

### 6.5.5 Financial Risks and Controls

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

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

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

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

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

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as adopted by the EU, and that receipts and expenditures of the Company are being made only by authorized persons; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Since the Company has securities registered with the U.S. Securities and Exchange Commission, or SEC and is a large accelerated filer within the meaning of Rule 12b-2 of the U.S. Securities Exchange Act of 1934, the Company needs to assess the effectiveness of the internal controls over financial reporting and provide a report on the results of this assessment. The Company has reviewed its internal controls over financial reporting based on criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and engaged an external advisor to help assess the effectiveness of those controls.

### 6.5.6 Recent or Current Developments in our System of Risk Management

In 2020, we have extended the global internal controls team with an additional position in the U.S. The internal controls manager is responsible for the evaluation of the adequacy of the design and operating effectiveness of the Company's internal controls and processes through risk assessments, walkthroughs, testing of controls, continuous monitoring of control compliance and reporting the results to our CFO and subsequently the audit and compliance committee. Our internal controls manager is also responsible for the promotion of a risk-aware culture and to ensure efficient and effective risk and compliance management practices.

## 6.6 Compensation Statement and Remuneration Report

This section 6.5.1 contains the compensation statement required by article 2:135b of the Dutch Civil Code and the remuneration report required by the Dutch Corporate Governance Code.

### 6.6.1 Remuneration Policy

#### General

Our remuneration policy sets out that the remuneration of our executive and non-executive director(s) shall be determined by the board of directors. The Remuneration and Nomination Committee monitors and at least annually re-evaluates whether the remuneration policy is still suitable for the Company's purposes and proposes adjustments where necessary. The remuneration policy was last updated and approved by our general meeting on November 7, 2017. The board also evaluates the appropriateness of any change of total cash at target compensation in the context of the market environment. Based on the outcome of the benchmarking analysis described above, the Remuneration and Nomination Committee is implementing step-by-step adjustments of the remuneration packages to ensure that the remuneration offered is in line with the remuneration policy, prescribing a remuneration in line with (or slightly above) market practice (determined as around or slightly above the 75th percentile compensation level within the European companies of the peer group and the 50th percentile compensation level of US based companies of the peer group). Ensuring market conform compensation enables us to attract, reward and retain qualified individuals on which, largely, our success depends.

#### Amendments

The last benchmarking exercise was done mid-2020, with the assistance of external experts. Following such benchmark and taking into account the entry into force changes in Dutch legislation during 2019 and early 2020 pursuant to Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement or shareholder rights directive, setting out various new and amended requirements for the way remuneration policies are drawn up, we have submitted a proposal with respect to an updated and amended remuneration policy to the General Meeting held on May 12, 2020, but the vote did not reach the 75% majority required for approval (69.9% of the votes were in favour). We will propose an updated and amended remuneration policy to our General Meeting in 2021.

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

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

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

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

## 6.6.2 Compensation of our Executive Management

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

- fixed base compensation;
- short-term variable compensation;
- long-term variable compensation, in the form of stock options;
- severance arrangements; and
- pension and fringe benefits.

### Fixed base compensation

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

### Short-term variable compensation

The objective of this short-term annual 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 short-term variable incentive of his/her annual base compensation. The target percentage for this purpose was set to 55% of the annual base compensation of a member of the executive management team. Performance conditions are established by our board of directors before or at the beginning of the relevant calendar year and shall include criteria concerning our financial performance, qualitative criteria representing our performance and/or individual qualitative performance.

### Long-term incentive awards

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

### Severance arrangements

We have entered into management contracts and employment agreements with our executive management, each of which provides for certain minimum notice periods if their service or employment with us is terminated in certain circumstances as described below in paragraph 6.6.5 "Related party transactions" on page 222 and further.

### Pension and fringe benefits

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

### Performance of scenario analyses

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

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

The total company expense for the non-equity remuneration paid to our chief executive officer (and only statutory executive director) for the year ended 31 December 2020, equaled €958,125, representing 671% of the total company expense for the non-equity median compensation paid to our employees. This percentage was calculated on the basis of the last compensation payment period of the year ended 31 December 2020, over which the median non-equity remuneration of all Company employees relative to their full time percentage was taken into account and set off against the non-equity remuneration of our executive director for the same period. We calculate the aforementioned percentage on the last compensation payment of the relevant period, because due to our rapid growth we deem it relevant to also include our latest hires in the comparison, which includes a number of persons who are not (primarily) working at our facilities in Gent, Belgium.

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

(IN THOUSANDS OF €)	2016	2017	2018	2019	2020
Non-equity remuneration of our CEO	354,598	605,576	784,600	851,288	958,125
Non-equity median salary paid to our employees	133,667	95,971	93,311	108,625	142,762
Ratio employee/CEO	38%	16%	12%	13%	15%
Average compensation paid to non-executive directors	44,786	53,333	50,714	53,929	50,714
Number of employees at end of year	58	73	105	188	336
Share price at end of year Euronext	15.94	52.52	85.20	143.60	242.00

The decrease in the remuneration ratio between our key executives and other employees between 2019 and 2020 is caused by the increased median salary paid to our employees, also as a result of our expansion in the U.S. and Japan.

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

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

	Employee compared to CEO
All employees	15%
European employees	11%
US employees	22%
Japan employees	13%

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

	2016	2017	2018	2019	2020
Stock options granted to our CEO	80,600	80,000	80,000	80,000	50,000
Median stock options granted to our employees	3,500	2,500	2,500	2,800	2,900
Ratio employee/CEO	4.34%	3.13%	3.13%	3.50%	5.80%
Average number of stock options granted to non-executive directors	10,000	15,000	12,143	10,000	10,000
Median stock options granted to our employees	3,500	2,500	2,500	2,800	2,900
Ratio non-executive directors/CEO	35.00%	16.67%	20.59%	28.00%	29.00%

The total employment costs paid by us in the financial year 2020 was charged to the Company and its subsidiaries as follows:

	Total remuneration paid in 2020 (in million euros)
argenx SE	0.2
argenx IIP BV	5.6
argenx BV	53.6
argenx Japan K.K.	2.3
argenx US Inc.	25.1
argenx Switzerland SA	0.1

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

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

#### Remuneration and Benefits

The following table sets forth information regarding compensation paid by us for Tim Van Hauwermeiren during the year ended December 31, 2020:

Tim Van Hauwermeiren	Compensation (€)
Fixed base compensation	525,000
Short-term variable compensation	433,125
Long-term variable compensation, in the form of stock options	6,142,917
Employer social security contribution stock options	-
Non-equity incentive plan compensation	-
Pension contributions	22,609
Social security costs	10,587
Other <sup>(2)</sup>	10,522
<b>Total</b>	<b>7,144,760</b>

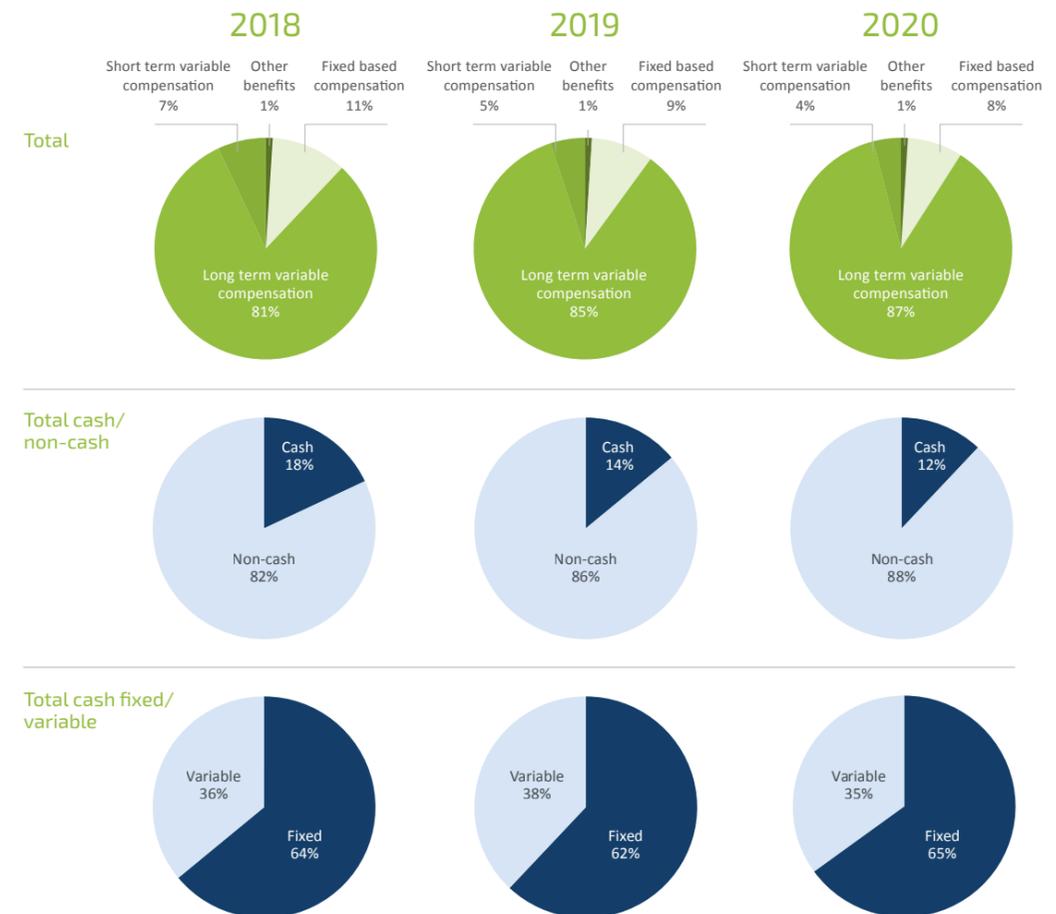
(1) Amount shown represents the expenses with respect to the option awards granted in 2020 to Mr. Van Hauwermeiren measured using the Black Scholes formula. For a description of the assumptions used in the valuing these awards, see note 14 "Share-based payments" to our consolidated financial statements incorporated by reference in this Registration Document (see chapter 7 "Information Incorporated by Reference" on page 244). These amounts do not reflect the actual economic value realized by Mr. Van Hauwermeiren.

(2) Consists of €10,342 attributable to the lease of a company car and €180 in employer-paid medical insurance premiums.

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

#### Variable compensation determination CEO

The mix between fixed and variable remuneration components for our executive director for at least the last 3 years is set out below.



In line with our remuneration policy, the remuneration of Mr. Van Hauwermeiren included short term variable compensation based on pre-defined specific targets. During the year ended December 31, 2020, the performance targets for determination of the variable compensation for Tim Van Hauwermeiren related primarily to the submission of our BLA for efgartigimod in MG to the US FDA, meeting certain objectives under our core collaborations with third parties, targets relating to representing our company and our first potential commercial product, efgartigimod, with key stakeholders and preparing the company for FDA inspection in relation to the potential launch of our first commercial product.

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

Our board of directors determined that all of the targets were materially achieved (despite the impact of COVID-19), and that the corresponding pay-out of the variable compensation targets for 2020 is 100% of the target amount, equaling 55% of the fixed cash remuneration.

The ratio between fixed and variable payments to our CEO for the financial year ended December 31, 2020 equals €525,000/433,125 or 54.8%/45.2%.

#### Remuneration of other executive managers

The following table sets forth information regarding aggregate compensation paid by us for the members of our executive management (excluding Tim Van Hauwermeiren) during the year ended December 31, 2020. We note that these numbers also include compensation paid to persons who have been part of our executive management for part of 2020 (being Marc Schorpion).

	Compensation (€)
Fixed base compensation	2,316,641
Short-term variable compensation	888,738
Long-term variable compensation, in the form of stock options <sup>(1)</sup>	31,350,063
Employer social security contribution stock options <sup>(2)</sup>	9,811,342
Non-equity incentive plan compensation	–
Termination benefits	336,663
Pension contributions	118,090
Social security costs	648,965
Other <sup>(3)</sup>	126,935
<b>Total</b>	<b>45,597,437</b>

(1) Amount shown represents the expenses with respect to the option awards granted in 2020 to Mr. Keith Woods, Prof. Hans de Haard, Mr. Wim Parys, Mr. Arjen Lemmen, Mr. Dirk Beeusaert, Mr. Marc Schorpion, and Miss Andria Wilk measured using the Black Scholes formula. For a description of the assumptions used in the valuing these awards, see note 14 "Share-based payments" to our consolidated financial statements incorporated by reference in this Registration Document (see chapter 7 "Information Incorporated by Reference" on page 244). These amounts do not reflect the actual economic value realized by these members of our executive management.

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

(3) Consists of €75,445 attributable to the leases of company cars, €24,627 in car, housing and other allowances and €26,863 in employer-paid medical insurance premiums.

The following table sets forth information regarding option awards granted to our executive management during the year ended December 31, 2020:

Name	Stock options	Expiration date	Exercise price (IN THOUSANDS OF €)
Tim Van Hauwermeiren <sup>(1)</sup>	50,000	21/12/2030	247.60
Hans de Haard <sup>(1)</sup>	50,000	21/12/2030	247.60
Keith Woods	50,000	21/12/2030	247.60
Wim Parys <sup>(1)</sup>	50,000	21/12/2030	247.60
Marc Schorpion	25,000	25/06/2030	196.15
Arjen Lemmen <sup>(1)</sup>	50,000	21/12/2030	247.60
Dirk Beeusaert	50,000	25/06/2025	196.15
Andria Wilk <sup>(1)</sup>	9,900	21/12/2030	247.60

(1) On December 21, 2020, the Company has granted options for which the beneficiary has a 60 day period to choose between a contractual term of five or ten years.

Pursuant to our remuneration policy and practices, our CEO Tim van Hauwermeiren was offered 80,000 stock options in 2020, but at his request the Board of Directors agreed to reduce the number of options granted for 2020 to 50,000 and to distribute the difference to certain top performing lower level employees of the Company in 2021.



The table below shows the stock options held at the start of the year ended December 31, 2020 and the stock options granted to our executive management which have vested during the year ended December 31, 2020, as well as the stock options to vest in the years ending December 31, 2021, December 31, 2022 and December 31, 2023 (in number of stock options), and the respective exercise price of such stock options:

NAME	Total options held on January 1, 2020	Options granted in 2020	Options forfeited in 2020	Options exercised in 2020	Total options held on December 31, 2020	Exercise price (IN THOUSANDS OF €)	Options vested until 2019	Options vested in 2020	Options to vest in 2021	Options to vest in 2022	Options to vest in 2023
Tim Van Hauwermeiren	386,200	50,000	–	(146,200)	290,000	21.17	53,333	26,667			
						86.32	26,667	26,666	26,667		
						135.75		26,667	26,666	26,667	
						247.60			16,667	16,666	16,667
<b>Total</b>	<b>386,200</b>	<b>50,000</b>	<b>–</b>	<b>(146,200)</b>	<b>290,000</b>		<b>80,000</b>	<b>80,000</b>	<b>70,000</b>	<b>43,333</b>	<b>16,667</b>
Eric Castaldi	227,800	–	–	(56,400)	171,400	14.13	28,200				
						21.17	28,800	14,400			
						86.32	16,667	33,333			
						135.75		50,000			
<b>Total</b>	<b>227,800</b>	<b>–</b>	<b>–</b>	<b>(56,400)</b>	<b>171,400</b>		<b>73,667</b>	<b>97,733</b>	<b>–</b>	<b>–</b>	<b>–</b>
Keith Woods	150,000	50,000	–	(45,000)	155,000						
<b>Total</b>	<b>150,000</b>	<b>50,000</b>	<b>–</b>	<b>(45,000)</b>	<b>155,000</b>						
Hans de Haard	495,975	50,000	–	–	545,975	2.44	144,822				
						7.17	109,000				
						9.47	28,200				
						11.47	28,200				
						14.13	28,200				
						18.41	11,961	2,392			
						21.17	28,800	14,400			
						86.32	16,667	16,666	16,667		
						135.75		16,666	16,668	16,666	
						247.60			16,667	16,666	16,667
<b>Total</b>	<b>495,975</b>	<b>50,000</b>	<b>–</b>	<b>–</b>	<b>545,975</b>		<b>395,850</b>	<b>50,124</b>	<b>50,002</b>	<b>33,332</b>	<b>16,667</b>
Wim Parys	175,000	50,000	–	–	225,000	86.32	41,667	41,666	41,667		
						135.75		16,667	16,666	16,667	
						247.60			16,667	16,666	16,667
<b>Total</b>	<b>175,000</b>	<b>50,000</b>	<b>–</b>	<b>–</b>	<b>225,000</b>		<b>41,667</b>	<b>58,333</b>	<b>75,000</b>	<b>33,333</b>	<b>16,667</b>

NAME	Total options held on January 1, 2020	Options granted in 2020	Options forfeited in 2020	Options exercised in 2020	Total options held on December 31, 2020	Exercise price (IN THOUSANDS OF €)	Options vested until 2019	Options vested in 2020	Options to vest in 2021	Options to vest in 2022	Options to vest in 2023
Arjen Lemmen	101,276	50,000	–	(15,065)	136,211	11.47	3,215				
						14.13	3,215				
						18.41	3,110	1,196			
						21.17	2,995	3,333			
						80.82	695	1,666	834		
						86.32	952	7,500	7,500		
	135.75		24,963	12,519	12,518						
	247.60			16,667	16,666	16,667					
<b>Total</b>	<b>101,276</b>	<b>50,000</b>	<b>–</b>	<b>(15,065)</b>	<b>136,211</b>		<b>14,182</b>	<b>38,658</b>	<b>37,520</b>	<b>29,184</b>	<b>16,667</b>
Dirk Beesaert	154,682	50,000	–	–	204,682	18.41	33,068	6,614			
						21.17	10,000	5,000			
						80.82	14,100	9,400	4,700		
						86.32	7,267	7,266	7,267		
						113.49	11,513	19,244	12,829	6,414	
						196.15		12,756	12,415	12,415	12,415
<b>Total</b>	<b>154,682</b>	<b>50,000</b>	<b>–</b>	<b>–</b>	<b>204,682</b>		<b>75,948</b>	<b>60,280</b>	<b>37,211</b>	<b>18,829</b>	<b>12,415</b>
Marc Schorpion	25,000	25,000	–	–	50,000	113.49	–	12,500	8,333	4,167	
						196.15			12,500	8,333	4,167
<b>Total</b>	<b>25,000</b>	<b>25,000</b>	<b>–</b>	<b>–</b>	<b>50,000</b>		<b>–</b>	<b>12,500</b>	<b>20,833</b>	<b>12,500</b>	<b>4,167</b>
Andria Wilk	9,400	9,900	–	–	19,300	135.75	–	4,693	2,354	2,354	
						247.60			3,300	3,300	3,300
<b>Total</b>	<b>9,400</b>	<b>9,900</b>	<b>–</b>	<b>–</b>	<b>19,300</b>		<b>–</b>	<b>4,693</b>	<b>5,653</b>	<b>5,654</b>	<b>3,300</b>

The table below shows the remaining term of the stock options held by our executive management during the year ended December 31, 2020:

NAME	Number of Stock options	Remaining term on December 31, 2020 (rounded up)
Tim Van Hauwermeiren	80,000	7 years
	80,000	8 years
	80,000	9 years
	50,000	5 years / 10 years <sup>(1)</sup>
Eric Castaldi	17,360	3 years
	5,000	4 years
	28,200	6 years
	43,200	7 years
	32,640	8 years
	45,000	9 years
Keith Woods	5,000	7 years
	50,000	8 years
	50,000	9 years
	50,000	10 years
Hans De Haard	69,360	2.5 years
	39,636	3 years
	35,826	4 years
	109,000	4 years
	28,200	5 years
	28,200	5.5 years
	28,200	6 years
	14,353	6.5 years
	43,200	7 years
	50,000	8 years
50,000	9 years	
50,000	5 years / 10 years <sup>(1)</sup>	
Wim Parys	125,000	3 years
	50,000	9 years
	50,000	5 years / 10 years <sup>(1)</sup>
Arjen Lemmen	2,500	2.5 years
	50,000	4 years
	3,215	5.5 years
	3,215	6 years
	4,306	6.5 years
	6,328	7 years

	695	7.5 years
	15,952	8 years
Marc Schorpion	25,000	8.5 years
	25,000	9.5 years
Dirk Beeusaert	28,200	2.5 years
	21,800	3 years
	50,000	3.5 years
	50,000	4.5 years
	39,682	6.5 years
	15,000	7 years
Andria Wilk	9,400	4 years
	9,900	5 years / 10 years <sup>(1)</sup>

(1) On December 21, 2020, the Company has granted options for which the beneficiary has a 60 day period to choose between a contractual term of five or ten years.

The table below shows the stock options exercised by our executive management during the year ended December 31, 2020 and the exercise price of those stock options. Per exercised option, one share was issued:

NAME	Number of Stock options	Exercise price
Tim Van Hauwermeiren	35.000	7,17
Tim Van Hauwermeiren	30.600	9,47
Tim Van Hauwermeiren	50.000	11,47
Tim Van Hauwermeiren	30.600	14,13
Eric Castaldi	28.200	9,47
Eric Castaldi	28.200	11,47
Keith Woods	45.000	21,17
Arjen Lemmen	585	11,47
Arjen Lemmen	785	14,13
Arjen Lemmen	1.670	18,41
Arjen Lemmen	3.670	21,17
Arjen Lemmen	1.805	80,82
Arjen Lemmen	6.548	86,32
<b>Total</b>	<b>262.665</b>	

### 6.6.3 Compensation of Our Non-Executive Directors

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

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

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

#### Fixed fee

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

#### Long-term incentive plan

The board of directors intends to incentivize the non-executive directors by issuing options from time to time to be able to attract and retain well-qualified non-executive directors in connection with the Option Plan. The board of directors grants options to the non-executive directors on the recommendation of the remuneration and nomination committee. Such option grants are based on an option allocation scheme established by the board of directors pursuant to the Option Plan. The conditions of our Option Plan apply to our non-executive directors, as set forth in paragraph 6.6.4 "Long-Term Incentives Granted to Key Persons - Option Plan" on page 221 and further.

#### Success payment

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

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

The following table sets forth the information regarding the compensation earned by our non-executive directors during the year ended December 31, 2020:

Name (IN THOUSANDS OF €)	Fees earned or paid in cash	Option awards	Total
Peter K.M. Verhaeghe	77,500	1,288,583	1,306,083
David L. Lacey	50,000	1,192,599	1,242,599
Werner Lanthaler	55,000	1,192,599	1,247,599
Pamela Klein	42,500	1,192,599	1,235,099
J. Donald deBethizy	52,500	1,192,599	1,245,099
A.A. Rosenberg	42,500	1,192,599	1,235,099
James M. Daly	35,000	1,192,599	1,227,599

(1) These amounts do not reflect the actual economic value realized by the non-executive director. Amount shown represents the expenses with respect to the option awards granted in 2020 to the non-executive directors measured using the Black Scholes formula. For a description of the assumptions used in valuing these awards, see note 14 "Share-based payments" to our consolidated financial statements for the year ended December 31, 2020, incorporated by reference in this Registration Document (see chapter 7 "Information Incorporated by Reference" on page 244).

(2) The U.S. peer group used to determine (equity) incentive grant levels in 2020 consisted of Acadia Pharmaceuticals, Acceleron Pharma, Agios Pharmaceuticals, Aimmune Therapeutics, Alnylam Pharmaceuticals, Amicus Therapeutics, bluebird bio, Blueprint Medicines, CRISPR Therapeutics, Esperion Therapeutics, FibroGen, Global Blood Therapeutics, Moderna, MyoKardia, Portola Pharmaceuticals, Reata Pharmaceuticals, Sage Therapeutics, Sarepta Therapeutics, Spark Therapeutics, Xencor and Zogenix.

# Chris

Chris gets real about how MG has affected his life and his plans for the future in this interview.

Before being diagnosed with myasthenia gravis four years ago, Chris Givens was always on the move. He served in the U.S. Air Force for nearly 13 years. The Florida native would go spearfishing and lobstering. He was an avid scuba diver, dirt biker and motorcyclist. He lived abroad for several years. Now he's doing his best trying to adjust to a life with MG.

Patient  
Story



## What were your early symptoms of myasthenia gravis?

At first, it was just really weird. It's not like it hits you all at once. I started choking a lot on food. After about a month, the symptoms really kicked in hard, like, weekly. My whole body felt like jelly. Walking made my legs achy, like running a marathon. I went from 190 pounds down to 140 pounds because I couldn't keep any food down. I thought, *What the heck is going on?* I never go to doctors, but finally I went to Veterans Affairs. They thought it was a gastrointestinal (GI) issue. I spent maybe eight months doing a GI workup, including esophagus testing. A throat doctor told me, 'You're fine. It's all in your head. Go see a shrink.' My GI doctor thought I had ALS\* and sent me to a neurologist, who was right out of school. But it turned out she knew exactly what it was—myasthenia gravis.

It was a blessing to know what my condition was. Because the hardest part is the unknown.

## And now? How are you doing?

While managing my condition, I gained weight, got rashes and lost bone density. I've aspirated or breathed in water. I can handle all that. The worst part is when you're told, 'It's all in your head.' You begin to think that it is in your head. But I'm not crazy. It's not in my head. People with myasthenia gravis can look just fine, but it's frustrating when people don't believe you have the condition.

I can choose to listen to that—or not. I've even worked to change how I talk to myself. I've always been proud. If I'd get cut, I'd deal with it for a couple of minutes and then go back to work. I never went to a doctor. I was raised to think that men who go to doctors are weak. Now I look for support from my care team and grown daughters.

The table below shows the stock options held at the start of the year ended December 31, 2020 and the stock options granted to the non-executive directors which have vested during the year ended December 31, 2020, as well as the stock options to vest in the years ending December 31, 2021, December 31, 2022 and December 31, 2023 (in number of stock options), and the respective exercise price of such stock options:

NAME	Total options held on January 1, 2020	Options granted in 2020	Options exercised in 2020	Total options held on December 31, 2020	Exercise price (IN THOUSANDS OF €)	Options vested until 2019	Options vested in 2020	Options to vest in 2021	Options to vest in 2022	Options to vest in 2023
Peter Verhaeghe	54,585	10,000	(5,990)	58,595	2.44	11,626				
					3.95	1,969				
					7.17	5,000				
					11.38	10,000				
					86.32	3,333	3,334	3,333		
135.75		3,333	3,334	3,333						
247.60			3,333	3,334	3,333					
<b>Total</b>	<b>54,585</b>	<b>10,000</b>	<b>(5,990)</b>	<b>58,595</b>		<b>31,928</b>	<b>6,667</b>	<b>10,000</b>	<b>6,667</b>	<b>3,333</b>
David L. Lacey	64,443	10,000	(6,643)	67,800	11.38	12,800				
					21.17	10,000	5,000			
					86.32	10,000	3,334	3,333		
					135.75	3,333	3,333	3,334	3,333	
					247.60	–		3,333	3,334	3,333
<b>Total</b>	<b>64,443</b>	<b>10,000</b>	<b>(6,643)</b>	<b>67,800</b>		<b>36,133</b>	<b>11,667</b>	<b>10,000</b>	<b>6,667</b>	<b>3,333</b>
Werner Lanthaler	20,000	10,000	–	30,000	86.32	3,333	3,334	3,333		
					135.75		3,333	3,334	3,333	
					247.60			3,333	3,334	3,333
<b>Total</b>	<b>20,000</b>	<b>10,000</b>	<b>–</b>	<b>30,000</b>		<b>3,333</b>	<b>6,667</b>	<b>10,000</b>	<b>6,667</b>	<b>3,333</b>
J. Donald deBethizy	45,000	10,000	(7,500)	47,500	11.44	10,000				
					11.38	7,500				
					86.32	3,333	3,334	3,333		
					135.75		3,333	3,334	3,333	
					247.60			3,333	3,334	3,333
<b>Total</b>	<b>45,000</b>	<b>10,000</b>	<b>(7,500)</b>	<b>47,500</b>		<b>20,833</b>	<b>6,667</b>	<b>10,000</b>	<b>6,667</b>	<b>3,333</b>
Pamela Klein	45,000	10,000	(5,000)	50,000	11.44	10,000				
					11.38	10,000				
					86.32	3,333	3,334	3,333		
					135.75		3,333	3,334	3,333	
					247.60			3,333	3,334	3,333
<b>Total</b>	<b>45,000</b>	<b>10,000</b>	<b>(5,000)</b>	<b>50,000</b>		<b>23,333</b>	<b>6,667</b>	<b>10,000</b>	<b>6,667</b>	<b>3,333</b>

NAME	Total options held on January 1, 2020	Options granted in 2020	Options exercised in 2020	Total options held on December 31, 2020	Exercise price (IN THOUSANDS OF €)	Options vested until 2019	Options vested in 2020	Options to vest in 2021	Options to vest in 2022	Options to vest in 2023
A.A. Rosenberg	35,000	10,000	–	45,000	14.13	15,000				
					86.32	3,333	3,334	3,333		
					135.75		3,333	3,334	3,333	
					247.60			3,333	3,334	3,333
<b>Total</b>	<b>35,000</b>	<b>10,000</b>	<b>–</b>	<b>45,000</b>		<b>18,333</b>	<b>6,667</b>	<b>10,000</b>	<b>6,667</b>	<b>3,333</b>
James M. Daly	35,000	10,000	(10,000)	35,000	80.32	–	2,500	2,500		
					86.32	3,333	3,334	3,333		
					135.75		3,333	3,334	3,333	
					247.60			3,333	3,334	3,333
<b>Total</b>	<b>35,000</b>	<b>10,000</b>	<b>(10,000)</b>	<b>35,000</b>		<b>3,333</b>	<b>9,167</b>	<b>12,500</b>	<b>6,667</b>	<b>3,333</b>

The table below shows the remaining term of the stock options held by the non-executive directors during the year ended December 31, 2020:

NAME	Number of Stock options	Remaining term on December 31, 2020 (rounded up)
Peter K.M. Verhaeghe	5,560	2.5 years
	3,181	3 years
	4,854	4 years
	5,000	4 years
	10,000	5.5 years
	10,000	8 years
	10,000	9 years
David L. Lacey	10,000	10 years
	12,800	4 years
	10,000	5.5 years
	15,000	7 years
	10,000	8 years
	10,000	9 years
Werner Lanthaler	10,000	10 years
	10,000	3 years
	10,000	9 years
J. Donald deBethizy	10,000	10 years
	7,500	4.5 years
	10,000	5.5 years
	10,000	8 years
	10,000	9 years
Pamela Klein	10,000	10 years
	10,000	4.5 years
	10,000	5.5 years
	10,000	8 years
	10,000	9 years
A.A. Rosenberg	10,000	10 years
	15,000	6 years
	10,000	8 years
	10,000	9 years
James M. Daly	10,000	10 years
	5,000	7.5 years
	10,000	8 years
	10,000	9 years

The table below shows the stock options exercised by our non-executive directors during the year ended December 31, 2020 and the exercise price of those stock options. Per exercised option, one share was issued:

NAME	Number of Stock options	Exercise price
David Lacey	6.643	2,44
Don deBethizy	7.500	11,44
Jim Daley	10.000	80,82
Pam Klein	5.000	11,44
Peter Verhaeghe	5.990	3,95
<b>Total</b>	<b>35.133</b>	

As at the date of this Registration Document Werner Lanthaler holds 30.416 shares.

#### 6.6.4 Long-Term Incentives Granted to Key Persons - Option Plan

On December 18, 2014, our board of directors adopted 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 and November 25, 2019 and the board of directors on December 18, 2019 and November 5, 2020. The aim of the Option Plan is to encourage our executive management, directors and key outside consultants and advisors to acquire an economic and beneficial ownership interest in the growth and performance of the Company, to increase their incentive to contribute to our value and to attract and retain individuals who are key to our Company.

The Company expects to amend the stock Option Plan in 2021, whereby, among other things, equity incentives will not only be granted in the form of stock options, but also in the form of restricted stock units (RSUs).

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

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

The aggregate number of shares that may be available for the issuance of options is based between the 50th and the 75th percentile of our reference group.

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

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

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

### 6.6.5 Related Party Transactions

Since December 31, 2020, being the end of the last financial period for which audited financial statements have been published, we have not entered into any transactions with any related parties which are – as a single transaction or in their entirety – material to us.

In addition, in the period covered by the financial statements incorporated herein by reference, there has not been, nor is there currently proposed, any material transaction or series of similar material transactions to which we were or are a party in which any of the members of our board of directors or senior management, holders of more than 10% of any class of our voting securities, or any member of the immediate family of any of the foregoing persons, had or will have a direct or indirect material interest, other than the compensation and shareholding arrangements we describe in paragraph 5.3.1 “Principal Shareholders” on page 170 and further, and the transactions we describe below.

#### Agreements with Our Executive Management

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

	Tim Van Hauwermeiren
Fixed base compensation	€ 525,000
Short-term variable compensation	A target of 55% of fixed base compensation based on previously determined bonus targets established by the non-executive directors <sup>(1)</sup>
Pension contributions <sup>(2)</sup>	€ 22,609
Duration	Indefinite

(1) We have an established practice to provide the variable pay partially in the form of OTC options (which, for the avoidance of doubt, are not granted under the Option Plan). For those beneficiaries that opt to receive their bonus through over the counter (OTC) options rather than through a payment in cash.

(2) Amounts shown represent pension contributions paid during the year-ended December 31, 2020.

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

Eric Castaldi, our Chief Financial Officer, has an employment contract with our subsidiary, argenx BV, for an indefinite term. His employment contract may be terminated at any time by us, subject to a notice period and a severance payment of at least 12 months. The Company is currently recruiting a U.S.-based chief financial officer and has entered into a transition agreement with Mr. Castaldi.

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

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

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

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

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

Marc Schorpion, our Global Head of Human Resources, has an employment contract with our subsidiary, argenx B.V., 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.

Andria Wilk, our Global Head of Quality, has an employment contract with our subsidiary, argenx BV, for an indefinite term. Her employment contract may be terminated at any time by us, subject to a notice period and a severance payment of at least 12 months.

#### Indemnification Agreements

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

#### Transactions with Related Companies

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