerning your annual filing requirements.

**The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. investors are urged to consult their own tax advisors with respect to the acquisition, ownership and disposition of our ordinary shares, the consequences to them of an investment in a PFIC, any elections available with respect to our ordinary shares and the IRS information reporting obligations with respect to the acquisition, ownership and disposition of our ordinary shares.**

***Backup Withholding and Information Reporting.*** U.S. holders generally will be subject to information reporting requirements with respect to dividends on our ordinary shares and on the proceeds from the sale, exchange or disposition of our ordinary shares that are paid within the United States or through U.S.-related financial intermediaries, unless the U.S. holder is an “exempt recipient.” In addition, U.S. holders may be subject to backup withholding on such payments, unless the U.S. holder provides a correct taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption. Backup withholding is not an additional tax, and the amount of any backup withholding will be allowed as a credit against a U.S. holder’s U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

***Foreign Asset Reporting.*** Certain U.S. holders who are individuals and certain entities controlled by individuals may be required to report information relating to an interest in our ordinary shares, subject to certain exceptions (including an exception for shares held in accounts maintained by U.S. financial institutions) by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their federal income tax return. U.S. holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their acquisition, ownership and disposition of our ordinary shares.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN OUR ORDINARY SHARES IN LIGHT OF THE INVESTOR’S OWN CIRCUMSTANCES.**

## **Dutch Tax Consequences Prior to Our Redomiciliation**

The following summary outlines certain Dutch tax consequences in connection with the acquisition, ownership and disposal of our ordinary shares prior to our proposed redomiciliation. All references in this summary to the Netherlands and Dutch law are to the European part of the Kingdom of the Netherlands and its law, respectively, only. The summary does not purport to present any comprehensive or complete picture of all Dutch tax aspects that could be of relevance to the acquisition, ownership and disposal of our ordinary shares by a (prospective) holder of our ordinary shares who may be subject to special tax treatment under applicable law. The summary is based on the tax laws and practice of the Netherlands as in effect on the date of this Prospectus, which are subject to changes that could prospectively or retrospectively affect the Dutch tax consequences.

For purposes of Dutch income and corporate income tax, shares legally owned by a third party such as a trustee, foundation or similar entity or arrangement, or a Third Party, may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator, or the Settlor, or, upon the death of the Settlor, his/her beneficiaries, or the Beneficiaries, in proportion to their entitlement to the estate of the Settlor of such trust or similar arrangement, or the Separated Private Assets.

The summary does not address the tax consequences of a holder of our ordinary shares who is an individual and who has a substantial interest (*aanmerkelijk belang*) in the company. Generally, a holder of our ordinary shares will have a substantial interest in the company if such holder of our ordinary shares, whether alone or together with his spouse or partner and/or certain other close relatives, holds directly or indirectly, or as Settlor or Beneficiary of Separated Private Assets (i) (x) the ownership of, (y) certain other rights, such as usufruct, over, or (z) rights to acquire (whether or not already issued), shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the company or (ii) (x) the ownership of, or (y) certain other rights, such as usufruct over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of the annual profit of the company or to 5% or more of the liquidation proceeds of the company.

In addition, a holder of our ordinary shares has a substantial interest in the company if he, whether alone or together with his spouse or partner and/or certain other close relatives, has the ownership of, or other rights over, shares in, or profit certificates issued by, the company that represent less than 5% of the relevant aggregate that either (a) qualified as part of a substantial interest as set forth above and where shares, profit certificates and/or rights there over have been, or are deemed to have been, partially disposed of, or (b) have been acquired as part of a transaction that qualified for non-recognition of gain treatment.

This summary does not address the tax consequences of a holder of our ordinary shares who:

- (a) receives income or realizes capital gains in connection with his or her employment activities or in his/her capacity as (former) board member and/or (former) supervisory board member; or
- (b) is a resident of any non-European part of the Kingdom of the Netherlands.

**PROSPECTIVE HOLDERS OF OUR ORDINARY SHARES SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISER WITH RESPECT TO THE TAX CONSEQUENCES OF ANY ACQUISITION, OWNERSHIP OR DISPOSAL OF OUR ORDINARY SHARES IN THEIR INDIVIDUAL CIRCUMSTANCES.**

### ***Dividend Withholding Tax***

#### ***General***

The company is generally required to withhold dividend withholding tax imposed by the Netherlands at a rate of 15% on dividends distributed by the company in respect of our ordinary shares. The expression “dividends distributed by the company” as used herein includes, but is not limited to:

- (a) distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital (“*gestort kapitaal*”) not recognized for Dutch dividend withholding tax purposes;

- (b) liquidation proceeds, proceeds of redemption of our ordinary shares or, as a rule, consideration for the repurchase of our ordinary shares by the company in excess of the average paid-in capital recognized for Dutch dividend withholding tax purposes;
- (c) the par value of our ordinary shares issued to a holder of our ordinary shares or an increase of the par value of our ordinary shares, to the extent that it does not appear that a contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and
- (d) partial repayment of paid-in capital, recognized for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), unless (i) the shareholders at the General Meeting have resolved in advance to make such repayment and (ii) the par value of our ordinary shares concerned has been reduced by an equal amount by way of an amendment of the articles of association.

#### *Holders of Our Ordinary Shares Resident in the Netherlands*

A holder of our ordinary shares that is resident or deemed to be resident in the Netherlands is generally entitled, subject to the anti-dividend stripping rules described below, to a full credit against its (corporate) income tax liability, or a full refund, of the Dutch dividend withholding tax. The same generally applies to holders of our ordinary shares that are neither resident nor deemed to be resident in the Netherlands if our ordinary shares are attributable to a permanent establishment in the Netherlands of such non-resident holder.

#### *Holders of Our Ordinary Shares Resident Outside the Netherlands*

A holder of our ordinary shares that is resident in a country with which the Netherlands has a double taxation convention in effect, may, depending on the terms of such double taxation convention and subject to the anti-dividend stripping rules described below, be eligible for a full or partial exemption from, or full or partial refund of, Dutch dividend withholding tax on dividends received.

A holder of our ordinary shares, that is a legal entity (a) resident in (i) a Member State of the European Union, or (ii) Iceland, Norway or Liechtenstein, and (b) that is in its state of residence under the terms of a double taxation agreement concluded with a third state, not considered to be resident for tax purposes outside the European Union, Iceland, Norway and Liechtenstein, is generally entitled, subject to the anti-dividend stripping rules described below, to a full exemption from Dutch dividend withholding tax on dividends received if it holds an interest of at least 5% (in shares or, in certain cases, in voting rights) in the company or if it holds an interest of less than 5%, in either case where, had the holder of our ordinary shares been a Dutch resident, it would have had the benefit of the participation exemption (this may include a situation where another related party holds an interest of 5% or more in the company).

A holder of our ordinary shares, that is an entity resident in (i) a Member State of the European Union, or (ii) Iceland, Norway or Liechtenstein, or (iii) in a jurisdiction which has an arrangement for the exchange of tax information with the Netherlands (and such holder as described under (iii) holds our ordinary shares as a portfolio investment, *i.e.*, such holding is not acquired with a view to the establishment or maintenance of lasting and direct economic links between the holder of our ordinary shares and the company and does not allow the holder of our ordinary shares to participate effectively in the management or control of the company), which is exempt from tax in its country of residence, and that would have been exempt from Dutch corporate income tax if it had been a resident of the Netherlands, is generally entitled, subject to the anti-dividend stripping rules described below, to a full refund of Dutch dividend withholding tax on dividends received. This full refund will in general benefit certain foreign pension funds, government agencies and certain government controlled commercial entities.

According to the anti-dividend stripping rules, no exemption, reduction, credit or refund of Dutch dividend withholding tax will be granted if the recipient of the dividend paid by the company is not considered the beneficial owner (*uiteindelijk gerechtigde*) of the dividend as defined in these rules. A recipient of a dividend is not considered the beneficial owner of the dividend if, as a consequence of a combination of transactions, (i) a person (other than the holder of the dividend coupon), directly or indirectly, partly or wholly benefits from the dividend, (ii) such person directly or indirectly retains or acquires a comparable interest in our ordinary shares, and (iii) such person is entitled to a less favorable exemption, refund or credit of dividend withholding tax than the recipient of the dividend distribution. The term “combination of transactions” includes transactions that have

been entered into in the anonymity of a regulated stock market, the sole acquisition of one or more dividend coupons and the establishment of short-term rights or enjoyment on our ordinary shares (e.g., usufruct).

#### *Holders of Our Ordinary Shares Resident in the U.S.*

Dividends distributed by the company to U.S. resident holders of our ordinary shares that are eligible for benefits under the Convention between the Kingdom of the Netherlands and the United States of America for the avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes and Income, dated December 18, 1992 as amended by the protocol of March 8, 2004, or the U.S. Tax Treaty, generally will be entitled to a reduced dividend withholding tax rate of 5% in case of certain U.S. corporate shareholders owning at least 10% of the company's total voting power. Certain U.S. pension funds and tax-exempt organizations may qualify for a complete exemption from Dutch dividend withholding tax.

Under the U.S. Tax Treaty such benefits are generally available to U.S. residents if such resident is the beneficial owner of the dividends, provided that such shareholder does not have an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or permanent representative in the Netherlands and to which enterprise or part of an enterprise our ordinary shares are attributable. A person may, however, not claim the benefits of the U.S. Tax Treaty if such person's entitlement to such benefits is limited by the provisions of Article 26 (the limitation on benefits provision) of the U.S. Tax Treaty. The reduced dividend withholding tax rate can generally be applied at source upon the distribution of the dividends, provided that the proper forms have been filed in advance of the distribution. In the case of certain tax-exempt organizations, as a general rule, the so-called refund method applies; only when certain administrative conditions have been fulfilled may such tax-exempt organization use the exemption method.

#### ***Taxes on Income and Capital Gains***

##### *Holders of Our Ordinary Shares Resident in the Netherlands: Individuals*

A holder of our ordinary shares, who is an individual resident or deemed to be resident in the Netherlands will be subject to regular Dutch income tax on the income derived from our ordinary shares and the gains realized upon the acquisition, redemption and/or disposal of our ordinary shares by the holder thereof, if:

- (a) such holder of our ordinary shares has an enterprise or an interest in an enterprise, to which enterprise our ordinary shares are attributable; and/or
- (b) such income or capital gain forms "a benefit from miscellaneous activities" ("*resultaat uit overige werkzaamheden*") which, for instance, would be the case if the activities with respect to our ordinary shares exceed "normal active asset management" ("*normaal, actief vermogensbeheer*") or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a "lucrative interest" ("*lucratief belang*")) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person), whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the abovementioned conditions (a) or (b) applies, income derived from our ordinary shares and the gains realized upon the acquisition, redemption and/or disposal of our ordinary shares will in general be subject to Dutch income tax at the progressive rates up to 52%.

If the abovementioned conditions (a) and (b) do not apply, a holder of our ordinary shares who is an individual, resident or deemed to be resident in the Netherlands will not be subject to taxes on income and capital gains in the Netherlands. Instead, such individual is generally taxed at a flat rate of 30% on deemed income from "savings and investments" ("*sparen en beleggen*"), which deemed income is determined on the basis of the amount included in the individual's "yield basis" ("*rendementsgrondslag*") at the beginning of the calendar year (minus a tax-free threshold). For the 2017 tax year, the deemed income derived from savings and investments will amount to 2.87% of the individual's yield basis up to €75,000, 4.6% of the individual's yield basis exceeding €75,000 up to and including €975,000 and 5.39% of the individual's yield basis in excess of €975,000. The percentages to determine the deemed income will be reassessed every year.

### *Holders of Our Ordinary Shares Resident in the Netherlands: Corporate Entities*

A holder of our ordinary shares that is resident or deemed to be resident in the Netherlands for corporate income tax purposes, and that is:

- a corporation;
- another entity with a capital divided into shares;
- a cooperative (association); or
- another legal entity that has an enterprise or an interest in an enterprise to which our ordinary shares are attributable,

but which is not:

- a qualifying pension fund;
- a qualifying investment fund (*fiscale beleggingsinstelling*) or a qualifying exempt investment institution (*vrijgestelde beleggingsinstelling*); or
- another entity exempt from corporate income tax,

will in general be subject to regular corporate income tax, generally levied at a rate of 25% (20% over profits up to €200,000) over income derived from our ordinary shares and the gains realized upon the acquisition, redemption and/or disposal of our ordinary shares, unless, and to the extent that, the participation exemption (*deelnemingsvrijstelling*) applies.

### *Holders of Our Ordinary Shares Resident Outside the Netherlands: Individuals*

A holder of our ordinary shares who is an individual, not resident or deemed to be resident in the Netherlands will not be subject to any Dutch taxes on income derived from our ordinary shares and the gains realized upon the acquisition, redemption and/or disposal of our ordinary shares (other than the dividend withholding tax described above), unless:

- (a) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of an enterprise, as the case may be, our ordinary shares are attributable; or
- (b) such income or capital gain forms a “benefit from miscellaneous activities in the Netherlands” (*“resultaat uit overige werkzaamheden in Nederland”*) which would for instance be the case if the activities in the Netherlands with respect to our ordinary shares exceed “normal active asset management” (*“normaal, actief vermogensbeheer”*) or if such income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a “lucrative interest” (*“lucratief belang”*)) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person), in whole or in part, in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the abovementioned conditions (a) or (b) applies, income or capital gains in respect of dividends distributed by the company or in respect of any gains realized upon the acquisition, redemption and/or disposal of our ordinary shares will in general be subject to Dutch income tax at the progressive rates up to 52%.

### *Holders of Our Ordinary Shares Resident Outside the Netherlands: Legal and Other Entities*

A holder of our ordinary shares, that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in the Netherlands for corporate

income tax purposes, will not be subject to any Dutch taxes on income derived from our ordinary shares and the gains realized upon the acquisition, redemption and/or disposal of our ordinary shares (other than the dividend withholding tax described above), unless:

- (a) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of an enterprise, as the case may be, our ordinary shares are attributable; or
- (b) such holder has a substantial interest (*aanmerkelijk belang*) in the company, that (i) is held with the avoidance of Dutch income tax or Dutch dividend withholding tax of another person as (one of) the main purpose(s) and (ii) forms part of an artificial structure or series of structures (such as structures which are not put into place for valid business reasons reflecting economic reality).

If one of the abovementioned conditions applies, income derived from our ordinary shares and the gains realized upon the acquisition, redemption and/or disposal of our ordinary shares will, in general, be subject to Dutch regular corporate income tax, levied at a rate of 25% (20% over profits up to €200,000), (x) unless, and to the extent that, with respect to a holder as described under (a), the participation exemption (*deelnemingsvrijstelling*) applies and (y) except that a holder as described under (b) will generally be subject to an effective corporate income tax rate of 15% if it holds the substantial interest in the company with the avoidance of Dutch dividend withholding tax (but not Dutch income tax) as (one of) the main purpose(s).

### ***Gift, Estate and Inheritance Taxes***

#### *Holders of Our Ordinary Shares Resident in the Netherlands*

Gift tax may be due in the Netherlands with respect to an acquisition of our ordinary shares by way of a gift by a holder of our ordinary shares who is resident or deemed to be resident of the Netherlands at the time of the gift.

Inheritance tax may be due in the Netherlands with respect to an acquisition or deemed acquisition of our ordinary shares by way of an inheritance or bequest on the death of a holder of our ordinary shares who is resident or deemed to be resident of the Netherlands, or by way of a gift within 180 days before his death by an individual who is resident or deemed to be resident in the Netherlands at the time of his death.

For purposes of Dutch gift and inheritance tax, an individual with the Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual not holding the Dutch nationality will be deemed to be resident of the Netherlands if he has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

#### *Holders of Our Ordinary Shares Resident Outside the Netherlands*

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition of our ordinary shares by way of a gift by, or on the death of, a holder of our ordinary shares who is neither resident nor deemed to be resident of the Netherlands, unless, in the case of a gift of our ordinary shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

#### *Certain Special Situations*

For purposes of Dutch gift, estate and inheritance tax, (i) a gift by a Third Party will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule his/her Beneficiaries will be deemed to have inherited directly from the Settlor. Subsequently, such Beneficiaries will be deemed the settlor, grantor or similar originator of the Separated Private Assets for purposes of Dutch gift, estate and inheritance tax in case of subsequent gifts or inheritances.

For the purposes of Dutch gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

### ***Value Added Tax***

No Dutch value added tax will arise in respect of or in connection with the subscription, issue, placement, allotment or delivery of our ordinary shares.

### ***Other Taxes and Duties***

No Dutch registration tax, capital tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment or delivery of our ordinary shares.

### ***Residency***

A holder of our ordinary shares will not be treated as a resident, or a deemed resident, of the Netherlands by reason only of the acquisition, or the holding, of our ordinary shares or the performance by the company under our ordinary shares.

### **Dutch Tax Consequences Upon Completion of Our Redomiciliation**

The following summary outlines certain Dutch tax consequences in connection with the acquisition, ownership and disposal of our ordinary shares, if and when our redomiciliation is completed. All references in this summary to the Netherlands and Dutch law are to the European part of the Kingdom of the Netherlands and its law, respectively, only. The summary does not purport to present any comprehensive or complete picture of all Dutch tax aspects that could be of relevance to the acquisition, ownership and disposal of our ordinary shares by a (prospective) holder of our ordinary shares who may be subject to special tax treatment under applicable law. The summary is based on the tax laws and practice of the Netherlands as in effect on the date of this prospectus, which are subject to changes that could prospectively or retrospectively affect the Dutch tax consequences.

For purposes of Dutch income and corporate income tax, shares legally owned by a third party such as a trustee, foundation or similar entity or arrangement, or a Third Party, may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator, or the Settlor, or, upon the death of the Settlor, his/her beneficiaries, or the Beneficiaries, in proportion to their entitlement to the estate of the Settlor of such trust or similar arrangement, or the Separated Private Assets.

The summary does not address the tax consequences of a holder of our ordinary shares who is an individual and who has a substantial interest (*aanmerkelijk belang*) in the company. Generally, a holder of our ordinary shares will have a substantial interest in the company if such holder of our ordinary shares, whether alone or together with his spouse or partner and/or certain other close relatives, holds directly or indirectly, or as Settlor or Beneficiary of Separated Private Assets (i) (x) the ownership of, (y) certain other rights, such as usufruct, over, or (z) rights to acquire (whether or not already issued), shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the company or (ii) (x) the ownership of, or (y) certain other rights, such as usufruct over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of the annual profit of the company or to 5% or more of the liquidation proceeds of the company.

In addition, a holder of our ordinary shares has a substantial interest in the company if he, whether alone or together with his spouse or partner and/or certain other close relatives, has the ownership of, or other rights over, shares in, or profit certificates issued by, the company that represent less than 5% of the relevant aggregate that either (a) qualified as part of a substantial interest as set forth above and where shares, profit certificates and/or rights there over have been, or are deemed to have been, partially disposed of, or (b) have been acquired as part of a transaction that qualified for non-recognition of gain treatment.

This summary does not address the tax consequences of a holder of our ordinary shares who:

- (a) receives income or realizes capital gains in connection with his or her employment activities or in his/her capacity as (former) board member and/or (former) supervisory board member; or
- (b) is a resident of any non-European part of the Kingdom of the Netherlands.

**PROSPECTIVE HOLDERS OF OUR ORDINARY SHARES SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISER WITH RESPECT TO THE TAX CONSEQUENCES OF ANY ACQUISITION, OWNERSHIP OR DISPOSAL OF OUR ORDINARY SHARES IN THEIR INDIVIDUAL CIRCUMSTANCES.**

*Dividend Withholding Tax*

*General*

From a Dutch domestic tax perspective, and subject to double tax treaty relief, dividends distributed by the Belgian argenx SE would continue to be subject to Dutch dividend withholding tax as before our redomiciliation, on the basis that we are a company incorporated under Dutch law. Pursuant to the Netherlands/Belgium double tax treaty, however, holders of our ordinary shares will not be subject to Dutch dividend withholding tax on dividends distributed by the company, unless such holder is resident or deemed to be resident in the Netherlands.

Accordingly, the company could be required to withhold dividend withholding tax imposed by the Netherlands at a rate of 15% on dividends distributed by the company in respect of our ordinary shares in the situation described below under “—Holders of Our Ordinary Shares Resident in the Netherlands”. The expression “dividends distributed by the company” as used herein includes, but is not limited to:

- (a) distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital (“*gestort kapitaal*”) not recognized for Dutch dividend withholding tax purposes;
- (b) liquidation proceeds, proceeds of redemption of our ordinary shares or, as a rule, consideration for the repurchase of our ordinary shares by the company in excess of the average paid-in capital recognized for Dutch dividend withholding tax purposes;
- (c) the par value of our ordinary shares issued to a holder of our ordinary shares or an increase of the par value of our ordinary shares, to the extent that it does not appear that a contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and
- (d) partial repayment of paid-in capital, recognized for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), unless (i) the shareholders at the General Meeting have resolved in advance to make such repayment and (ii) the par value of our ordinary shares concerned has been reduced by an equal amount by way of an amendment of the articles of association.

*Holders of Our Ordinary Shares Resident in the Netherlands*

Dividends paid by the company to holders of our ordinary shares that are resident or deemed to be resident in the Netherlands will be subject to Dutch dividend withholding tax.

A holder of our ordinary shares that is resident or deemed to be resident in the Netherlands is generally entitled, subject to the anti-dividend stripping rules described below, to a full credit against its (corporate) income tax liability, or a full refund, of the Dutch dividend withholding tax. The same generally applies to holders of our ordinary shares that are neither resident nor deemed to be resident in the Netherlands if our ordinary shares are attributable to a permanent establishment in the Netherlands of such non-resident holder.

*Holders of Our Ordinary Shares Resident Outside the Netherlands*

A holder of our ordinary shares, who is an individual or that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in the Netherlands for (corporate) income tax purposes, will not be subject to any Dutch dividend withholding tax on distributions made on our ordinary shares.

## ***Taxes on Income and Capital Gains***

### *Holders of Our Ordinary Shares Resident in the Netherlands: Individuals*

A holder of our ordinary shares, who is an individual resident or deemed to be resident in the Netherlands will be subject to regular Dutch income tax on the income derived from our ordinary shares and the gains realized upon the acquisition, redemption and/or disposal of our ordinary shares by the holder thereof, if:

- (a) such holder of our ordinary shares has an enterprise or an interest in an enterprise, to which enterprise our ordinary shares are attributable; and/or
- (b) such income or capital gain forms “a benefit from miscellaneous activities” (“*resultaat uit overige werkzaamheden*”) which, for instance, would be the case if the activities with respect to our ordinary shares exceed “normal active asset management” (“*normaal, actief vermogensbeheer*”) or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a “lucrative interest” (*lucratief belang*)) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person), whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the abovementioned conditions (a) or (b) applies, income derived from our ordinary shares and the gains realized upon the acquisition, redemption and/or disposal of our ordinary shares will in general be subject to Dutch income tax at the progressive rates up to 52%.

If the abovementioned conditions (a) and (b) do not apply, a holder of our ordinary shares who is an individual, resident or deemed to be resident in the Netherlands will not be subject to taxes on income and capital gains in the Netherlands. Instead, such individual is generally taxed at a flat rate of 30% on deemed income from “savings and investments” (“*sparen en beleggen*”), which deemed income is determined on the basis of the amount included in the individual’s “yield basis” (“*rendementsgrondslag*”) at the beginning of the calendar year (minus a tax-free threshold). For the 2017 tax year, the deemed income derived from savings and investments will amount to 2.87% of the individual’s yield basis up to €75,000, 4.6% of the individual’s yield basis exceeding €75,000 up to and including €975,000 and 5.39% of the individual’s yield basis in excess of €975,000. The percentages to determine the deemed income will be reassessed every year.

### *Holders of Our Ordinary Shares Resident in the Netherlands: Corporate Entities*

A holder of our ordinary shares that is resident or deemed to be resident in the Netherlands for corporate income tax purposes, and that is:

- a corporation;
- another entity with a capital divided into shares;
- a cooperative (association); or
- another legal entity that has an enterprise or an interest in an enterprise to which our ordinary shares are attributable,

but which is not:

- a qualifying pension fund;
- a qualifying investment fund (*fiscale beleggingsinstelling*) or a qualifying exempt investment institution (*vrijgestelde beleggingsinstelling*); or
- another entity exempt from corporate income tax,

will in general be subject to regular corporate income tax, generally levied at a rate of 25% (20% over profits up to €200,000) over income derived from our ordinary shares and the gains realized upon the acquisition, redemption and/or disposal of our ordinary shares, unless, and to the extent that, the participation exemption (*deelnemingsvrijstelling*) applies.

*Holders of Our Ordinary Shares Resident Outside the Netherlands: Individuals*

A holder of our ordinary shares who is an individual, not resident or deemed to be resident in the Netherlands will not be subject to any Dutch taxes on income derived from our ordinary shares and the gains realized upon the acquisition, redemption and/or disposal of our ordinary shares (other than the dividend withholding tax described above), unless:

- (a) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of an enterprise, as the case may be, our ordinary shares are attributable; or
- (b) such income or capital gain forms a “benefit from miscellaneous activities in the Netherlands” (*“resultaat uit overige werkzaamheden in Nederland”*) which would for instance be the case if the activities in the Netherlands with respect to our ordinary shares exceed “normal active asset management” (*“normaal, actief vermogensbeheer”*) or if such income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a “lucrative interest” (*“lucratief belang”*)) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person), in whole or in part, in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the abovementioned conditions (a) or (b) applies, income or capital gains in respect of dividends distributed by the company or in respect of any gains realized upon the acquisition, redemption and/or disposal of our ordinary shares will in general be subject to Dutch income tax at the progressive rates up to 52%.

*Holders of Our Ordinary Shares Resident Outside the Netherlands: Legal and Other Entities*

A holder of our ordinary shares, that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in the Netherlands for corporate income tax purposes, will not be subject to any Dutch taxes on income derived from our ordinary shares and the gains realized upon the acquisition, redemption and/or disposal of our ordinary shares (other than the dividend withholding tax described above), unless:

- (a) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of an enterprise, as the case may be, our ordinary shares are attributable; or
- (b) such holder has a substantial interest (*aanmerkelijk belang*) in the company, that (i) is held with the avoidance of Dutch income tax or Dutch dividend withholding tax of another person as (one of) the main purpose(s) and (ii) forms part of an artificial structure or series of structures (such as structures which are not put into place for valid business reasons reflecting economic reality).

If one of the abovementioned conditions applies, income derived from our ordinary shares and the gains realized upon the acquisition, redemption and/or disposal of our ordinary shares will, in general, be subject to Dutch regular corporate income tax, levied at a rate of 25% (20% over profits up to €200,000), (x) unless, and to the extent that, with respect to a holder as described under (a), the participation exemption (*deelnemingsvrijstelling*) applies and (y) except that a holder as described under (b) will generally be subject to an effective corporate income tax rate of 15% if it holds the substantial interest in the company with the avoidance of Dutch dividend withholding tax (but not Dutch income tax) as (one of) the main purpose(s).

## ***Gift, Estate and Inheritance Taxes***

### ***Holders of Our Ordinary Shares Resident in the Netherlands***

Gift tax may be due in the Netherlands with respect to an acquisition of our ordinary shares by way of a gift by a holder of our ordinary shares who is resident or deemed to be resident of the Netherlands at the time of the gift.

Inheritance tax may be due in the Netherlands with respect to an acquisition or deemed acquisition of our ordinary shares by way of an inheritance or bequest on the death of a holder of our ordinary shares who is resident or deemed to be resident of the Netherlands, or by way of a gift within 180 days before his death by an individual who is resident or deemed to be resident in the Netherlands at the time of his death.

For purposes of Dutch gift and inheritance tax, an individual with the Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual not holding the Dutch nationality will be deemed to be resident of the Netherlands if he has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

### ***Holders of Our Ordinary Shares Resident Outside the Netherlands***

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition of our ordinary shares by way of a gift by, or on the death of, a holder of our ordinary shares who is neither resident nor deemed to be resident of the Netherlands, unless, in the case of a gift of our ordinary shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

### ***Certain Special Situations***

For purposes of Dutch gift, estate and inheritance tax, (i) a gift by a Third Party will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule his/her Beneficiaries will be deemed to have inherited directly from the Settlor. Subsequently, such Beneficiaries will be deemed the settlor, grantor or similar originator of the Separated Private Assets for purposes of Dutch gift, estate and inheritance tax in case of subsequent gifts or inheritances.

For the purposes of Dutch gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

### ***Value Added Tax***

No Dutch value added tax will arise in respect of or in connection with the subscription, issue, placement, allotment or delivery of our ordinary shares.

### ***Other Taxes and Duties***

No Dutch registration tax, capital tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment or delivery of our ordinary shares.

### ***Residency***

A holder of our ordinary shares will not be treated as a resident, or a deemed resident, of the Netherlands by reason only of the acquisition, or the holding, of our ordinary shares or the performance by the company under our ordinary shares.

## **PART XX: INDEPENDENT AUDITORS**

Our independent auditor until May 13, 2015 was PwC,. At the annual General Meetings which took place on May 13, 2015 and April 28, 2016, Deloitte was appointed, respectively re-appointed, as independent auditor. The one year term of PwC had expired at the annual General Meeting held on May 13, 2015. The appointment of a new independent auditor was not the result of any dispute with our management over an accounting treatment, audit procedure or any other matter, but of a tender process completed in March 2015 and the recommendation of Deloitte by our audit committee. The change in auditors was made to comply with the Dutch Audit Profession Act for audit firm rotation.

The audited consolidated financial statements as of and for the financial years ended December 31, 2016 and 2015 have been audited by our current independent auditor, Deloitte, who rendered an unqualified audit report on these financial statements. The consolidated financial statements as of and for the financial year ended December 31, 2014 have been audited by our former independent auditor, PwC, who rendered an unqualified audit report on these financial statements.

Each of the partners of Deloitte and, respectively, PwC who signed the auditors' reports is a member of the Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*). The offices of Deloitte are located at Flight Forum 1, 5657 DA Eindhoven, the Netherlands. The offices of PwC are located at Flight Forum 840, 5657 DV Eindhoven, P.O. Box 6365, 5600 HJ Eindhoven, the Netherlands.

## **PART XXI: LEGAL MATTERS**

Certain legal matters in connection with the Listing will be advised upon for us by Freshfields Bruckhaus Deringer LLP with respect to the laws of Belgium and the Netherlands.

## PART XXII: GLOSSARY OF SELECTED TERMS

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

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

<b>CRO</b>	contract research organization
<b>CTA</b>	clinical trial authorization application
<b>CTCL</b>	cutaneous T-cell lymphoma
<b>D</b>	Germany
<b>DCC</b>	Dutch Civil Code
<b>Deloitte</b>	Deloitte Accountants B.V.
<b>DFSA</b>	Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> )
<b>DRC</b>	Data Review Committee
<b>DSMB</b>	Data Safety Monitoring Board
<b>DTC</b>	The Depository Trust Company
<b>Dutch Corporate Governance Code</b>	the Dutch Corporate Governance Code dated December 8, 2016, which is in force as of the financial year starting on or after January 1, 2017
<b>EEA</b>	European Economic Area
<b>EMA</b>	European Medicines Authority
<b>Enterprise Chamber</b>	the Dutch Enterprise Chamber of the Amsterdam Court of Appeal ( <i>Ondernemingskamer van het Gerechtshof te Amsterdam</i> )
<b>ETASU</b>	elements to assure safe use
<b>Euronext Brussels</b>	the regulated market operated by Euronext Brussels SA/NV, a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (MiFID)
<b>Exchange Act</b>	the U.S. Securities Exchange Act of 1934, as amended
<b>F</b>	France
<b>FairJourney</b>	FairJourney LDA
<b>Fc</b>	antibody region interacting with cell surface Fc receptors
<b>FcRn</b>	neonatal Fc receptor
<b>FDA</b>	U.S. Food and Drug Administration
<b>FDASIA</b>	the U.S. Food and Drug Administration Safety and Innovation Act
<b>FDCA</b>	the U.S. Federal Food, Drug, and Cosmetic Act
<b>FSMA</b>	the Belgian Financial Services and Markets Authority
<b>FTE</b>	full time equivalent
<b>GARP</b>	glycoprotein A repetitions predominant
<b>GCP</b>	Good Clinical Practice
<b>General Meeting</b>	any general meeting of shareholders of argenx SE (i.e. any annual general meeting and any extraordinary general meeting)
<b>GLP</b>	Good Laboratory Practice
<b>GSK</b>	GlaxoSmithKline plc
<b>GVHD</b>	graft-versus-host disease
<b>Hatch-Waxman Act</b>	the U.S. Drug Price Competition and Patent Term Restoration Act of 1984
<b>HGF</b>	hepatocyte growth factor
<b>HIPAA</b>	the U.S. federal Health Insurance Portability and Accountability Act of 1996
<b>HITECH</b>	the Health Information Technology for Economic and Clinical Health

	Act of 2009
<b>HTA</b>	a health technology assessment
<b>IFRS</b>	International Financial Reporting Standards, as issued by the International Accounting Standards Board, and as adopted by the European Union
<b>IgA</b>	Immunoglobulin A
<b>IgD</b>	Immunoglobulin D
<b>IgG</b>	Immunoglobulin G
<b>IgM</b>	Immunoglobulin M
<b>IL-20</b>	interleukin-20
<b>IL-22</b>	interleukin-22
<b>IL-22R</b>	interleukin-22 receptor
<b>IMM</b>	irreversible morbidity or mortality
<b>IND</b>	investigational new drug
<b>IPAB</b>	Independent Payment Advisory Board
<b>IRB</b>	institutional review board
<b>ITP</b>	immune thrombocytopenic purpura
<b>IVIg</b>	intravenous IgG
<b>Janssen</b>	Janssen Pharmaceuticals, Inc.
<b>JOBS Act</b>	the U.S. Jumpstart Our Business Startups Act of 2012
<b>LEO Pharma</b>	LEO Pharma A/S
<b>Listing</b>	the admission to listing and trading of all new ordinary shares on Euronext Brussels
<b>Lonza</b>	Lonza Sales AG
<b>MAA</b>	a marketing authorization application
<b>MAR</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, and the rules and regulations promulgated pursuant thereto
<b>MDS</b>	myelodysplastic syndrome
<b>Member State</b>	a member state of the EEA
<b>MET</b>	mesenchymal-epithelial transition factor
<b>MG</b>	myasthenia gravis
<b>mSWAT</b>	modified Severity Weighted Assessment Tool
<b>NASDAQ</b>	The NASDAQ Stock Market
<b>New ordinary shares</b>	the 6,744,750 new ordinary shares that will be issued in connection with the Offering
<b>NK</b>	natural killer
<b>Offering</b>	the initial public offering of argenx SE in the United States of America of new ordinary shares in the form of ADSs
<b>OOPD</b>	the U.S. Office of Orphan Products Development
<b>Option Plan</b>	the employee stock option plan as adopted by our board of directors on December 18, 2014, which was approved by the shareholders at the General Meeting on May 13, 2015 and amended by the General Meeting on April 28, 2016
<b>PBMC</b>	peripheral blood lymphocyte

<b>PCT</b>	Patent Cooperation Treaty
<b>PFIC</b>	a passive foreign investment company for U.S. federal income tax purposes
<b>PHSA</b>	the U.S. Public Health Service Act
<b>PIL Code</b>	the 2004 Belgian Code of Private International Law
<b>PIP</b>	pediatric investigation plan
<b>Prospectus</b>	this document relating to the admission to trading and listing of all new ordinary shares on Euronext Brussels
<b>Prospectus Directive</b>	the Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003, as amended, including by Directive 2010/73/EU
<b>PTCL</b>	peripheral T-cell lymphoma
<b>PwC</b>	PricewaterhouseCoopers N.V.
<b>Record Date</b>	the fourteenth calendar day preceding the date of the General Meeting
<b>redomiciliation</b>	the transfer of our corporate seat located in Rotterdam, the Netherlands and our registered office located at Willemstraat 5, 4811 AH, Breda, the Netherlands, to Industriepark Zwijsnaarde 7, Building C, 9052 Zwijsnaarde (Gent), Belgium
<b>REMS</b>	risk evaluation and mitigation strategy
<b>Remuneration Policy</b>	the amended remuneration policy as approved by the shareholders at the General Meeting on April 28, 2016
<b>restructuring</b>	our business restructuring, involving the conversion of argenx N.V. to argenx SE and the transfer of ownership of intellectual property rights to the Belgian BVBA
<b>Roche</b>	F. Hoffman-La Roche AG
<b>SE regulation</b>	European Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European company ( <i>Societas Europaea</i> or <i>SE</i> )
<b>SEC</b>	the U.S Securities and Exchange Commission
<b>Section 404</b>	Section 404 of the Sarbanes-Oxley Act of 2002
<b>Securities Act</b>	the U.S. Securities Act of 1933, as amended
<b>Shire</b>	Shire AG (now known as Shire International GmbH)
<b>Sopartec</b>	Sopartec S.A.
<b>Staten</b>	Staten Biotechnology B.V.
<b>Takeover Law</b>	the Belgian law dated April 1, 2007 on public takeover bids
<b>Takeover Royal Decree</b>	the Belgian Royal Decree of April 27, 2007 on public takeover bids
<b>T-cell</b>	T lymphocyte protecting the body from infection
<b>TCL</b>	T-cell lymphoma
<b>TGF-<math>\beta</math></b>	transforming growth factor beta
<b>Transparency Directive</b>	Directive 2004/109/EC of the European Parliament and of the Council of December 15, 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC and the rules and regulations promulgated pursuant thereto, as amended by Directive 2010/73/EU
<b>Transparency Law</b>	the Belgian law of May 2, 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions, implementing into Belgian law Directive 2004/109/CE
<b>T<sub>regs</sub></b>	T-cell population modulating the immune system

<b>U.S.</b>	the United States of America
<b>UCL</b>	Université Catholique de Louvain
<b>UK</b>	the United Kingdom
<b>UoT</b>	The University of Texas
<b>USPTO</b>	the United States Patent and Trademark Office
<b>V-regions</b>	antibody variable regions
<b>we, us or our</b>	argenx SE together with its wholly owned subsidiary, argenx BVBA and, as applicable, its former wholly owned subsidiaries

### **PART XXIII: DOCUMENTS INCORPORATED BY REFERENCE**

Our consolidated financial statements as of and for the financial years ended December 31, 2016 and 2015 (including the independent auditor's reports thereupon) have been incorporated by reference in this Prospectus. The information so incorporated by reference herein will form an integral part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein, will be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded will not, except as so modified or superseded, constitute a part of this Prospectus.

The table below sets out the relevant pages of our consolidated financial statements for the financial year ended December 31, 2016, which are incorporated by reference in this Prospectus:

Consolidated statement of financial position	8
Consolidated statement of profit and loss and other comprehensive income	9
Consolidated statement of cash flows	10
Consolidated statement of changes in equity	11
Notes to the consolidated financial statements for the year 2016	12
Independent auditor's report on the consolidated financial statements	65

The table below sets out the relevant pages of our consolidated financial statements for the financial year ended December 31, 2015, which are incorporated by reference in this Prospectus:

Consolidated statement of financial position	5
Consolidated statement of profit and loss and other comprehensive income	6
Consolidated statement of cash flows	7
Consolidated statement of changes in equity	8
Notes to the consolidated financial statements for the year 2015	9
Independent auditor's report on the consolidated financial statements	57

The full text of the Articles of Association and an unofficial English translation thereof are incorporated by reference in this Prospectus.

Any information not listed in the tables above but included in the document incorporated by reference is given for information purpose only. The documents incorporated by reference are available on our website ([www.argenx.com](http://www.argenx.com)).