Innovating antibodies, improving lives

Annual Report 2018

Genmab

Genmab A/S CVR No. 21 02 38 84

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Management's Review

Genmab R&D Center, Utrecht

Genmab In Short

Genmab is an international **biotechnology company** specializing in the **creation** and **development** of differentiated antibody therapeutics for the **treatment of cancer**

2 Marketed Products

DARZALEX® marketed in the U.S., Europe, Japan & other countries
Arzerra® marketed in the U.S. and Japan

2 Categories of Cancer

Generate products to treat solid tumors & hematological cancers

DKK 66B

2018 year end market cap

DKK 6,106M

2018 year end cash position

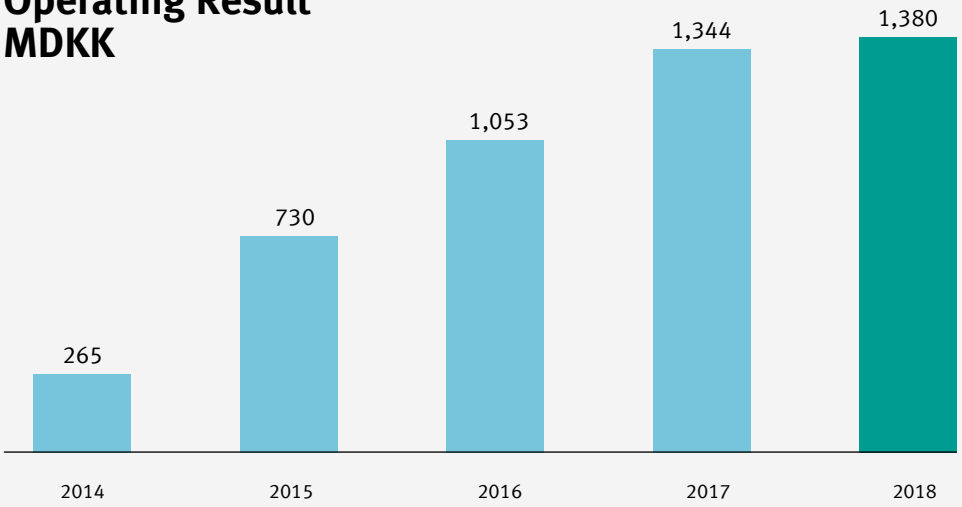
4 Proprietary Antibody Products in Clinical Development

Tisotumab vedotin, enapotamab vedotin, HexaBody-DR5/DR5 & DuoBody-CD3xCD20

~20 Pre-clinical Projects

Extensive partnered & own pre-clinical pipeline

Operating Result MDKK



4 Proprietary Technologies

DuoBody® bispecific platform, HexaBody® platform, DuoHexaBody™ platform & HexElect™ platform

31 INDs

Investigational new drug applications filed by Genmab and partners since 1999

DKK 3,025M

2018 revenue
28% increase versus 2017

DKK 1,645M

2018 operating expenses
87% invested in R&D

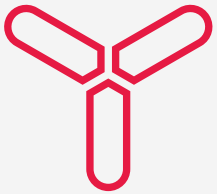
Our Vision

By 2025, our own product has transformed cancer treatment, and we have a pipeline of **knock-your-socks-off** antibodies

Who are we? We are...

- An international, publicly traded biotechnology company
- Antibody experts with a passion for innovation and a deep understanding of antibody biology
- Developing differentiated antibody therapeutics to transform cancer treatment
- Creators of two marketed products – DARZALEX and Arzerra
- Developing a strong clinical and pre-clinical pipeline
- Inventors of the DuoBody, HexaBody, DuoHexaBody and HexElect technologies
- A partner of choice with multiple strategic collaborations
- Building commercial capabilities to market our own products in the future
- A team of highly skilled and educated employees
- Determined to make a difference for cancer patients

Our Three-pronged Strategy



Focus on core competence

- Identify the best disease targets
- Develop unique best-in-class or first-in-class antibodies
- Develop next generation technologies

Turn science into medicine

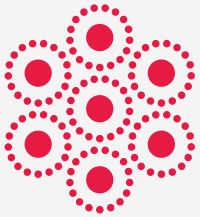
- Create differentiated antibody therapeutics with significant commercial potential

Build a profitable and successful biotech

- Maintain a flexible and capital efficient model
- Maximize relationships with partners
- Retain ownership of select products

Focused on Cancer

Millions of people are diagnosed with cancer each year and cancer is the second leading cause of death worldwide, with about 1 in 6 deaths attributed to cancer. We believe antibody therapies are one of the keys to improving the lives of cancer patients. Our antibodies target two main categories of cancer – solid tumors and hematological cancers.



Solid Tumors

A solid tumor is an abnormal mass of tissue that usually does not contain any liquid or cysts. Solid tumors may be malignant (cancerous) or benign (non-cancerous). Solid tumors can occur in several places in the body including the bones, muscles and organs. Sarcomas and carcinomas are examples of solid tumors.

Hematological Cancers

Hematological cancers, also called blood cancers, begin in the tissues that form blood, such as the bone marrow, or in the cells of the immune system. The three main types of blood cancers are leukemia, lymphoma and myeloma.

Marketed Products

DARZALEX® (daratumumab)

Approved in combination with other standard therapies in frontline multiple myeloma in the U.S. and Europe

Approved in combination with other therapies in relapsed/refractory multiple myeloma in the U.S., Europe and Japan

Approved as a monotherapy for heavily pretreated or double-refractory multiple myeloma in the U.S. and Europe

2018 net sales by Janssen of USD 2,025 million – DKK 1,708 million in royalties to Genmab

Arzerra® (ofatumumab)

Approved in certain territories for various chronic lymphocytic leukemia (CLL) indications

2018 net sales by Novartis of USD 26 million – DKK 33 million in royalties to Genmab

Please see pages 22-26 of this Annual Report for detailed indication and safety information.

Building a Knock-Your-Socks-Off Pipeline

Genmab is building a strong pipeline of proprietary antibody products that have the potential to make a real impact on the lives of cancer patients. When we consider which programs to develop, we look for differentiated antibodies that are first-in-class, offer better efficacy than current treatments, or are better tolerated, and have the potential to improve outcomes for cancer patients. In this way, we are building a knock-your-socks-off (KYSO) pipeline that offers multiple possibilities for success and the potential to meet our 2025 vision, while also balancing the risk inherent in drug development.

Our KYSO clinical pipeline includes two antibody-drug conjugates in development for solid tumors – tisotumab vedotin and enapotamab vedotin (HuMax-AXL-ADC), as well as two programs based on our proprietary technologies – HexaBody-DR5/DR5 and DuoBody-CD3xCD20. We are also working on an extensive portfolio of pre-clinical programs to fuel our pipeline of the future and bring us closer to achieving our 2025 vision.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Shareholder Letter

Dear Shareholder,

In 2018, we continued to build Genmab's robust innovative pipeline, advancing our four proprietary programs, announcing our new proprietary HexElect antibody technology and entering a new strategic collaboration. We also continued to see excellent progress with DARZALEX, saw completion of patient enrollment in the Phase III trials of subcutaneous ofatumumab in relapsing multiple sclerosis, and achieved our financial goals.

Tisotumab Vedotin Moves Forward in Cervical Cancer

Building on the promising data we saw for tisotumab vedotin in cervical cancer in 2017, we made forward strides with this program together with our collaboration partner Seattle Genetics last year. We treated the first patients in a Phase II study of tisotumab vedotin (innovaTV 204) in recurrent and/or metastatic cervical cancer. If the data from the study is supportive, it could potentially be used to file regulatory applications to bring tisotumab vedotin to the market. We began preparations to enroll patients in a Phase I/II study of tisotumab vedotin (innovaTV 205) in combination with other treatments for cervical cancer in December. In addition, we began two studies of tisotumab vedotin in other solid tumors: the innovaTV 207 Phase II study for locally advanced or metastatic colon, pancreatic, head and neck or non-small cell lung cancers (NSCLC) and the innovaTV 208 Phase II study in ovarian cancer. If all continues to go well with the tisotumab vedotin program, it could become the first product Genmab markets with its own commercial team.

Early Stage Clinical Pipeline Takes the Stage

We made very significant progress with our early stage proprietary clinical programs last year. The enapotamab vedotin study in solid tumors was expanded in various tumor types, and in particular, we saw encouraging early signs of activity in NSCLC. We also treated the first patients with two exciting products created with our proprietary next generation antibody technologies. The HexaBody-DR5/DR5 program is treating patients with solid tumors in the first ever clinical trial of a product made with our enhanced potency HexaBody technology platform. The first patients were also treated with Genmab's first fully owned DuoBody bispecific antibody product, DuoBody-CD3xCD20, in a Phase I/II study in B-cell malignancies. We also continue to develop our innovative pre-clinical pipeline in order to bring at least three new programs into clinical development during 2019.

DARZALEX Continues to Impress

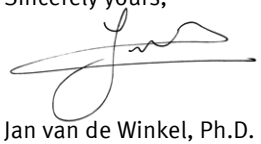
We continue to be excited by the progress we have seen with DARZALEX, with over 60,000 patients with multiple myeloma treated by the end of 2018, and by the fact that a growing number of patients with multiple myeloma are able to access this first-in-class drug. This was made possible with new regulatory approvals for DARZALEX in combination with other drugs for frontline multiple myeloma in the US and Europe and for a split dose regimen. We hope to see further regulatory approvals in Japan and China. We were also delighted with the positive topline data reported last year from two key Phase III studies of DARZALEX in combination with other therapies for frontline multiple myeloma. Both the CASSIOPEIA study combining daratumumab with bortezomib, thalidomide, and dexamethasone (VTd) in autologous stem cell transplant (ASCT) eligible patients and the MAIA study combining daratumumab with lenalidomide and dexamethasone (Rd) for ASCT ineligible patients met their primary endpoints at interim analyses. Our collaboration partner, Janssen Biotech, Inc. (Janssen), is discussing the potential for regulatory applications based on these studies with the health authorities.

Bright Past, Brighter Future

As we move into Genmab's 21st year, our past achievements speak for themselves. Our team is one that rises to every challenge, surpasses expectations, and leverages our expertise to create and develop truly transformative cancer treatments. We are entering an exciting next stage of development in the company and as we grow our talented team, our competencies, and our differentiated product pipeline, we are working rapidly to achieve our inspirational 2025 vision and our goal of improving lives for cancer patients. Thank you for your continuing support on this exciting journey.

"As we move into Genmab's 21st year, our past achievements speak for themselves. Our team is one that rises to every challenge, surpasses expectations, and leverages our expertise to create and develop truly transformative cancer treatments."

Sincerely yours,



Jan van de Winkel, Ph.D.
President & Chief Executive Officer

2018 Achievements

Business Progress

Priority	Achieved	Targeted Milestone
Maximize Daratumumab Progress	✓	• FDA and EMA decision on Phase III ALCYONE multiple myeloma (MM) submission
	✓	• Start new Phase III MM study
	X	• Report early clinical data in solid tumors
	✓	• Phase III MAIA MM efficacy analysis in frontline
	✓	• Phase III CASSIOPEIA MM efficacy analysis in frontline
Optimize Ofatumumab Value	✓	• Complete recruitment Phase III subcutaneous ofatumumab relapsing MS studies
Maximize Tisotumab Vedotin Progress	*	• Start two Phase II studies in cervical cancer (recurrent/ metastatic & combination study in frontline)
	✓	• Start Phase II study in additional solid tumor indications
Strengthen Differentiated Product Pipeline and Technology Partnership Portfolio	✓	• Start HuMax-AXL-ADC expansion phase in ongoing Phase I/II study
	✓	• Progress HexaBody-DR5/DR5 Phase I/II study
	✓	• Progress DuoBody-CD3xCD20 Phase I/II study
	✓	• Accelerate proprietary Immuno-Oncology DuoBody programs towards clinic
	*	• Enter new technology or product collaborations
Disciplined Financial Management and Building a Commercial Footprint	✓	• Execute controlled company growth with selective investments in product & technology pipeline
	✓	• Continue investing in building commercialization and launch capabilities

*One Phase II study with tisotumab vedotin in cervical cancer was started in 2018. A Phase I/II study in cervical cancer was posted on www.clinicaltrials.gov in 2018, but had not started before year end.
Genmab entered one new technology collaboration, with Immatics, during 2018.

Financial Performance

- Revenue was DKK 3,025 million in 2018 compared to DKK 2,365 million in 2017. The increase of DKK 660 million, or 28%, was mainly driven by higher DARZALEX royalties under our daratumumab collaboration with Janssen, the payment from Novartis of USD 50 million (DKK 304 million) and reimbursement income from our collaborations with Seattle Genetics and BioNTech, partly offset by a decrease in DARZALEX milestones.

- Operating expenses increased by DKK 624 million, or 61%, from DKK 1,021 million in 2017 to DKK 1,645 million in 2018 driven by the advancement of tisotumab vedotin, additional investment in our product pipeline, and the increase in employees to support the expansion of our pipeline.

- Operating income was DKK 1,380 million in 2018 compared to DKK 1,344 million in 2017. The improvement of DKK 36 million, or 3%, was driven by higher revenue, which was mostly offset by increased operating expenses.

- 2018 year end cash position of DKK 6,106 million, an increase of DKK 683 million, or 13%, from DKK 5,423 million as of December 31, 2017.

Consolidated Key Figures

	2014*	2015*	2016*	2017*	2018
Income Statement	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Revenue	850,385	1,133,041	1,816,122	2,365,436	3,025,137
Research and development expense	(505,679)	(487,656)	(660,876)	(874,278)	(1,431,159)
General and administrative expense	(79,529)	(91,224)	(102,413)	(146,987)	(213,695)
Operating expenses	(585,208)	(578,880)	(763,289)	(1,021,265)	(1,644,854)
Other income	–	176,218	–	–	–
Operating result	265,177	730,379	1,052,833	1,344,171	1,380,283
Net financial items	32,169	27,148	77,384	(280,451)	231,688
Net result	301,296	763,513	1,187,075	1,103,551	1,472,141
Balance Sheet					
Cash position**	2,660,515	3,493,229	3,921,965	5,422,737	6,106,094
Non-current assets	100,327	234,659	340,597	543,515	1,027,974
Assets	2,866,681	3,902,548	5,238,236	6,602,942	8,460,999
Shareholders' equity	2,032,939	3,486,720	4,826,696	6,272,192	8,014,360
Share capital	56,967	59,531	60,350	61,186	61,498
Investments in intangible and tangible assets	75,442	135,389	33,109	88,510	477,366
Cash Flow Statement					
Cash flow from operating activities	132,671	311,449	327,719	1,588,972	1,014,786
Cash flow from investing activities	(1,010,656)	(480,883)	(1,014,539)	(667,574)	(1,777,553)
Cash flow from financing activities	1,035,352	643,092	91,188	214,911	(70,901)
Cash and cash equivalents	359,087	873,986	307,023	1,347,545	532,907
Cash position increase/(decrease)	1,103,536	832,714	428,736	1,500,772	683,357
Financial Ratios					
Basic net result per share	5.35	13.05	19.83	18.14	24.03
Diluted net result per share	5.26	12.56	19.22	17.77	23.73
Year-end share market price	360.30	917.50	1,173.00	1,029.00	1,067.50
Price / book value	10.09	15.67	14.67	10.04	8.19
Shareholders' equity per share	35.69	58.57	79.98	102.51	130.32
Equity ratio	71%	89%	92%	95%	95%
Average number of employees (FTE)***	168	180	196	235	313
Number of employees (FTE) at year-end	173	186	205	257	377

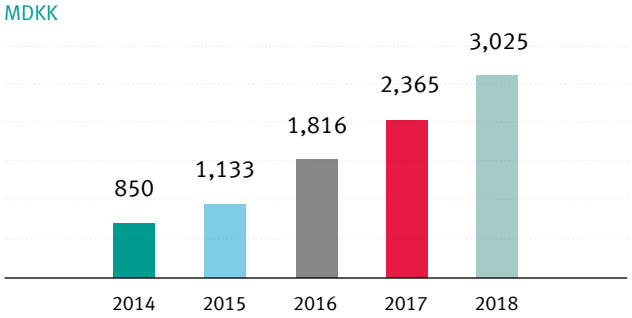
* As disclosed in note 1.2 of the financial statements, prior period amounts have not been adjusted under the modified retrospective method to adopt IFRS 15 as of January 1, 2018. Further, as disclosed in note 1.2, in accordance with the provisions of IFRS 9, comparative figures have not been restated.

** Cash, cash equivalents and marketable securities

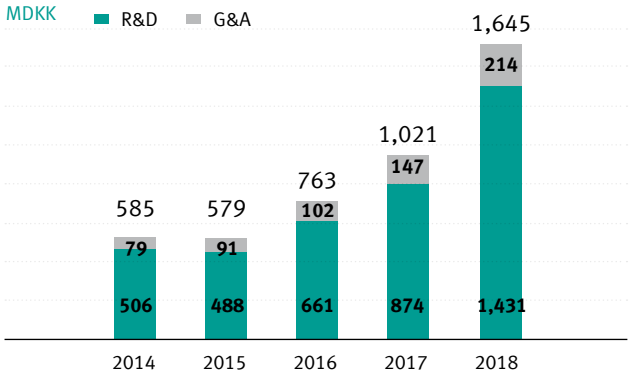
*** Full-time equivalent

The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (2017) and key figures in accordance with IFRS.

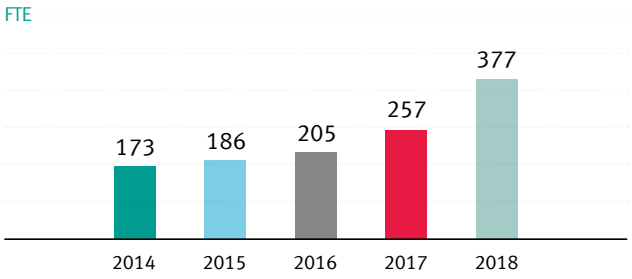
Revenue



Operating Expenses



FTE at Year End



2019 Outlook

MDKK	2019 Guidance	2018 Actual Result
Revenue	4,600	3,025
Operating expenses	(2,600)	(1,645)
Operating income	2,000	1,380

Revenue

We expect our 2019 revenue to be approximately DKK 4,600 million, compared to DKK 3,025 million in 2018, an increase of DKK 1,575 million or 52%. Our projected revenue for 2019 primarily consists of DARZALEX royalties of DKK 2,685 million, based on estimated net sales of USD 3.0 billion. We project DARZALEX milestones of approximately DKK 1,500 million related to commercial net-sales based milestones for achieving net-sales in a calendar year of both USD 2.5 billion and USD 3.0 billion respectively. The remainder of the revenue consists of cost reimbursement income, Arzerra royalties, and DuoBody milestones.

Operating Expenses

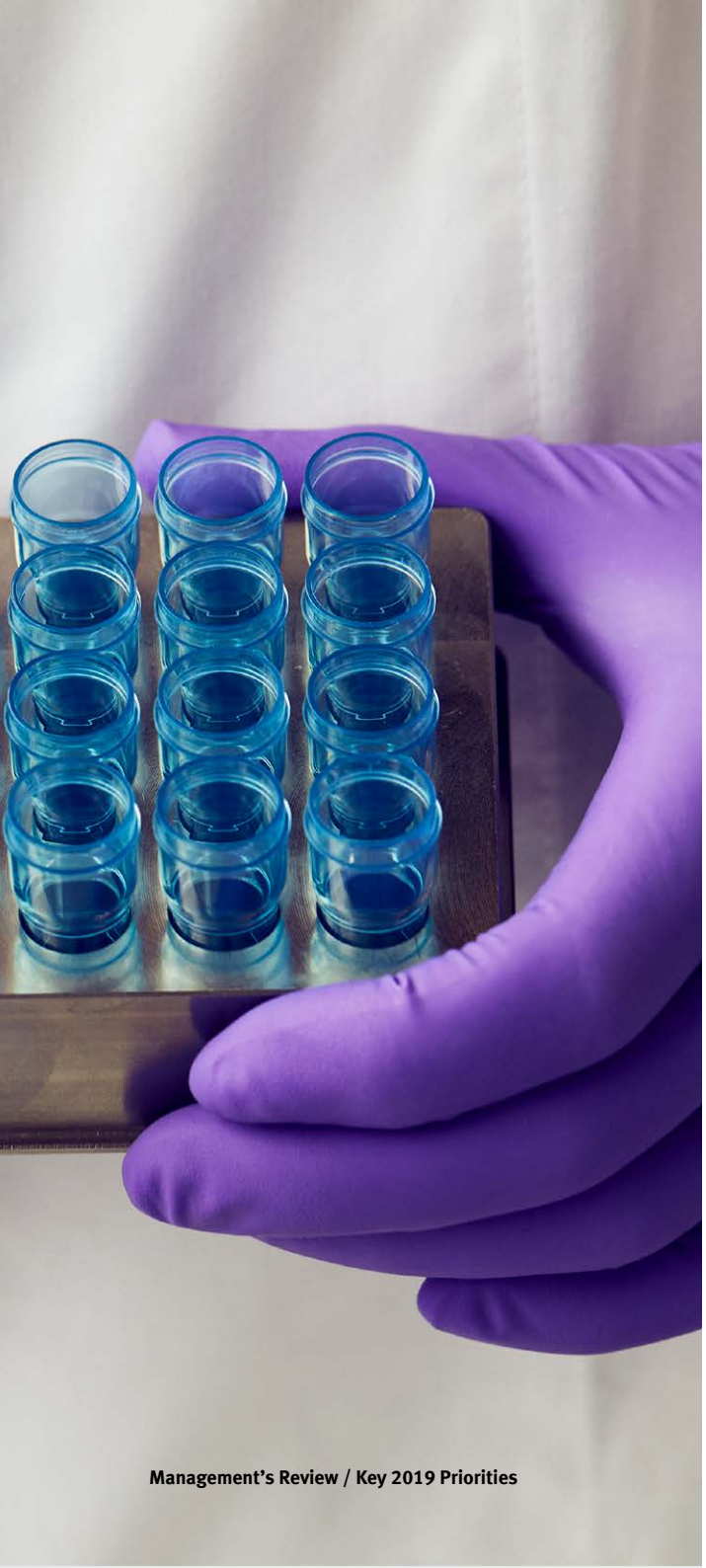
We anticipate that our 2019 operating expenses will be approximately DKK 2,600 million, an increase of DKK 955 million or 58% compared to 2018. The increase is driven by the advancement of our clinical programs, particularly tisotumab vedotin and enapotamab vedotin.

Operating Result

We expect the operating income to be approximately DKK 2,000 million in 2019 compared to DKK 1,380 million in 2018, an increase of DKK 620 million or 45%.

Outlook: Risks and Assumptions

In addition to factors already mentioned, the estimates above are subject to change due to numerous reasons, including but not limited to the achievement of certain milestones associated with our collaboration agreements; the timing and variation of development activities (including activities carried out by our collaboration partners) and related income and costs; DARZALEX sales and corresponding royalties to Genmab; and currency exchange rates (the 2019 guidance assumes a USD/DKK exchange rate of 6.0). The financial guidance assumes that no significant agreements are entered into during 2019 that could materially affect the results.



Key 2019 Priorities

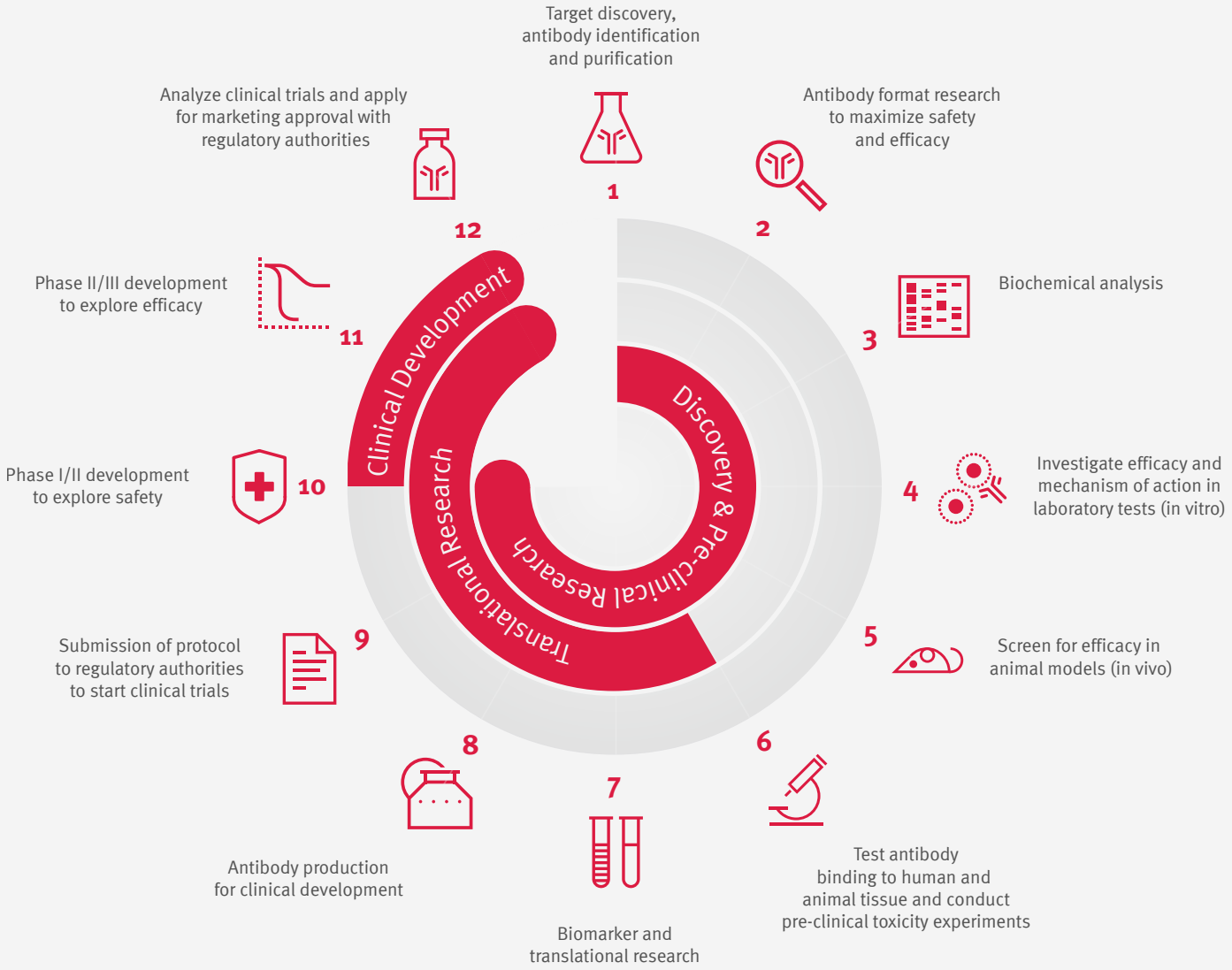
Priority	Targeted Milestone
Daratumumab	• FDA decision on Phase III MAIA multiple myeloma (MM) submission • FDA decision on Phase III CASSIOPEIA MM submission • Phase III COLUMBA MM subcutaneous (SC) daratumumab safety and efficacy analysis
Ofatumumab	• Phase III ASCLEPIOS I & II relapsing multiple sclerosis SC ofatumumab study completion and reporting
Tisotumab Vedotin	• Phase II tisotumab vedotin recurrent/metastatic cervical cancer study enrollment complete by mid year
Innovative Pipeline	• Phase II enapotamab vedotin expansion cohort efficacy analysis • Phase I/II HexaBody-DR5/DR5 initial clinical data • Phase I/II DuoBody-CD3xCD20 clinical data dose escalation cohorts • File INDs or CTAs for 3 new products

Research and Development Capabilities

At Genmab we understand how antibodies work. We are deeply knowledgeable about antibody biology and function and our scientists exploit this expertise to create and develop differentiated antibody therapeutics. We utilize a sophisticated and mostly automated process to efficiently generate, select, produce and evaluate human antibody therapeutics. Our research and development teams have established a streamlined process to coordinate the activities of product discovery, pre-clinical testing, manufacturing, clinical trial design and execution, and regulatory submissions across Genmab's international operations. Our highly skilled and experienced employees work closely together to ensure that our pipeline comprises antibody products that are scientifically, clinically and commercially substantiated. Our antibody expertise has also enabled us to create our cutting edge technology platforms, DuoBody, HexaBody, DuoHexaBody and HexElect.

Genmab's discovery and pre-clinical research is conducted at its Research and Development Center in Utrecht, The Netherlands. The newly constructed building is one of the first BREEAM Excellent laboratory buildings in the Netherlands. The R&D Center houses state-of-the-art laboratories such as an advanced robotics lab, a modern auditorium, science café and innovative brainstorm and meeting rooms. Located in close proximity to other life science companies and universities, this new space provides a bright, open and collaborative atmosphere to enable the Genmab team to continue to innovate and find new ways to help cancer patients.

Antibody Discovery and Development



Products and Technologies

Product Pipeline

Marketed Products

– DARZALEX (daratumumab)
– Arzerra (ofatumumab)

Proprietary Products in Development

– Tisotumab vedotin
– Enapotamab vedotin
– HexaBody-DR5/DR5
– DuoBody-CD3xCD20

Partner Programs Built on Genmab's Innovation

– Ofatumumab
– Teprotumumab
– HuMax-IL8
– Camidanlumab tesirine
– JNJ-61186372 (EGFr x cMET DuoBody)
– JNJ-63709178 (CD3 x CD123 DuoBody)
– JNJ-64007957 (BCMA x CD3 DuoBody)
– JNJ-64407564 (CD3 x GPRC5D DuoBody)
– Lu AF82422

Pre-clinical Programs

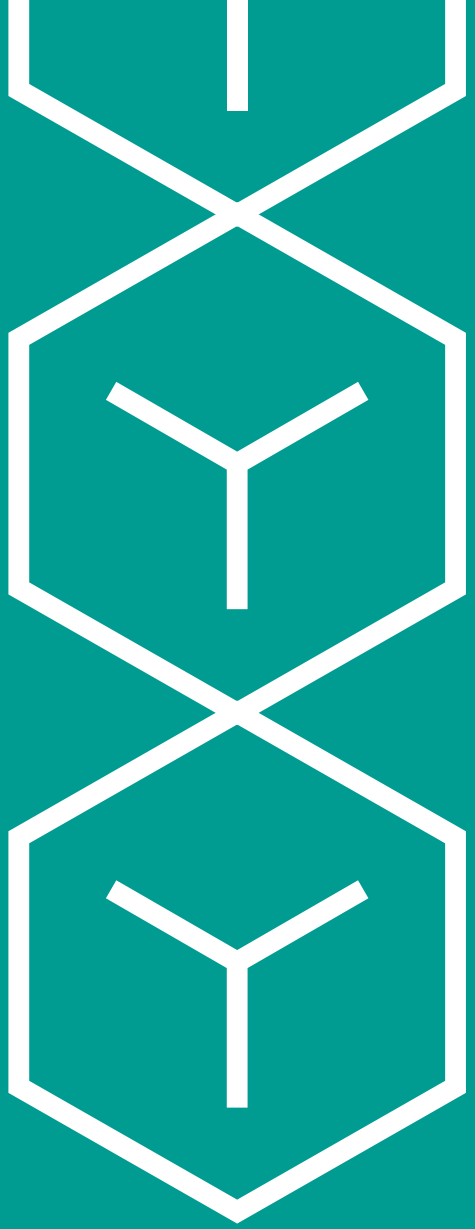
Antibody Technologies

– DuoBody Platform
– HexaBody Platform
– DuoHexaBody Platform
– HexElect Platform

Product Pipeline

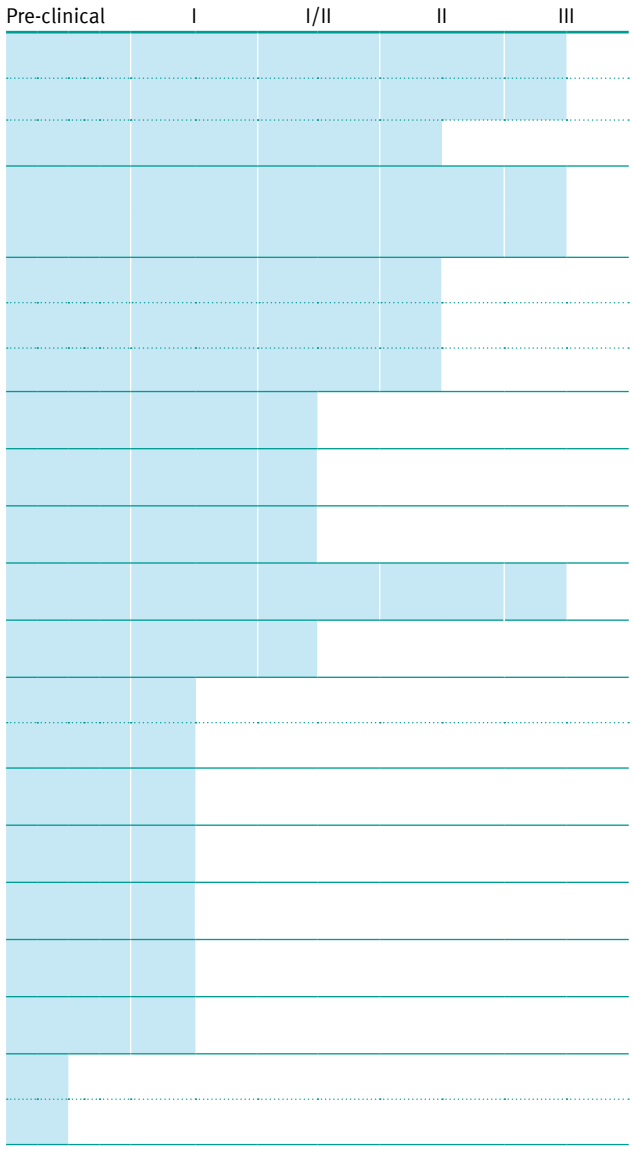
Our own and partnered product pipeline consists of fourteen antibodies in clinical development, including two marketed products, and approximately 20 in-house and partnered pre-clinical programs. An overview of the development status of each of our products is provided in the following sections.

Detailed descriptions of dosing, efficacy and safety data from certain clinical trials have been disclosed in company announcements and media releases published via the Nasdaq Copenhagen stock exchange. Additional information is available on Genmab's website, www.genmab.com.



Products in Development

Product	Disease Indications	Development Phase
Daratumumab Target: CD38 Partner: Janssen	Multiple myeloma (MM)	
	Amyloidosis	
	Non-MM blood cancers	
Ofatumumab (OMB157) Target: CD20 Partner: Novartis	Relapsing multiple sclerosis (RMS) (SubQ)	
Tisotumab vedotin Target: TF Partner: Seattle Genetics	Cervical cancer	
	Ovarian cancer	
	Solid tumors	
Enapotamab vedotin (HuMax-AXL-ADC) Target: AXL	Solid tumors	
HexaBody-DR5/DR5 (GEN1029) Target: DR5	Solid tumors	
DuoBody-CD3xCD20 (GEN3013) Targets: CD3, CD20	Hematological malignancies	
Teprotumumab (RV001) Target: IGF-1R, Partner: Horizon Pharma	Graves' orbitopathy	
HuMax-IL8 Target: IL8, Partner: BMS	Advanced cancers	
Camidanlumab tesirine (ADCT-301) Target: CD25, Partner: ADCT	Lymphoma	
	Solid tumors	
JNJ-61186372 Targets: EGFR, cMet, Partner: Janssen	Non-small-cell lung cancer (NSCLC)	
JNJ-63709178 Targets: CD3, CD123, Partner: Janssen	Acute myeloid leukemia (AML)	
JNJ-64007957 Targets: BCMA, CD3, Partner: Janssen	Relapsed or refractory MM	
JNJ-64407564 Targets: CD3, GPRC5D, Partner: Janssen	Relapsed or refractory MM	
Lu AF82422 Target: alfa-Synuclein, Partner: Lundbeck	Parkinson's disease	
~20 Active Pre-clinical programs incl. DuoBody-CD40x4-1BB, DuoBody-PD-L1x4-1BB, DuoHexaBody-CD37	Proprietary programs: DuoBody, HexaBody & DuoHexaBody	
	Partnered programs: HuMab & DuoBody	



Marketed Products

DARZALEX (daratumumab) First CD38 Antibody Approved in the World

In short

- **First-in-class CD38 antibody in development to treat cancer**
- **Approved in combination with other therapies for frontline multiple myeloma in U.S. and EU, in combination with other therapies in relapsed/refractory multiple myeloma in U.S., EU and Japan; and as monotherapy for heavily pretreated or double-refractory multiple myeloma in U.S. and EU**
- **Multiple Phase III studies ongoing in multiple myeloma and amyloidosis, and for a subcutaneous formulation**
- **Early stage studies ongoing in other blood cancers**
- **Collaboration with Janssen**
- **2018 net sales of DARZALEX by Janssen were USD 2,025 million**

DARZALEX (daratumumab) is a human IgG1k mAb that binds with high affinity to the CD38 molecule, which is highly expressed on the surface of multiple myeloma cells. Daratumumab triggers a person's own immune system to attack the cancer cells, resulting in rapid tumor cell death through multiple immune-mediated mechanisms of action and through immunomodulatory effects, in addition to direct tumor cell death, via apoptosis (programmed cell death). Daratumumab is being developed by Janssen under an exclusive worldwide license to develop, manufacture and commercialize daratumumab from Genmab (see Daratumumab Collaboration with Janssen Biotech, Inc. section for more information).
DARZALEX is approved in certain territories for certain multiple myeloma indications as described below.

DARZALEX (daratumumab) injection for intravenous infusion is approved in the U.S. in combination with bortezomib, melphalan and prednisone (VMP) for the treatment of patients with newly diagnosed multiple myeloma who are ineligible for autologous stem cell transplant (ASCT); in combination with lenalidomide and dexamethasone, or bortezomib and dexamethasone, for the treatment of patients with multiple myeloma who have received at least one prior therapy; in combination with pomalidomide and dexamethasone for the treatment of patients with multiple myeloma who have received at least two prior therapies, including lenalidomide and a proteasome inhibitor (PI); and as a monotherapy for the treatment of patients with multiple myeloma who have received at least three prior lines of therapy, including a PI and an immunomodulatory agent, or who are double-refractory to a PI and an immunomodulatory agent.

In the EU, DARZALEX is approved for use in combination with VMP for the treatment of adult patients with newly diagnosed multiple myeloma who are ineligible for ASCT, in combination with lenalidomide and dexamethasone, or bortezomib and dexamethasone, for the treatment of adult patients with multiple myeloma who have received at least one prior therapy,

and as a monotherapy for the treatment of adult patients with relapsed and refractory multiple myeloma, whose prior therapy included a PI and an immunomodulatory agent and who have demonstrated disease progression on the last therapy.

In Japan, DARZALEX is approved in combination with lenalidomide and dexamethasone or bortezomib and dexamethasone in relapsed or refractory multiple myeloma.

A comprehensive clinical development program for daratumumab is ongoing, including multiple Phase III studies in smoldering, frontline and relapsed multiple myeloma settings and in amyloidosis. Additional studies are ongoing or planned to assess the potential of daratumumab in other malignant diseases, such as NKT-cell lymphoma and B-cell and T-cell acute lymphoblastic leukemia. Daratumumab has received two Breakthrough Therapy Designations from the U.S. Food and Drug Administration (FDA) for multiple myeloma, as both a monotherapy and in combination with other therapies.

Safety Information for DARZALEX

The warnings and precautions for DARZALEX include infusion reactions, interference with serological testing and interference with determination of complete response. The most frequently reported adverse reactions (incidence ≥20%) in clinical trials were: infusion reactions, neutropenia, thrombocytopenia, fatigue, nausea, diarrhea, constipation, vomiting, muscle spasms, arthralgia, back pain, pyrexia, chills, dizziness, insomnia, cough, dyspnea, peripheral edema, peripheral sensory neuropathy and upper respiratory tract infection.

Please consult the full U.S. Prescribing Information and the full European Summary of Product Characteristics for all the labeled safety information for DARZALEX.

Fourth Quarter Update

Q4

A number of clinical studies of daratumumab were published on www.clinicaltrials.gov including: a Phase III study (PERSEUS) of daratumumab in combination with bortezomib, lenalidomide and dexamethasone in previously untreated multiple myeloma; a Phase IV study of daratumumab monotherapy in Indian patients with relapsed and refractory multiple myeloma whose prior therapy included a PI and an immunomodulatory agent; and a Phase I/II study combining CC-220 with daratumumab and dexamethasone in relapsed and refractory multiple myeloma.

December

In January 2019, Janssen confirmed that DARZALEX net sales hit the USD 2 billion mark during 2018, which triggered a USD 75 million milestone payment to Genmab from Janssen under the companies' collaboration.

December

The European Commission approved a split dose regimen providing the option to split the first infusion of DARZALEX over two consecutive days. The approval followed issuance of a positive opinion from the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) in November.

December

A supplemental new drug application (sNDA) was submitted to the Ministry of Health, Labor and Welfare (MHLW) in Japan, for the use of daratumumab in combination with bortezomib, melphalan and prednisone for the treatment of patients with newly diagnosed multiple myeloma who are ineligible for ASCT.

October

The Phase III MAIA study (MMY3008) of daratumumab in combination with lenalidomide and dexamethasone (DRd) versus Rd alone as treatment for newly diagnosed multiple myeloma patients who are not candidates for high dose chemotherapy and ASCT met its primary endpoint of improving progression free survival (PFS) at a pre-planned interim analysis (Hazard Ratio (HR) = 0.55 (95% CI 0.43 – 0.72), $p < 0.0001$), resulting in a 45% reduction in the risk of progression or death in patients treated with DRd. The median PFS for patients treated with DRd has not been reached, compared to an estimated median PFS of 31.9 months for patients who received Rd alone. Overall, the safety profile of daratumumab in combination with Rd is consistent with both the known safety profiles of the Rd regimen and daratumumab. Updated data was presented at the American Society of Hematology Annual Meeting in December.

October

The Phase III CASSIOPEIA study (MMY3006) of daratumumab in combination with bortezomib, thalidomide and dexamethasone (VTd) versus VTd alone as frontline treatment for multiple myeloma patients who are candidates for ASCT met its primary endpoint of number of patients that achieved a stringent Complete Response (sCR), which was reported in 28.9% of patients treated with daratumumab in combination with VTd, compared to 20.3% of patients who received VTd alone with an odds ratio of 1.60 (95% CI: 1.21 – 2.12, $p \leq 0.001$). The safety profile of daratumumab in combination with VTd is consistent with the known safety profile of the VTd regimen used in patients receiving ASCT and the known safety profile for daratumumab.

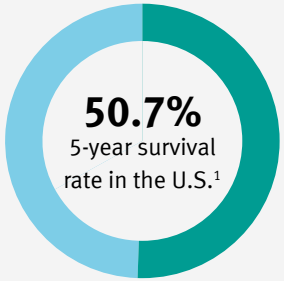
Updates from First Quarter to Third Quarter

September

A regulatory application was submitted in China for daratumumab as monotherapy for adult patients with relapsed and refractory multiple myeloma whose prior therapy included a proteasome inhibitor and an immunomodulatory agent and who have demonstrated disease progression on the last therapy.

About Multiple Myeloma

No cure
A blood cancer that occurs when malignant plasma cells grow uncontrollably in bone marrow and for which there is no cure at present



USD 22.6B
anticipated global multiple myeloma market in 2023[2]

26,000
people expected to be diagnosed with and 13,650 expected to die from multiple myeloma in the U.S. in 2018.[3]

160,000
people worldwide expected be diagnosed with and 106,000 expected to die from multiple myeloma worldwide in 2018.[4]

About Amyloidosis

AL
A very rare disease caused by the build up of an abnormal protein called amyloid, which is made by plasma cells, in the tissues or organs

12-15%
of multiple myeloma patients develop light chain (AL) amyloidosis[5]

Rare orphan disease
with limited market

4,000
people in the U.S. develop AL amyloidosis each year.[6]

6,900
people in the U.S. and 5 major EU markets are diagnosed with AL amyloidosis annually [7,8,9,10]

Sources: [1] Surveillance, Epidemiology and End Results Program (SEER). Cancer Stat Facts: Myeloma. Available at http://seer.cancer.gov/statfacts/html/mulmy.html. Accessed December 2018. [2] GlobalData. PharmaPoint: Multiple Myeloma - Global Drug Forecast and Market Analysis to 2023. Published November 2015. [3] Globocan 2018. United States of America Fact Sheet. Available at http://gco.iarc.fr/today/data/factsheets/populations/840-united-states-of-america-fact-sheets.pdf. [4] Globocan 2018. World Fact Sheet. Available at http://gco.iarc.fr/today/data/factsheets/populations/900-world-fact-sheets.pdf. Accessed December 2018. [5] Cancer.Net Guide to Amyloidosis. https://www.cancer.net/cancer-types/amyloidosis/risk-factors Accessed December 2018. [6] Cancer.Net Guide to Amyloidosis. https://www.cancer.net/cancer-types/amyloidosis/statistics Accessed December 2018. [7] RA Kyle, Blood 1992 [8] UK National Amyloidosis Center. http://www.amyloidosis.org.uk [9] SEER US cancer statistics [10] Putnam Primary Research (June 2017)

August
The European Commission approved DARZALEX in combination with VMP in patients with newly diagnosed multiple myeloma, triggering a milestone payment of USD 13 million from Janssen upon first sale of DARZALEX in the newly approved indication. The approval followed issuance of a positive opinion from the CHMP of the EMA in July.

August
A Phase III study (CEPHEUS) of daratumumab in combination with bortezomib, lenalidomide and dexamethasone for patients with untreated multiple myeloma for whom ASCT is not planned as an initial treatment was posted on www.clinicaltrials.gov.

August
Janssen submitted a supplemental Biologics License Application (sBLA) to the U.S. FDA and a Type II Variation to the EMA seeking approval of a split dosing regimen for DARZALEX.

May
The U.S. FDA approved the use of DARZALEX in combination with VMP for the treatment of patients with newly diagnosed multiple myeloma who are ineligible for ASCT.

May
The Data Monitoring Committee (DMC) recommended that the Phase Ib/II study (CALLISTO/LUC2001) of daratumumab in combination with atezolizumab versus atezolizumab monotherapy in patients with previously treated advanced or metastatic non-small cell lung cancer should be stopped. The DMC made this recommendation as there was no observed benefit within the combination treatment arm, daratumumab plus atezolizumab, over atezolizumab monotherapy, and noted a numerical increase in mortality-related events in the combination arm. Subsequently, it was determined that the mortality-related events were primarily due to disease progression. In addition, the Phase I MMY2036 study of daratumumab plus JNJ-63723283, an anti PD-1 antibody, in patients with multiple myeloma was discontinued.

January

The U.S. FDA granted Priority Review to daratumumab in combination with bortezomib, melphalan and prednisone for the treatment of patients with newly diagnosed multiple myeloma who are ineligible for ASCT.

Q1

A number of new studies of daratumumab were published on www.clinicaltrials.gov: a Phase II study of daratumumab in pediatric and young adult patients with relapsed/refractory acute lymphoblastic leukemia (ALL); a Phase II study of daratumumab in combination with tamibarotene in patients with acute myeloid leukemia (AML) or myelodysplastic syndrome (MDS), a Phase II study of subcutaneous daratumumab in combination with standard multiple myeloma treatments; and a Phase II study of daratumumab in combination with ixazomib and dexamethasone in relapsed and /or refractory multiple myeloma.

Daratumumab Collaboration with Janssen Biotech, Inc.

In 2012, Genmab and Janssen Biotech, Inc., one of the Janssen Pharmaceutical Companies of Johnson & Johnson, entered a global license and development agreement for daratumumab. Genmab received an upfront license fee of USD 55 million and Johnson & Johnson Development Corporation (JJDC) invested USD 80 million to subscribe for 5.4 million new Genmab shares. Genmab could also be entitled to up to USD 1 billion in development, regulatory and sales milestones, in addition to tiered double digit royalties between 12% and 20%. The following royalty tiers apply for net sales in a calendar year: 13% on net sales exceeding USD 750 million; 16% on net sales exceeding USD 1.5 billion; 18% on net sales exceeding USD 2 billion; and 20% on net sales exceeding USD 3 billion. Janssen is fully responsible for developing and commercializing daratumumab and all costs associated therewith.

Daratumumab Development Covering All Stages Of Multiple Myeloma – Key Ongoing Trials

Disease Stage	Therapy	Development Phase (Pre-clinical / I / I/II / II / III)
High Risk Smoldering	Subcutaneous	AQUILA
	Monotherapy	CENTAURUS ✓
Front line (transplant & non-transplant)	Dara + VMP	ALCYONE ✓
	Dara + VMP (Asia Pacific)	OCTANS
	Dara + Rd	MAIA ✓
	Dara + VRd	CEPHEUS
	Dara + VTd	CASSIOPEIA ✓
	Dara + VRd	PERSEUS
	Dara + VRd	GRIFFIN ✓
Relapsed or Refractory	Dara + Vd (China)	
	Dara + Kd	CANDOR ✓
	Dara + Pom + d	APOLLO
	Subcutaneous vs IV	COLUMBA ✓
	Dara + combinations	NINLARO® (Ph II), Venclexta™ (Ph II), Selinexor (Ph I/II)
	Dara + I.O. (PD1 & PDL1)	Keytruda® (Ph II), Opdivo® (Ph I/II), Tecentriq® (Ph I)

V = Velcade® , MP = melphalan-prednisone , T = thalidomide d= dexamethasone,
R = Revlilmid®, K = Kyprolis®, Pom = Pomalyst®, ✓ Fully recruited

Daratumumab Development: Beyond Multiple Myeloma

Disease Stage	Therapy	Development Phase (Pre-clinical / I / I/II / II / III)
AL Amyloidosis	Subcutaneous Dara + CyBorD	ANDROMEDA
ALL	Dara + standard of care chemo	DELPHINIUS
NKTCL (nasal type)	Dara monotherapy	

CyBorD = cyclophosphamide, bortezomib and dexamethasone

Arzerra (ofatumumab)

Our First Marketed Product

In Short

- **Human CD20 monoclonal antibody developed in collaboration with Novartis**
- **Approved in certain territories for various CLL indications**
- **2018 net sales of Arzerra by Novartis were USD 26 million**

Arzerra (ofatumumab) is a human IgG1k mAb that targets an epitope on the CD20 molecule encompassing parts of the small and large extracellular loops. It is marketed and developed by Novartis under a license agreement with Novartis Pharma AG (see Ofatumumab Collaboration with Novartis Pharma AG section for more information).

In the U.S., Arzerra solution for infusion is approved for use in combination with chlorambucil for the treatment of previously untreated patients with CLL for whom fludarabine-based therapy is considered inappropriate, for use in combination with fludarabine and cyclophosphamide (FC) for the treatment of patients with relapsed CLL, and for extended treatment of patients who are in complete or partial response after at least two lines of therapy for recurrent or progressive CLL. In the EU, Arzerra is approved for use in combination with chlorambucil or bendamustine for the treatment of adult patients with CLL who have not received prior therapy and who are not eligible for fludarabine-based therapy and in combination with fludarabine and cyclophosphamide for adult patients with relapsed CLL. In the U.S. and EU, Arzerra is also indicated as monotherapy for the treatment of patients with CLL who are refractory to fludarabine and alemtuzumab. On January 22, 2018, it was announced that Novartis intends to transition Arzerra from commercial availability to limited availability via managed access programs in markets outside the U.S., where applicable and allowed by local regulations. Subsequently Novartis determined that Arzerra would remain commercially available in Japan as well as in the U.S. The transition in all other territories is ongoing.

Safety Information for Arzerra

The overall safety profile of Arzerra in CLL is based on exposure in clinical trials and the post-marketing setting. The most common side effects for Arzerra include adverse events associated with infusion reactions, cytopenias, and infections (lower respiratory tract infection, including pneumonia, upper respiratory tract infection, sepsis, including neutropenic sepsis and septic shock, herpes viral infection, urinary tract infection).

Please consult the full US Prescribing information, including Boxed Warning, for all the labeled safety information for Arzerra.

Updates from First Quarter to Third Quarter

May

Topline results from the Phase III study of ofatumumab plus bendamustine showed that the study did not meet the primary endpoint of improved PFS in patients with indolent B-cell non-Hodgkin's lymphoma (iNHL) who were unresponsive to rituximab or a rituximab-containing regimen, compared to those given bendamustine alone. The safety profile observed in this study was consistent with that observed in other trials of ofatumumab and no new safety signals were observed.

January

Announced Novartis' intent to transition the commercial availability of Arzerra to limited availability via managed access programs or alternative solutions for patients continuing to benefit from Arzerra in non-U.S. markets, where applicable and allowed by local regulations, but will continue to market Arzerra for CLL in the U.S. Genmab received USD 50 million from Novartis as payment for lost potential milestones and royalties.

Ofatumumab Collaboration with Novartis Pharma AG (Novartis)

Genmab and GlaxoSmithKline (GSK) entered a co-development and collaboration agreement for ofatumumab in 2006. The full rights to ofatumumab were transferred from GSK to Novartis in 2015. Novartis is now responsible for the development and commercialization of ofatumumab in all potential indications, including cancer and autoimmune diseases. Genmab may be entitled to certain potential regulatory and sales milestones, in addition to double digit royalties. Novartis is fully responsible for all costs associated with developing and commercializing ofatumumab. Please see page 32 for information about the development of ofatumumab in multiple sclerosis.

Proprietary Products in Development

Tisotumab vedotin

A Next Generation Therapeutic

In Short

- **Antibody-drug conjugate (ADC, antibody coupled to a cell-killing agent) in development to treat solid tumors**
- **Phase II potential registration study in cervical cancer ongoing; Phase II clinical studies in ovarian, colorectal, pancreatic and non-small cell lung cancer, and squamous cell carcinoma of the head and neck announced or ongoing**
- **License and collaboration agreement with Seattle Genetics**

Tisotumab vedotin is an ADC targeted to tissue factor (TF), a protein involved in tumor signaling and angiogenesis. Based on its high expression on many solid tumors and its rapid internalization, TF is a suitable target for an ADC approach. Tisotumab vedotin is in clinical development for solid tumors. Tisotumab vedotin is being co-developed by Genmab and Seattle Genetics, under an agreement in which the companies share all future costs and profits for the product on a 50:50 basis.

Fourth Quarter Update

December

A Phase I/II study of tisotumab vedotin (innovaTV 205) in combination with bevacizumab, pembrolizumab or carboplatin for recurrent cervical cancer was published on www.clinicaltrials.gov.

Updates from First Quarter to Third Quarter

September

A Phase II study of tisotumab vedotin (innovaTV 208) in platinum-resistant ovarian cancer was published on www.clinicaltrials.gov.

June

The first patient was dosed in the Phase II potential registration study of tisotumab vedotin (innovaTV 204) as monotherapy for recurrent and/or metastatic cervical cancer.

April

A Phase II study of tisotumab vedotin (innovaTV 207) for locally advanced or metastatic solid tumors (squamous cell carcinoma of the head and neck, colorectal, pancreatic and non-small cell lung cancer) was published on www.clinicaltrials.gov.

Key Trials

Disease	Stage	Development Phase
Cervical cancer	Recurrent or metastatic	innovaTV 204
Cervical cancer	Recurrent or metastatic	innovaTV 205
Ovarian cancer	Platinum resistant	innovaTV 208
Solid tumors	Locally advanced or metastatic	innovaTV 207
	Locally advanced or metastatic	innovaTV 201 ✓

Pre-clinical | I | I/II | II | III

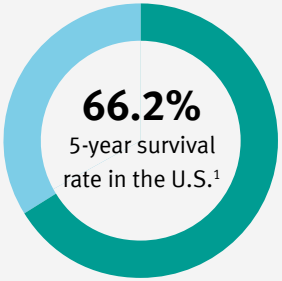
✓ Fully recruited

Tisotumab vedotin Collaboration with Seattle Genetics, Inc.

In September 2010, Genmab and Seattle Genetics, Inc. entered into an ADC collaboration, and a commercial license and collaboration agreement was executed in October 2011. Under the agreement, Genmab was granted rights to utilize Seattle Genetics' ADC technology with its HuMax-TF antibody. Seattle Genetics was granted rights to exercise a co-development and co-commercialization option at the end of Phase I clinical development for tisotumab vedotin. In August 2017, Seattle Genetics exercised its option to co-develop & co-commercialize tisotumab vedotin with Genmab. Under the agreement, Seattle Genetics will be responsible for tisotumab vedotin commercialization activities in the U.S., Canada and Mexico, while Genmab will be responsible for commercialization activities in all other territories. The companies are in discussions regarding the terms on which we will work together to commercialize tisotumab vedotin. All costs and profits for tisotumab vedotin will be shared on a 50:50 basis.

About Cervical Cancer

Cancer
that originates in the cells lining the cervix



USD 3B
anticipated global cervical cancer market in 2025[2]

570,000
women expected to be diagnosed with and 311,000 expected to die from cervical cancer in 2018, the vast majority in the developing world.[3]

13,240
women expected to be newly diagnosed with and 4,170 expected to die from cervical cancer in the U.S. in 2018.[1]

Sources: [1] National Cancer Institute SEER. "Cancer Stat Facts: Cervical Cancer." Available at https://seer.cancer.gov/statfacts/html/cervix.html. Accessed December 2018. [2] MarketWatch. Cervical Cancer Treatment Market 2018. https://www.marketwatch.com/press-release/cervical-cancer-treatment-market-2018-a-2-billion-market-opportunity-drug-prices-continue-to-rise-despite-market-competition-forecast-2018-2023-2018-07-17. Accessed July 2018. Accessed December 2018. [3] Globocan 2018. World Fact Sheet. Available at http://gco.iarc.fr/today/data/factsheets/populations/900-world-fact-sheets.pdf. Accessed December 2018.

Enapotamab vedotin (HuMax-AXL-ADC)
A First-in-Class ADC

In Short

- **ADC in development to treat solid tumors**
- **Phase I/II clinical study for solid tumors ongoing, including expansion cohorts in non-small cell lung cancer, melanoma, and sarcoma**

Enapotamab vedotin is an ADC targeted to AXL, a signaling molecule expressed on many solid cancers and implicated in tumor biology. Enapotamab vedotin is in a Phase I/II clinical study that includes patients with different solid tumors. Enapotamab vedotin is fully owned by Genmab and the ADC technology used with enapotamab vedotin was licensed from Seattle Genetics.

Enapotamab vedotin ADC Technology License from Seattle Genetics, Inc.

In September 2014, Genmab entered into an ADC agreement with Seattle Genetics. Under this agreement, Genmab paid an upfront fee of USD 11 million for exclusive rights to utilize Seattle Genetics' ADC technology with Genmab's HuMax-AXL antibody. Seattle Genetics is also entitled to receive more than USD 200 million in potential milestone payments and mid-to-high single digit royalties on worldwide net sales of any resulting products. In addition, prior to Genmab's initiation of a Phase III study for any resulting products, Seattle Genetics has the right to exercise an option to increase the royalties to double digits in exchange for a reduction of the milestone payments owed by Genmab. Irrespective of any exercise of option, Genmab remains in full control of development and commercialization of any resulting products.

Updates from First Quarter to Third Quarter

September
Based on encouraging signs of early activity, one of the lung cancer cohorts in the ongoing Phase I/II study of enapotamab vedotin will be expanded. In addition, cohorts in mixed solid tumors and ovarian cancer are being added to the study.

June
A USD 7 million milestone payment from Genmab to Seattle Genetics was triggered by the initiation of expansion cohorts in the ongoing Phase I/II trial of enapotamab vedotin in solid tumors.

May
Expansion cohorts in NSCLC, melanoma and sarcoma were started in the ongoing Phase I/II study of enapotamab vedotin.

HexaBody-DR5/DR5 (GEN1029)

First HexaBody Program in Clinical Development

In Short

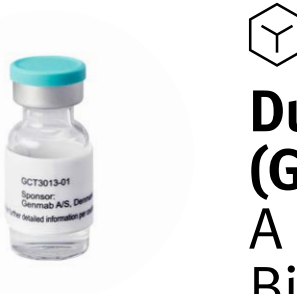
- **Proprietary antibody therapeutic created with Genmab's HexaBody technology**
- **Composed of two non-competing HexaBody antibody molecules that target two distinct DR5 epitopes**
- **Phase I/II clinical trial in solid tumors ongoing**

HexaBody-DR5/DR5 is a product comprising a mixture of two non-competing HexaBody antibody molecules that target two distinct epitopes on death receptor 5 (DR5), a cell surface receptor that mediates a process called programmed cell death. Increased expression of DR5 has been reported in several types of tumors. A Phase I/II clinical trial in solid tumors is ongoing.

Updates from First Quarter to Third Quarter

May

The first patient was dosed in the Phase I/II study of HexaBody-DR5/DR5.



DuoBody-CD3xCD20 (GEN3013)

A Proprietary Bispecific Antibody

In Short

- **Proprietary bispecific antibody created with Genmab's DuoBody technology**
- **Phase I/II clinical trial in B-cell malignancies ongoing**

DuoBody-CD3xCD20 is a proprietary bispecific antibody created using Genmab's DuoBody technology. DuoBody-CD3xCD20 targets CD3, which is expressed on T-cells, and CD20, a clinically well-validated target. A Phase I/II clinical study of a subcutaneous formulation DuoBody-CD3xCD20 in B-cell malignancies is ongoing.

Updates from First Quarter to Third Quarter

July

The first patient was dosed in the Phase I/II study of DuoBody-CD3xCD20 in B-cell malignancies.

Partner Programs Built on Genmab's Innovation

In addition to our two marketed products and four proprietary clinical projects, our collaboration partners are running clinical development programs with antibodies created by Genmab or created using our DuoBody bispecific antibody technology.

Ofatumumab (OMB157)

In Short

- **Human CD20 monoclonal antibody developed in collaboration with Novartis**
- **Subcutaneous formulation in development to treat relapsing multiple sclerosis**
- **Recruitment completed in two Phase III studies with low dose subcutaneous ofatumumab in relapsing multiple sclerosis**

Ofatumumab is a human IgG1k mAb that targets an epitope on the CD20 molecule encompassing parts of the small and large extracellular loops. It is developed by Novartis under a license agreement with Novartis Pharma AG (see Ofatumumab Collaboration with Novartis Pharma AG section for more information). A subcutaneous formulation of ofatumumab is being investigated in two Phase III clinical studies in relapsing multiple sclerosis. The studies compare the efficacy and safety of subcutaneous ofatumumab versus teriflunomide in patients with relapsing MS and are comprised of approximately 900 patients each.

Updates from First Quarter to Third Quarter

August

A Phase III open label extension study for patients who completed one of the Phase III studies of ofatumumab in relapsing MS was published on www.clinicaltrials.gov.

May

Patient recruitment was completed in the Phase III studies of subcutaneous ofatumumab in relapsing MS.

About Multiple Sclerosis

Chronic
Disorder of the central nervous system that disrupts the normal functioning of the brain, optic nerves and spinal cord through inflammation and tissue loss

85%
of MS cases are relapsing remitting multiple sclerosis (RRMS), characterized by unpredictable recurrent attacks[1]

USD 25.3B
anticipated MS market in the U.S. and 5 major EU markets in 2026.[2]

2.5M
people affected worldwide[3]

49,387
estimated new cases of MS in 2018 in the U.S. and 5 major EU markets.[3]

Sources: [1] Datamonitor. Multiple Sclerosis Treatment. Published August 2016. [2] GlobalData. PharmaPoint: Multiple Sclerosis – Global Drug Forecast and Market Analysis to 2026. Published November 2017. [3] GlobalData. EpiCast Report: Multiple Sclerosis - Epidemiology Forecast to 2026. Published November 2017.

Teprotumumab

In Short

- **In clinical development by Horizon Pharma, plc**
- **In Phase III development for active thyroid eye disease**

Teprotumumab is a fully human antibody that targets the Insulin-like Growth Factor-1 Receptor (IGF-1R), which is a well-validated target. Teprotumumab was created by Genmab under our collaboration with Roche. Clinical development of teprotumumab is being conducted by Horizon Pharma plc under a license from Roche. Teprotumumab has been granted Fast Track designation, Orphan Drug designation and Breakthrough Therapy Designation for Graves' orbitopathy (thyroid eye disease) by the U.S. FDA.

Fourth Quarter Update

October
Positive follow-up data from the Phase II study of teprotumumab for patients with moderate-to-severe active thyroid eye disease (TED) was presented at the American Thyroid Association Annual Meeting.

Updates from First Quarter to Third Quarter

August
Patient enrollment was completed in the Phase III study of teprotumumab in active thyroid eye disease.

March
A Phase III extension study for patients who participated in the Phase III study (NCT03298867) of teprotumumab in patients with active thyroid eye disease was published on www.clinicaltrials.gov.

HuMax-IL8

In Short

- **Fully human antibody in development under a collaboration with Bristol-Myers Squibb (BMS-986253)**
- **In Phase I/II development in advanced cancers**

HuMax-IL8 is a high affinity fully human antibody directed towards IL-8. IL-8 has been shown to be involved in several aspects of tumor development including tumor spread (metastasis), cancer stem cell renewal and tumor immune-suppression. HuMax-IL8 has been shown to inhibit these processes and to inhibit tumor growth in pre-clinical tumor models. HuMax-IL8 is in development for the treatment of advanced cancers under an agreement with Bristol-Myers Squibb.

Updates from First Quarter to Third Quarter

January
A Phase I/II study of HuMax-IL8 in combination with nivolumab in advanced cancers was published on www.clinicaltrials.gov (NCT 02536469).

Camidanlumab tesirine (ADCT-301)

In Short

- **ADC in development under a collaboration and license agreement with ADC Therapeutics**
- **In Phase I development for lymphomas and solid tumors**

Camidanlumab tesirine is an ADC that combines Genmab's HuMax-TAC antibody and ADC Therapeutics' PBD-based warhead and linker technology. Camidanlumab tesirine targets CD25, which is expressed on a variety of hematological tumors and shows limited expression on normal tissues, making it an attractive target for antibody-payload approaches. Camidanlumab tesirine is in clinical development under a Collaboration and License Agreement between Genmab and ADC Therapeutics, under which Genmab owns 25% of the product rights. Phase I studies of camidanlumab tesirine to treat lymphomas and solid tumors are ongoing.

Updates from First Quarter to Third Quarter

August
A Phase Ib study of camidanlumab tesirine in advanced solid tumors was published on www.clinicaltrials.gov.

JNJ-61186372

In Short

- **DuoBody product targeting EGFR and cMET**
- **Phase I study ongoing in NSCLC**
- **Developed by Janssen under the DuoBody technology collaboration**

JNJ-61186372 is a bispecific antibody that targets EGFR and cMET, two validated cancer targets. JNJ-61186372 was created under a collaboration between Genmab and Janssen using Genmab's DuoBody technology. The two antibodies used to generate JNJ-61186372 were both created by Genmab. Janssen is investigating JNJ-61186372 in a Phase I clinical study for the treatment of NSCLC.

Updates from First Quarter to Third Quarter

September
Data from Part 1 of the Phase I study of JNJ-61186372 in NSCLC was presented at the International Association for the Study of Lung Cancer (IASLC) 19th World Conference on Lung Cancer.

JNJ-63709178

In Short

- **DuoBody product targeting CD3 and CD123**
- **Phase I study in relapsed or refractory AML**
- **Developed by Janssen under the DuoBody technology collaboration**

JNJ-63709178 is a bispecific antibody that targets CD3, which is expressed on T-cells and CD123, which is overexpressed in various hematologic malignancies. JNJ-63709178 may redirect T-cells, resulting in T-cell mediated killing of CD123+ AML cells. JNJ-63709178 was created by Janssen using Genmab's DuoBody technology. JNJ-63709178 is being investigated in a Phase I clinical study for the treatment of AML.

Fourth Quarter Update

October
The Phase I study of JNJ-63709178 in relapsed or refractory AML was released from clinical hold.

Updates from First Quarter to Third Quarter

June
The Phase I study of JNJ-63709178 in relapsed or refractory AML was placed on clinical hold due to the occurrence of a Grade 3 adverse event.

JNJ-64007957

In Short

- **DuoBody product targeting BCMA and CD3**
- **Phase I study in relapsed or refractory multiple myeloma ongoing**
- **Developed by Janssen under the DuoBody technology collaboration**

JNJ-64007957 is a bispecific antibody that targets BCMA, which is expressed in mature B lymphocytes, and CD3, which is expressed on T-cells. JNJ-64007957 was created by Janssen using Genmab's DuoBody technology. JNJ-64007957 is being investigated in a Phase I clinical study for the treatment of relapsed or refractory multiple myeloma.

JNJ-64407564

In Short

- **DuoBody product targeting CD3 and GPRC5D**
- **Phase I study in relapsed or refractory multiple myeloma announced**
- **Developed by Janssen under the DuoBody technology collaboration**

JNJ-64407564 is a bispecific antibody that targets CD3, which is expressed on T-cells, and GPRC5D, which is highly expressed on multiple myeloma cells. JNJ-64407564 was created by Janssen using Genmab's DuoBody technology. JNJ-64407564 is being investigated in a Phase I clinical study for the treatment of multiple myeloma.

Updates from First Quarter to Third Quarter

May
The first patients were dosed in the Phase I study of JNJ-64407564 in relapsed or refractory multiple myeloma, triggering a milestone payment from Janssen to Genmab.

January
A Phase I study of JNJ-64407564 in relapsed or refractory multiple myeloma was published on www.clinicaltrials.gov.

Lu AF82422

In Short

- **Human antibody targeting alpha-synuclein**
- **Phase I study in healthy volunteers and patients with Parkinson's disease**
- **Developed under a collaboration with Lundbeck**

Lu AF82422 is a human antibody that targets alpha-synuclein, a protein that is linked to Parkinson's disease. Lu AF82422 targets the underlying biology of Parkinson's disease and aims to treat the disease by slowing or stopping the disease progression. Lu AF82422 was invented by Lundbeck in collaboration with Genmab. Lu AF82422 is being investigated in a Phase I clinical study in both healthy volunteers and patients with Parkinson's disease.

Updates from First Quarter to Third Quarter

August
Lundbeck announced the enrollment of the first participant in a Phase I study with Lu AF82422 in healthy volunteers and patients with Parkinson's disease.

Pre-clinical Programs

In Short

- **Broad pre-clinical pipeline of approximately 20 programs including DuoBody-CD40x4-1BB, DuoBody-PD-L1x4-1BB, and DuoHexaBody-CD37**
- **Pre-clinical pipeline includes both partnered products and in-house programs based on our proprietary technologies**
- **Multiple new INDs expected to be submitted over the coming years**
- **Entered strategic collaboration with Immatics to discover and develop next-generation bispecific cancer immunotherapies**

Genmab has approximately 20 active in-house and partnered pre-clinical programs. Our pre-clinical pipeline includes naked antibodies, immune effector function enhanced antibodies developed with our HexaBody technology, and bispecific antibodies created with our DuoBody platform. A number of the pre-clinical programs are carried out in cooperation with our collaboration partners, such as the DuoBody-CD40x4-1BB and DuoBody-PD-L1x4-1BB immune-oncology programs with BioNTech.

Fourth Quarter Update

December
Genmab achieved milestones and license fees from Janssen related to the option of an additional DuoBody target pair under our DuoBody license agreement.

December
A pre-clinical milestone was reached in the DuoBody collaboration wih Novo Nordisk, triggering a milestone payment to Genmab.

Updates from First Quarter to Third Quarter

July
A pre-clinical milestone was reached in the DuoBody collaboration with Janssen, triggering a milestone payment from Janssen.

July
Genmab entered into a research collaboration and exclusive license agreement with Immatics Biotechnologies GmbH (Immatics) to discover and develop next-generation bispecific immunotherapies to target multiple cancer indications. Genmab received an exclusive license to three proprietary targets from Immatics, with an option to license up to two additional targets at predetermined economics. The companies will conduct joint research, funded by Genmab, on multiple antibody and/or T-cell receptor-based bispecific therapeutic product concepts. Genmab may elect to progress any resulting product candidates, and will be responsible for development, manufacturing and worldwide commercialization. For any products that are commercialized by Genmab, Immatics will have an option to limited co-promotion efforts in selected countries in the EU. Under the terms of the agreement, Genmab paid Immatics an upfront fee of USD 54 million and Immatics is eligible to receive up to USD 550 million in development, regulatory and commercial milestone payments for each product, as well as tiered royalties on net sales.

June
Genmab achieved milestones and license fees from Janssen related to the option of an additional DuoBody target pair under our DuoBody license agreement.

June
A pre-clinical milestone was reached in the DuoBody collaboration with Novo Nordisk, triggering a milestone payment to Genmab. In addition, Novo Nordisk has extended exclusivity of the commercial license for a target pair under this collaboration, triggering a payment to Genmab.

Antibody Technologies

Antibodies are Y-shaped proteins that play a central role in immunity against bacteria and viruses (also known as pathogens). As we develop immunity, our bodies generate antibodies that bind to pathogen structures (known as antigens), which are specific to the pathogen. Once bound, the antibodies attract other parts of the immune system to eliminate the pathogen. In modern medicine, we have learned how to create and develop specific antibodies against antigens associated with diseased human cells for use in the treatment of diseases such as cancer and autoimmune disease. Genmab uses several types of technologies to create antibodies to treat disease and has developed proprietary antibody technologies including the DuoBody, HexaBody, DuoHexaBody and HexElect platforms. Information about these technologies can be found in the following sections and at www.genmabtech.com.

We also use or license several other technologies to generate diverse libraries of high quality, functional antibodies such as the UltiMab® transgenic mouse technology from Medarex, Inc., a wholly owned subsidiary of Bristol-Myers Squibb and the OmniAb® transgenic mouse and rat platforms from Ligand Pharmaceuticals, Inc. We also use or license technologies to increase the potency of some of our antibody therapeutics on a product-by-product basis such as the antibody-drug conjugate (ADC) technology from Seattle Genetics. ADCs are antibodies with potent cytotoxic agents coupled to them. By using antibodies that recognize specific targets on tumor cells, these cytotoxic agents are preferentially delivered to the tumor cells.

Platform		Principle	Applications
DuoBody		Bispecific antibodies	Dual targeting: • Recruitment (e.g. T cells) • Tumor heterogeneity
HexaBody		Target-mediated enhanced hexamerization	Enhanced potency: • Compelement-dependent cytotoxicity (CDC) • Target clustering, outside-in signaling, apoptosis
DuoHexaBody		Bispecific antibodies with target-mediated enhanced hexamerization	Dual targeting + enhanced potency: • CDC • Target clustering, outside-in signaling, apoptosis
HexElect		Two co-dependent antibodies with target-mediated enhanced hexamerization	Dual targeting + enhanced potency & selectivity: • Co-dependent unlocking of potency • New target space, previously inaccessible

DuoBody Platform

The innovative DuoBody technology platform generates bispecific antibodies via a fast, versatile, and broadly applicable process, called controlled Fab-arm exchange. With only minimal protein engineering the technology allows the binding arms of two distinct monoclonal antibodies to exchange - combining into one stable bispecific antibody, thereby retaining regular immunoglobulin structure and function. The DuoBody platform is also highly suitable for high throughput generation, screening, and discovery of bispecific antibodies in the final format.

DuoBody

DuoBody Platform
Innovative Technology for Bispecific Antibody Therapeutics

In short

- **Bispecific antibody technology platform**
- **Potential in cancer, autoimmune, infectious, cardiovascular, central nervous system diseases and hemophilia**
- **Commercial collaborations with Janssen, Gilead Sciences, BioNTech, and Novo Nordisk, plus multiple research collaborations**

The DuoBody platform is Genmab's innovative platform for the discovery and development of bispecific antibodies. Bispecific antibodies bind to two different epitopes (or "docking" sites) either on the same, or on different targets (also known as dual targeting). Dual targeting may improve binding specificity and enhance therapeutic efficacy or bring two different cells together (for example engaging a T cell to kill a tumor cell). Bispecific antibodies generated with the DuoBody platform can be used for the development of therapeutics for diseases such as cancer, autoimmune, infectious, cardiovascular and central nervous system diseases, and hemophilia. DuoBody molecules combine the benefits of bispecificity with the strengths of conventional antibodies, which allows DuoBody molecules to be administered and dosed the same way as other antibody therapeutics. Genmab's DuoBody platform generates bispecific antibodies via a versatile and broadly applicable process which is easily performed at high throughput, standard bench, as well as commercial manufacturing scale. Genmab uses the DuoBody platform to create its own bispecific antibody programs and the technology is also available for licensing. Genmab has numerous alliances for the DuoBody platform including commercial collaborations with Janssen, Novo Nordisk, BioNTech, and Gilead Sciences.

Commercial DuoBody Product Collaborations

Janssen Biotech, Inc.

In July 2012, Genmab entered into a collaboration with Janssen Biotech, Inc. to create and develop bispecific antibodies using our DuoBody platform. Under this original agreement, Janssen had the right to use the DuoBody technology to create panels of bispecific antibodies (up to 10 DuoBody programs) to multiple disease target combinations. Genmab received an upfront payment of USD 3.5 million from Janssen and will potentially be entitled to milestone and license payments of up to approximately USD 175 million, as well as royalties for each commercialized DuoBody product.

Under the terms of a December 2013 amendment, Janssen was entitled to work on up to 10 additional programs. Genmab received an initial payment of USD 2 million from Janssen. For each of the additional programs that Janssen successfully initiates, develops and commercializes, Genmab will potentially be entitled to receive average milestone and license payments of approximately USD 191 million. In addition, Genmab will be entitled to royalties on sales of any commercialized products. All research work is funded by Janssen.

As of December 31, 2018, Janssen had exercised 14 licenses under this collaboration. No further options remain for use by Janssen.

BioNTech

In May 2015, Genmab entered an agreement with BioNTech AG to jointly research, develop and commercialize bispecific antibody products using Genmab's DuoBody technology platform. Under the terms of the agreement, BioNTech will provide proprietary antibodies against key immunomodulatory targets, while Genmab provides access to its DuoBody technology platform. Genmab paid an upfront fee of USD 10 million to BioNTech and an additional USD 2 million (out of a potential of USD 5 million) as certain BioNTech assets were selected for further development. If the companies jointly select any product candidates for clinical development, development costs and product ownership will be shared equally going forward. If one of the companies does not wish to move a product candidate forward, the other company is entitled to continue developing the product on predetermined licensing terms. The agreement also includes provisions which will allow the parties to opt out of joint development at key points. Genmab and BioNTech have selected two product candidates for clinical development, DuoBody-CD40x41BB and DuoBody-PD-L1x41BB.

Novo Nordisk

In August 2015, Genmab entered an agreement to grant Novo Nordisk commercial licenses to use the DuoBody technology platform to create and develop bispecific antibody candidates for two therapeutic programs. The bispecific antibodies will target a disease area outside of cancer therapeutics. Under the terms of the agreement, Genmab received an upfront payment of USD 2 million from Novo Nordisk. After an initial period of exclusivity for both target combinations, Novo Nordisk has extended exclusivity of the commercial license for one target combination in 2018. Under the exclusive license agreement, Genmab is entitled to potential development, regulatory and sales milestones of up to approximately USD 250 million. In addition, Genmab will be entitled to single-digit royalties on sales of any commercialized products. In December 2017, the collaboration was expanded to include an additional five potential target pair combinations and three commercial license options. Genmab received an upfront payment of USD 2 million from Novo Nordisk and will be entitled to milestones and single-digit royalties on eventual product sales.

Gilead Sciences

In August 2016, Genmab entered an agreement to grant Gilead Sciences, Inc. an exclusive license and an option on a second exclusive license, to use the DuoBody technology platform to create and develop bispecific antibody candidates for a therapeutic program targeting HIV. Under the terms of the agreement, Genmab received an upfront payment of USD 5 million from Gilead Sciences. Genmab is entitled to potential development, regulatory and sales milestones of up to USD 277 million for the first product and further milestones for subsequent products. In addition, Genmab will be entitled to single-digit royalties on Gilead's sales of any commercialized products. Similar terms would apply if Gilead exercises the option to the second license.

Aduro Biotech Europe

In February 2015, Genmab entered a co-development and commercialization agreement with Aduro Biotech Europe (formerly BioNovion) to evaluate five DuoBody product candidates targeting immune checkpoints. Genmab and Aduro Biotech Europe were to contribute panels of antibodies for the creation of bispecific antibody products using our DuoBody platform. If the companies jointly selected a product candidate for clinical development, development costs would have been shared equally, with each party retaining a 50% share of the product rights. If one of the companies decided not to move a therapeutic candidate forward, the other company would have been entitled to continue developing the product at predefined licensing terms. The agreement also included terms, which allowed the parties to opt out of joint development at key points in each product's clinical development. This collaboration was terminated in the fourth quarter of 2018.

HexaBody

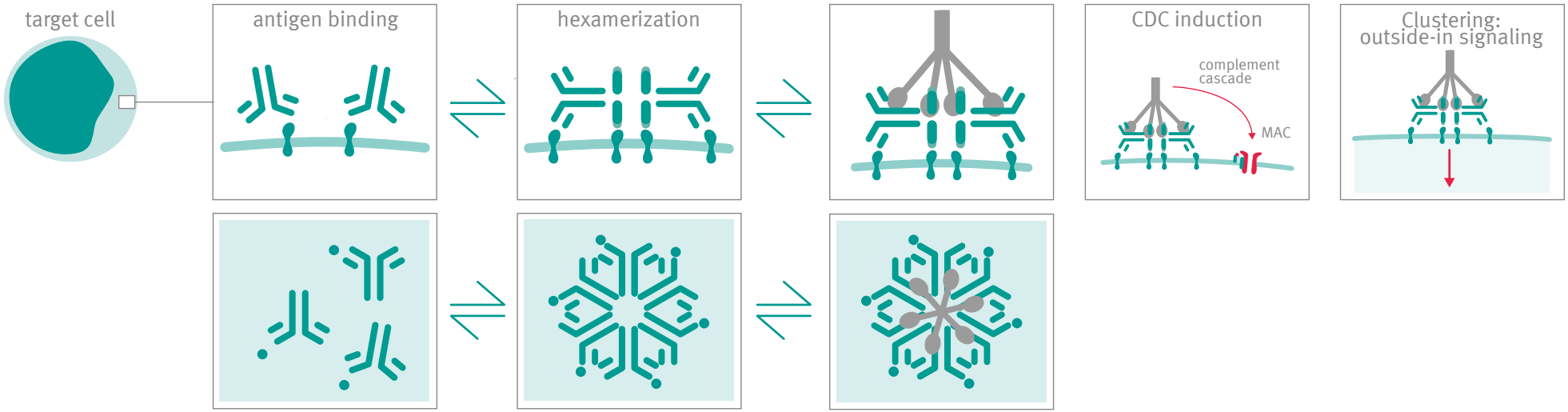
HexaBody Platform
Creating Differentiated Therapeutics

In Short

- **Enhanced potency antibody technology platform**
- **Broadly applicable technology that builds on natural antibody biology**
- **First HexaBody product in clinical development – HexaBody-DR5/DR5**

The HexaBody technology platform is a proprietary Genmab technology that is designed to increase the potency of antibodies. The HexaBody platform builds on natural biology and strengthens the natural killing ability of antibodies while retaining regular structure and specificity. The technology allows for the creation of potent therapeutics by inducing antibody hexamer formation (clusters of six antibodies) after binding to their target antigen on the cell surface. We have used the HexaBody platform to generate antibodies with enhanced complement-mediated killing, allowing antibodies with limited or absent killing capacity to be transformed into potent, cytotoxic antibodies. In addition to complement-mediated killing, the clustering of membrane receptors by the HexaBody platform can lead to subsequent outside-in signaling (e.g. in the case of our HexaBody-DR5/DR5 product leading to cell death). The HexaBody technology creates opportunities to explore new product candidates, to repurpose drug candidates unsuccessful in previous clinical trials due to insufficient potency, and may provide a useful strategy in product life cycle management. The HexaBody technology is broadly applicable and can be combined with Genmab's DuoBody platform (DuoHexaBody platform) as well as other antibody technologies. The platform technology has the potential to enhance antibody therapeutics for a broad range of applications in diseases such as cancer and infectious diseases. Genmab intends to use the HexaBody technology for its own antibody programs and the technology is also available for licensing. Genmab has entered into multiple HexaBody research collaborations with other companies.

The HexaBody platform is an innovative approach for the creation of potent therapeutics. It builds on recent insights in the natural biology of antibodies. The technology enhances the ordered clustering of antibodies into hexamers after they bind to their target cells. This biological mechanism can be exploited to robustly enhance cell killing via complement-dependent cytoxicity (CDC) or agonist outside-in signaling induced by clustering. The HexaBody platform can be combined with Gennmab's DuoBody platform as well as with oher antibody technologies.



DuoHexaBody Platform
Combining Dual-Targeting and Enhanced Potency

In Short

- **Antibody technology that combines DuoBody and HexaBody platforms**
- **Creates bispecific antibodies with target-mediated enhanced potency**

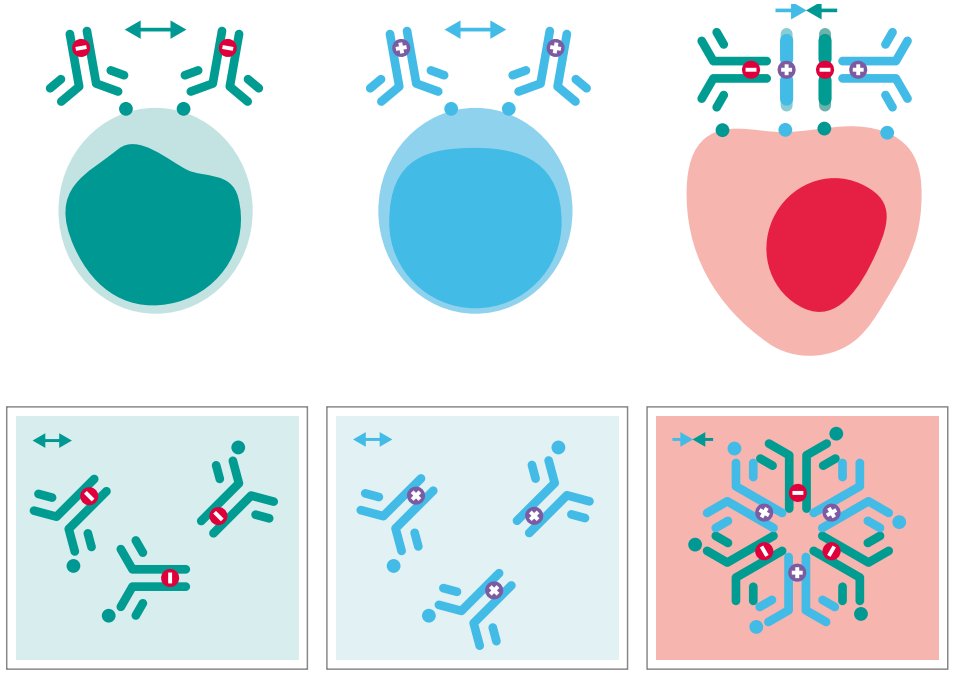
The DuoHexaBody platform is a proprietry technology that combines the dual targeting of our DuoBody technology with the enhanced potency of our HexaBody technology, creating bispecific antibodies with target-mediated enhanced hexamerization. We currently have one proprietary bispecific antibody product created with DuoHexaBody technology in pre-clinical development, DuoHexaBody-CD37.

HexElect Platform
Enhancing Selectivity and Potency

In Short

- **Antibody technology platform inspired by the HexaBody platform**
- **Combines dual targeting with enhanced selectivity and potency**

The HexElect antibody platform is Genmab's newest proprietary technology. This technology combines two HexaBody molecules designed to effectively and selectively hit only those cells that express both targets by making the activity of complexes of HexaBody molecules dependent on their binding to two different targets on the same cell. The HexElect platform maximizes efficacy while minimizing possible toxicity, potentially leading to more potent and safer products.



Corporate Governance

Genmab works diligently to improve its guidelines and policies for corporate governance taking into account the recent trends in international and domestic requirements and recommendations. Genmab's commitment to corporate governance is based on ethics and integrity and forms the basis of its effort to strengthen the confidence that existing and future shareholders, partners, employees and other stakeholders have in Genmab. The role of shareholders and their interaction with Genmab is important. Genmab acknowledges that open and transparent communication is necessary to maintain the confidence of Genmab's shareholders and achieves this through company announcements, investor meetings and company presentations. Genmab is committed to providing reliable and transparent information about its business, development programs and scientific results in a clear and timely manner.

All Danish companies listed on the Nasdaq Copenhagen are required to disclose in their annual reports how they address the Recommendations for Corporate Governance issued by the Committee on Corporate Governance in November 2017, (the "Recommendations") applying the "comply-or-explain" principle.

Genmab follows the vast majority of the Recommendations, although specific sub-areas have been identified where Genmab's corporate governance principles differ from the Recommendations:

- The Recommendations provide that according to a company's takeover contingency procedures, the board of directors shall not attempt to counter a takeover bid without the acceptance of the general meeting. Genmab does not have such a restriction in its takeover contingency procedures and retains the right in certain circumstances to reject takeover bids without consulting the shareholders. Genmab believes this provides the Board of Directors with the needed flexibility to best respond to takeover bids and to negotiate with bidders. Actions will be determined on a case-by-case basis with due consideration to the interests of the shareholders and other stakeholders.

- The Recommendations provide that remuneration of the board members shall not include share options. However, Genmab's remuneration of the board members includes restricted stock units (RSUs), which like share options are considered a form of equity compensation. Equity compensation constitutes a common part of the remuneration paid to members of the board of directors in competing international biotech companies. To remain competitive in the international market and to be able to attract and retain qualified members of the Board of Directors, it is considered in the best interest of Genmab to follow this practice, which we believe is aligned to serve the shareholders' long-term interests. Furthermore, to ensure the Board of Directors' independence and supervisory function, vesting of RSUs granted to members of the Board of Directors shall not be subject to fulfilment of forward-looking performance criteria.

- The Recommendations provide that the total value of the remuneration relating to the notice period, including severance pay, do not exceed two years of remuneration, including all components of the remuneration. In the event Genmab terminates the service agreements with each member of the Executive Management team without cause, Genmab is obliged to pay the Executive Officer his/her existing salary for one or two years after the end of the one year notice period. However, in the event of termination by Genmab (unless for cause) or by a member of the Executive Management as a result of a change of control of Genmab, Genmab is obliged to pay a member of Executive Management a compensation equal to his existing total salary (including benefits) for up to two years in addition to the notice period. It furthermore follows from Genmab's warrant and RSU programs, that in certain "good leaver" situations outstanding warrants and RSUs awarded under these programs will continue to vest which could potentially make the termination payments exceed two years of remuneration.

Genmab publishes its statutory report on Corporate Governance for the financial year 2018 cf. Section 107 b of the Danish Financial Statements Act ("Lovpligtig redegørelse for virksomhedsledelse jf. årsregnskabslovens § 107 b") on the company's website, including a detailed description of the Board of Directors' consideration in respect of all the Recommendations. The statutory report on Corporate Governance can be found on Genmab's website http://ir.genmab.com/governance.cfm.

The Board of Directors

The Board of Directors plays an active role within Genmab in setting the strategies and goals for Genmab and monitoring the operations and results of the company. Board duties include establishing policies for strategy, accounting, organization and finance, and the appointment of executive officers. The Board of Directors also assesses Genmab's capital and share structure and is responsible for approving share issues and the grant of warrants and RSUs.

Board Committees

To support the Board of Directors in its duties, the Board of Directors has established and appointed a Compensation Committee, an Audit Committee, a Nominating and Corporate Governance Committee and a Scientific Committee. These committees are charged with reviewing issues pertaining to their respective fields that are due to be considered at board meetings. Written charters specifying the tasks and responsibilities for each of the committees are available on Genmab's website www.genmab.com.

For more details on the work and composition of the Board of Directors and its committees, reference is made to the statutory report on Corporate Governance.

Guidelines for Incentive Remuneration

Pursuant to section 139 of the Danish Companies Act (in Danish "Selskabsloven"), the board of directors is required, before the company enters into a specific incentive payment agreement with a member of the board of directors or executive management, to lay down general guidelines governing the company's incentive remuneration of such member. The general guidelines are included in the Remuneration Principles for the Board of Directors and the Executive Management which have been considered and adopted at Genmab's annual general meeting. The Remuneration Principles can be found in their full length on our website www.genmab.com. The guidelines were adopted at the 2008 annual general meeting and amended by the annual general meetings of the company in 2011, 2012, 2014, 2016, 2017 and 2018. All incentive payments are carried out in accordance with Genmab's Remuneration Principles.

Remuneration Report

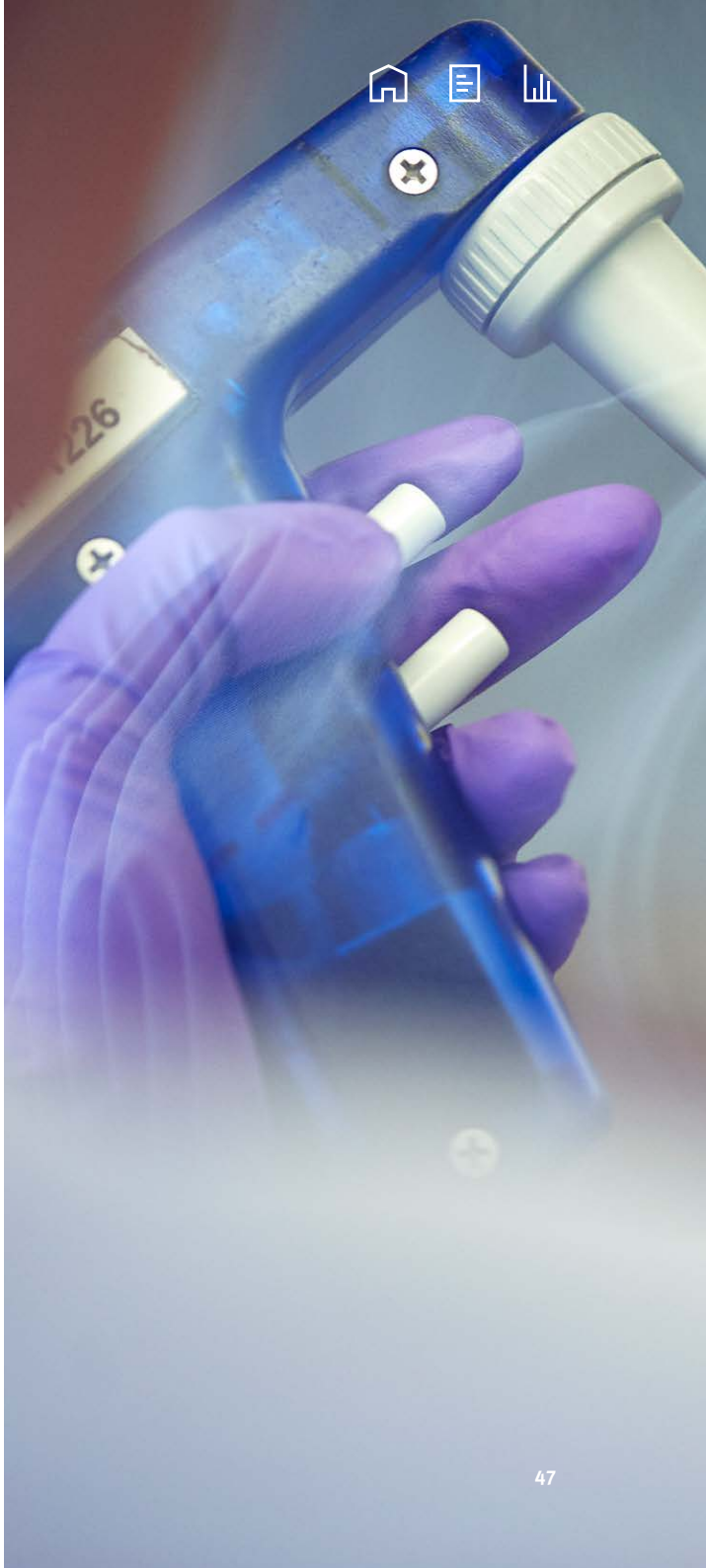
In accordance with the Recommendations, Genmab has prepared a remuneration report for the financial year 2018 that includes information on the total remuneration received by each member of the Board of Directors and the Executive Management from Genmab A/S and other group companies for the last three years, including information on the most important content of retention and resignation arrangements and the correlation between the remuneration and company strategy and relevant related goals (the "Remuneration Report"). The Remuneration Report can be found on Genmab's website http://ir.genmab.com/governance.cfm.

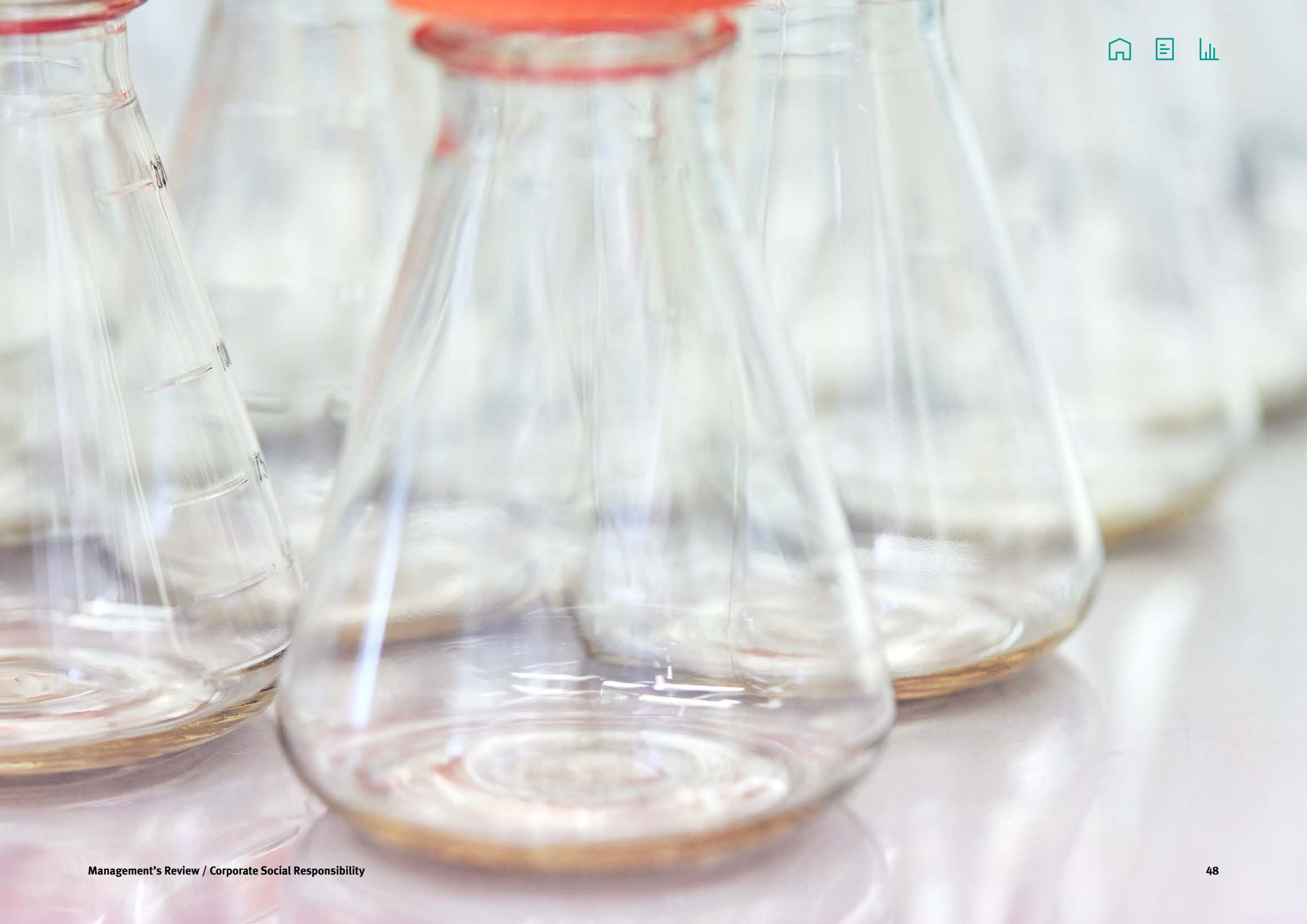
Disclosure Regarding Change of Control

The Danish Financial Statements Act (Section 107 a) contains rules relating to listed companies with respect to certain disclosures that may be of interest to the stock market and potential takeover bidders, in particular in relation to disclosure of change of control provisions.

For information on change of control clauses in our collaboration, development and license agreements as well as certain service agreements with the Executive Management and employees, please refer to note 5.5. Change of control clauses related to our warrant and RSU programs are outlined in note 4.6.

More information on share capital is included in note 4.7.
Unless otherwise provided in the Danish Companies Act, the adoption of any resolution to amend Genmab A/S' articles of association shall be subject to the affirmative vote of not less than two thirds of the votes cast as well as of the voting share capital represented at the general meeting. Genmab A/S' entire articles of association can be found on our website www.genmab.com.





Corporate Social Responsibility (CSR)

CSR Focus Areas

Employee Well-being

including health, safety and development

Environment

including waste management and recycling

Business Ethics

and transparency

Ethics

in relation to pre-clinical and clinical studies

Genmab's commitment to Corporate Social Responsibility (CSR) is anchored in our company's core purpose "to improve the lives of patients by creating and developing innovative antibody products" and our vision "By 2025 our own product has transformed cancer treatment and we have a pipeline of knock-your-socks-off antibodies."

Our vision inspires and motivates us to find new ways to improve healthcare and quality of life for patients and their families. We are committed to creating differentiated antibody products that have the potential to provide new treatment options to patients with life threatening and debilitating diseases.

We believe we have a responsibility to ensure our actions not only benefit our main stakeholders (patients, shareholders and employees), but also society as a whole. With our core values and vision in mind, being socially responsible is fundamental to the way we do business at Genmab.

When carrying out our business we strive to comply with all relevant laws, standards and guidelines. We also consider the well-being of our employees a top priority, and we minimize our impact on the environment to the extent possible. We have high ethical standards and aim to conduct business with companies and within countries that share our ethics and respect the protection of internationally proclaimed human rights. As we conduct business in a highly regulated industry, we have chosen not to implement a specific human rights policy. It is important to us however, to support and respect the protection of internationally proclaimed human rights through other policies that address responsible supply chain management, ethical procedures, health and safety procedures, and issues regarding access to medicine. Genmab strives to only conduct trials in markets where a drug is planned to become available. Furthermore, Genmab does not employ child labor.

Our CSR Committee is comprised of representatives from our human resources, investor relations & communications, legal, finance and research & development functions. The committee ensures that Genmab carries out its CSR activities effectively and communicates clearly and openly about them.

Genmab publishes its statutory report on CSR for the financial year 2018 cf. Section 99 a of the Danish Financial Statements Act on the company's website, including additional information about policies, progress made during 2018 and expected activities for 2019. Genmab has adopted a target figure for women in the Board of Directors and a policy regarding the proportion of gender in other management levels of the Genmab group. In accordance with section 99 b of the Danish Financial Statements Act, Genmab discloses the target figure, the policy and current performance in its statutory report on CSR for the financial year 2018. The statutory report on CSR can be found at http://ir.genmab.com/csr.cfm.

Human Resources

Employees are Genmab's most important asset and we strive to attract and retain the most qualified people to fulfill our core purpose. Genmab's goal is to develop and retain value in our own products which could one day transform cancer treatment. At Genmab, our core purpose, together with our core values, guides and inspires employees in their everyday work.

Teamwork and respect are central pillars of Genmab's culture and we therefore ensure an inclusive, open and supportive professional work environment across our international locations. We believe that fostering workplace diversity across social, educational, cultural, national, age and gender lines is a prerequisite for the continued success of the company. We are committed to diversity at all levels of the company and strive to recruit employees with the right skills and competences, regardless of gender, age, ethnicity, etc.

Skill, knowledge, experience and employee motivation are essential to Genmab as a biotech company. The ability to organize our highly skilled and very experienced employees at all levels of the organization into interactive teams is a key factor in achieving our goals and ensuring Genmab's success. Genmab's team is very experienced in the pharmaceutical and biotechnology industry.

Genmab group

Male/Female Ratios	2018		2017	
	Male	Female	Male	Female
Genmab group	41%	59%	43%	57%
Director level and above	45%	55%	50%	50%
Below director level	39%	61%	41%	59%
Annual promotions	44%	56%	29%	71%

Other Employee Information	2018	2017
FTE at the end of the year	377	257
Research and development FTE	323	220
Administrative FTE	54	37
FTE in Denmark at the end of the year	113	77
FTE in Netherlands at the end of the year	197	155
FTE in US at the end of the year	67	25
Employee turnover[1]	6%	7%
Employee absence[2]	3%	3%

[1] Employee turnover percentage is calculated by the FTE voluntarily leaving since the beginning of the year divided by the average FTE.

[2] The rate of absence is measured as absence due to the employee's own illness, pregnancy-related sick leave, and occupational injuries and illnesses compared with a regional standard average of working days in the year, adjusted for holidays.

Our Core Values

Passion for innovation

Work as **one team** and respect each other

Determined – being the best at what we do

Integrity – we do the right thing

Our Core Purpose

To improve the lives of patients by creating and developing innovative antibody products

Risk Management

Genmab has core facilities in three countries and performs research and development activities with clinical trials conducted around the globe. Through our activities, we are exposed to a variety of risks, some of which are beyond our control. These risks may have a significant impact on our business if not properly assessed and controlled. Maintaining a strong control environment, with adequate procedures for identification and assessment of risks and adhering to operational policies designed to reduce such risks to an acceptable level, is essential for the continued development of Genmab. It is our policy to identify and reduce the risks derived from our operations and to establish insurance coverage to mitigate any residual risk, wherever considered practicable. The Board of Directors performs a yearly review of Genmab's insurance coverage to ensure that it is adequate.

The following is a summary of some of Genmab's key risk areas and how we attempt to address and mitigate such risks. Environmental and ethical risks are covered in Genmab's statutory report on Corporate Social Responsibility.

Risk Related to	Risk Areas	Mitigation	Risk Trend
Business	Identification and development of successful technologies and products, expensive, time-consuming clinical trials with uncertain outcome and risk of failure	Genmab has established various committees to ensure optimal selection of disease targets and antibody candidates and to monitor progress. We strive to have a well-balanced product pipeline and continue to identify and search for new product candidates and closely follow the market.	=
	Dependent on development and access to new technologies such as ADC technology including exposure to safety issues related to use thereof	Genmab strives to continue its development of new technologies such as the DuoBody and HexaBody platforms and gain access to competitive new technologies such as ADC technology. We closely monitor our clinical trials to mitigate any unforeseen safety issues associated with the use of ADC technology.	=
	Genmab faces immense competition and rapid technological change, which may result in others discovering, developing or commercializing competing products before or more successfully than we do	From early in the research phase and throughout development, commercial potential and risks are assessed to ensure that final products have the potential to be commercially viable. Genmab attempts to control commercial risks by monitoring and evaluating current market conditions, competing products and new technologies and to potentially gain access. Genmab strives to ensure market exclusivity for its own technologies and products by seeking patent protection.	=
	Dependent on pricing/public reimbursement	Genmab strives to develop differentiated, cost-effective products that may obtain price reimbursement by government health care programs and private health insurers.	↑
	Exposure to product liability claims	A product liability claim could materially affect our business and financial position and Genmab therefore maintains product liability insurance for our clinical trials and other coverage required under applicable laws.	=
	Mid-term prospects are substantially dependent on clinical and commercial success of DARZALEX	Genmab focuses on its three-pronged strategy to develop a broad pipeline of unique best-in-class or first-in-class antibodies with significant commercial potential. In addition, Genmab maintains a strong cash position, disciplined financial management, and a flexible and capital efficient business model to mitigate potential setbacks for DARZALEX.	=
	If we are unable to manage Genmab's fast-paced growth, our business, financial condition, and net results may be adversely affected	Genmab continues to experience significant growth in the number of our employees and in the scope of our operations, including the continued expansion of our product pipeline. Genmab must continue to improve existing operational and financial systems, procedures and controls. Genmab must expand, train and manage our growing employee base, and we expect that we may need to increase our management personnel to oversee our expanding operations.	=
Strategic collaborations	Dependent on partnerships with major pharmaceutical or biotech companies to support our business and develop and commercialize our products	Our business may suffer if our collaboration partners do not devote sufficient resources to our programs and products or do not successfully maintain, defend and enforce their intellectual property rights. Genmab strives to be an attractive and respected collaboration partner and pursues a close and open dialogue with our partners to share ideas and best practices within clinical development to increase the likelihood that we reach our goals.	=
	Dependent on contract manufacturing organizations and clinical research organizations to conduct our clinical trials	Genmab oversees outsourcing relationships to ensure consistency with strategic objectives and service provider compliance with regulatory requirements, resources and performance. This includes assessment of contingency plans, availability of alternative service providers, and costs and resources required to switch service providers.	=

Risk level in relation to last year: ★ New = Unchanged ↑ Increased ↓ Decreased

Risk Related to	Risk Areas	Mitigation	Risk Trend
Regulation and legislation	Subject to extensive regulatory and other legal requirements both during clinical development and post-marketing approval, including healthcare laws and regulations	To ensure compliance with regulatory and other legal requirements including current Good Laboratory Practices (cGLP), current Good Clinical Practices (cGCP) and current Good Manufacturing Practices (cGMP), Genmab has established a quality assurance department and makes every effort to stay abreast of regulatory changes to legislation to ensure compliance. To ensure compliance with applicable healthcare laws and regulations as well as data protection regulations, Genmab has established relevant policies and guidelines with mandatory training.	=
	Legislation, regulations and practices may change from time to time and we may receive warnings from regulatory authorities regarding use in certain patient populations	To prevent unwarranted consequences of new and amended legislation, regulations etc., Genmab strives to be up to date with all relevant new legislation, regulations and practices by means of internal as well as external legal counsel. Also, internal procedures for review of contracts have been implemented to ensure contractual consistency and compliance with legislation and regulation.	=
Intellectual property	Dependent on protecting own intellectual property rights and avoiding infringement of third party intellectual property rights	Genmab files and prosecutes patent applications to optimally protect its products and technologies. To protect trade secrets and technologies, Genmab maintains strict confidentiality standards and agreements for employees and collaborating parties. Genmab actively monitors third party patent positions within our relevant fields to secure freedom-to-operate for our products and technologies to avoid violating any third party patent rights. Genmab was involved in a patent litigation case in the U.S. relating to the manufacture, use and sale of DARZALEX. The patents were held invalid in a summary judgment decision in January 2019, and as per agreement between the parties there will be no further proceedings and the case is finally over. For further details on the legal matter, refer to note 5.5 of the financial statements.	↓
Finances	Genmab may need additional funding	Because Genmab's future commercial potential and operating results are hard to predict, Genmab's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and a continuous advancement of Genmab's product pipeline and business in general.	=
	Genmab is exposed to different kinds of financial risks, including currency exposure and changes in interest rates	The financial risks of the Genmab group are managed centrally. Group financial risk management guidelines have been established to identify and analyze the risks faced by the Genmab group, to set the appropriate risk limits and controls and to monitor the risks and adherence to limits. For further details, refer to note 4.2 of the financial statements.	=
Management and workforce	Inability to attract and retain suitably qualified personnel	To attract and retain our highly skilled workforce, including the members of Genmab's Senior Leadership, Genmab offers competitive remuneration packages, including share-based remuneration. For further details on share-based remuneration, refer to note 4.6 of the financial statements.	=
Cyber security	Theft of intellectual property rights, sensitive business data, personal employee data, or private patient data, which may result in monetary losses or fines and penalties from authorities, could stem from the result of malicious hacking activities	Genmab educates its organization in methods to address exposure to cyber security threats and is actively working to improve the technical ability to protect against, detect and respond to attempts to enter its IT infrastructure.	↑

Risk level in relation to last year: ★ New = Unchanged ↑ Increased ↓ Decreased

Financial Review

The financial statements are prepared on a consolidated basis for the Genmab group and are published in Danish Kroner (DKK).

Result for the Year

Result and Guidance for 2018 (MDKK)	Latest Guidance	Actual
Revenue	2,700 – 3,100	3,025
Operating expenses	(1,400) – (1,600)	(1,645)
Operating income	1,300 – 1,500	1,380

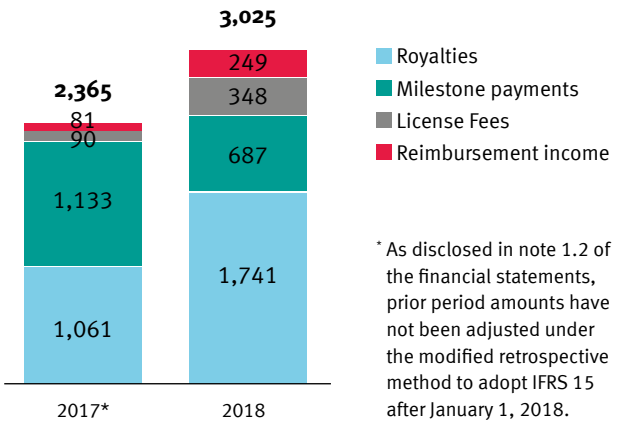
Overall, our financial performance is in line with the latest guidance published on February 21, 2018.

REVENUE

Genmab's revenue was DKK 3,025 million in 2018 compared to DKK 2,365 million in 2017. The increase of DKK 660 million, or 28%, was mainly driven by higher DARZALEX royalties, the payment from Novartis of USD 50 million and reimbursement income from our collaborations with Seattle Genetics and BioNTech, partly offset by a decrease in DARZALEX milestones. Total royalties were 58% of total revenue in 2018 compared to 45% in 2017.

Split of Revenue

MDKK



* As disclosed in note 1.2 of the financial statements, prior period amounts have not been adjusted under the modified retrospective method to adopt IFRS 15 after January 1, 2018.

Royalties

Royalty income amounted to DKK 1,741 million in 2018 compared to DKK 1,061 million in 2017. The increase of DKK 680 million, or 64%, was driven by higher DARZALEX royalties, which were partly offset by lower Arzerra royalties.

Net sales of DARZALEX by Janssen were USD 2,025 million in 2018 compared to USD 1,242 million in 2017. The increase of USD 783 million, or 63%, was driven by the continued strong uptake of DARZALEX following the regulatory approvals in the U.S., EU and Japan. Royalty income on net sales of DARZALEX was DKK 1,708 million in 2018 compared to DKK 1,013 million in 2017, an increase of DKK 695 million. The increase in royalties of 69% is higher than the increase in the underlying sales due to the change in royalty tiers in 2018. During the fourth quarter of 2018, the royalty rate on net sales of DARZALEX moved into the 16% royalty tier on net sales exceeding USD 1.5 billion in a calendar year and the 18% royalty tier on net sales exceeding USD 2 billion in a calendar year.

Novartis' net sales of Arzerra were USD 26 million in 2018 compared to USD 36 million in 2017, a decrease of USD 10 million, or 28%. Royalty income on net sales of Arzerra was DKK 33 million in 2018 compared to DKK 48 million in 2017, a decrease of DKK 15 million, or 31%.

Milestone Payments

Milestone income was DKK 687 million in 2018 which was driven by DARZALEX milestones and the Janssen and Novo Nordisk DuoBody collaborations. In 2017, milestone income was DKK 1,133 million. The decrease of DKK 446 million, or 39%, was mainly driven by milestones related to the first commercial sales of DARZALEX in the second and third indications under the expanded label granted by the European Commission in April 2017, the filing and first commercial sale of DARZALEX in the fourth indication in the US in June 2017, the achievement of USD 1 billion in net sales of DARZALEX in calendar year 2017 and progress in the first Phase III clinical study for the first licensed product in the first new indication for DARZALEX, partly offset primarily by the achievement of USD 2 billion in net sales of DARZALEX in calendar year 2018 and the first commercial sale in a major EU country for the fourth indication. Milestone income may fluctuate significantly from period to period due to both the timing of achievements and the varying amount of each individual milestone under our license and collaboration agreements.

License Fees

License fee income was DKK 348 million for 2018 which was driven by the USD 50 million upfront payment from Novartis with the amendment of the Arzerra/ofatumumab license and collaboration agreement, payment from Janssen for additional DuoBody target pairs under the license agreement and the payment from Novo Nordisk for extending exclusivity of the commercial license for a DuoBody target pair under the agreement. During 2017, license fee income was DKK 90 million and related to the amortization of upfront payments received under our license and collaboration agreements on a straight line basis over the planned development periods. As disclosed in note 1.2 of the financial statements, prior period amounts have not been adjusted under the modified retrospective method to adopt IFRS 15 after January 1, 2018.

Reimbursement Income

Reimbursement income, mainly comprised of the reimbursement of certain research and development costs related to the development work under Genmab's collaboration agreements, amounted to DKK 249 million in 2018 compared to DKK 81 million in 2017. The increase of DKK 168 million was driven by our collaboration agreements with Seattle Genetics and BioNTech. Seattle Genetics exercised its option to co-develop & co-commercialize tisotumab vedotin in 2017, and pre-clinical projects under the BioNTech collaboration continue to advance.

Operating Expenses

Total operating expenses increased by DKK 624 million, or 61%, from DKK 1,021 million in 2017 to DKK 1,645 million in 2018.

Research and Development Costs

Research and development costs amounted to DKK 1,431 million in 2018 compared to DKK 874 million in 2017. The increase of DKK 557 million, or 64%, was driven by the advancement of tisotumab vedotin and enapotamab vedotin, the additional investment in our product pipeline, and the increase in research and development employees.

Research and development costs accounted for 87% of the total operating expenses in 2018 compared to 86% in 2017.

General and Administrative Expenses

General and administrative expenses were DKK 214 million in 2018 compared to DKK 147 million in 2017. The increase of DKK 67 million, or 46%, was driven by higher general consultancy expenses and an increase in administrative employees due to the expansion of our product pipeline.

General and administrative expenses accounted for 13% of the total operating expenses in 2018 compared to 14% in 2017.

Operating Result

Operating income was DKK 1,380 million in 2018 compared to DKK 1,344 million in 2017. The increase of DKK 36 million, or 3%, was driven by higher revenue, which was mostly offset by increased operating expenses.

Net Financial Items

The net financial items reflect a combination of interest income, unrealized and realized fair market value adjustments on our portfolio of marketable securities, as well as realized and unrealized foreign exchange adjustments.

Net financial items for 2018 were a net income of DKK 232 million compared to a net loss of DKK 280 million in 2017. The main driver for the variance between the two periods is foreign exchange movements that positively impacted our USD denominated portfolio and cash holdings. The USD strengthened significantly against the DKK during 2018, resulting in realized and unrealized exchange rate gains. More specifically the USD/DKK foreign exchange rate increased from 6.2067 at December 31, 2017 to 6.5213 at December 31, 2018. Please refer to note 4.2 for additional information regarding foreign currency risk and note 4.5 for additional information regarding the net financial items.

Corporate Tax

Corporate tax consists of current tax and the adjustment of deferred taxes during the year. The corporate tax expense for 2018 was DKK 140 million compared to an income of DKK 40 million in 2017. The corporate tax expense in 2018 was due to current and deferred tax expense of DKK 407 million partially offset by the reversal of valuation allowances on deferred tax assets related to future taxable income, resulting in a discrete tax benefit of DKK 268 million. The corporate tax income in 2017 was due to the partial reversal of valuation allowances on deferred tax assets related to future taxable income, resulting in a discrete tax benefit of DKK 286 million, which more than offset current and deferred tax expense of DKK 246 million. Please refer to note 2.4 for additional information regarding the corporate tax and deferred tax assets including management's significant judgments and estimates.

Net Result

Net result for 2018 was DKK 1,472 million compared to a net result of DKK 1,104 million in 2017. The increase of DKK 368 million, or 33%, was driven by the items described above.

Cash Position & Cash Flow

Cash Position	2018	2017
MDKK		
Cash and cash equivalents	533	1,348
Marketable securities	5,573	4,075
Cash position	6,106	**5,423**

As of December 31, 2018, Genmab's cash, cash equivalents, and marketable securities (cash position) amounted to DKK 6,106 million. This represents a net increase of DKK 683 million, or 13%, from the beginning of 2018, which was mainly driven by our operating income of DKK 1,380 million which was partly offset by the DKK 345 million upfront fee to Immatics to discover and develop next-generation bispecific cancer immunotherapies, the DKK 45 million milestone payment to Seattle Genetics triggered by the initiation of expansion cohorts in the ongoing Phase I/II trial of enapotamab vedotin in solid tumors and the purchase of treasury shares of DKK 146 million.

There were no short term marketable securities included in cash and cash equivalents at the end of December 2018 or at the end December 2017. In accordance with our accounting policy, securities purchased with a maturity of less than three months at the date of acquisition are classified as cash and cash equivalents.

Cash Flow	2018	2017
MDKK		
Cash provided by (used in) operating activities	1,015	1,589
Cash provided by (used in) investing activities	(1,778)	(668)
Cash provided by (used in) financing activities	(71)	215

Net cash provided by operating activities is primarily related to our operating result, working capital fluctuations, reversal of net financial items, and adjustments related to non-cash expenses, all of which may be highly variable period to period. In 2018, the primary driver of lower cash provided by operating activities was higher positive working capital adjustments in 2017 related to milestones achieved in the fourth quarter of 2016 that were received in 2017.

The change in cash used in investing activities primarily reflects differences between the proceeds received from sale and maturity of our investments and amounts invested, and investments in intangible assets. Purchases of marketable securities exceeded sales and maturities in both 2018 and 2017, which has resulted in significant growth in the marketable securities portion of the cash position. During 2018, investments in intangible assets were DKK 406 million primarily related to the DKK 345 million upfront fee to Immatics to discover and develop next-generation bispecific cancer immunotherapies and the DKK 45 million milestone payment to Seattle Genetics triggered by the initiation of expansion cohorts in the ongoing Phase I/II trial of enapotamab vedotin in solid tumors. There were no investments in intangible assets during 2017.

Net cash used in financing activities during 2018 was related to the purchase of treasury shares of DKK 146 million partly offset by the proceeds from the exercise of warrants of DKK 75 million. Net cash provided by financing activities during 2017 was related to proceeds from the exercise of warrants of DKK 215 million.

Marketable securities are invested in highly secure, liquid and conservative investments with short effective maturity. As of December 31, 2018, 90% of our marketable securities had a triple A- rating, compared to 91% at December 31, 2017. The weighted average effective duration was approximately 1.4 years as of December 31, 2018 (2017: 1.6 years). Please refer to notes 4.2 and 4.4 for additional information regarding our financial risks and marketable securities.

Balance Sheet

As of December 31, 2018, total assets were DKK 8,461 million, compared to DKK 6,603 million as of December 31, 2017. As of December 31, 2018, the assets were mainly comprised of the cash position of DKK 6,106 million and receivables of DKK 1,337 million. The receivables consist primarily of royalties and milestones from our collaboration agreements and non-interest bearing receivables, which are due less than one year from the balance sheet date. The credit risk on receivables is considered to be limited. Please refer to note 3.3 for additional information regarding receivables.

Shareholders' equity as of December 31, 2018 equaled DKK 8,014 million compared to DKK 6,272 million at December 31, 2017. The increase was primarily driven by our net result and the impact of the adoption of IFRS 15, which was partly offset by the purchase of treasury shares. On December 31, 2018, Genmab's equity ratio was 95%, the same as at the end of 2017.

Shareholders and Share Information

Ownership

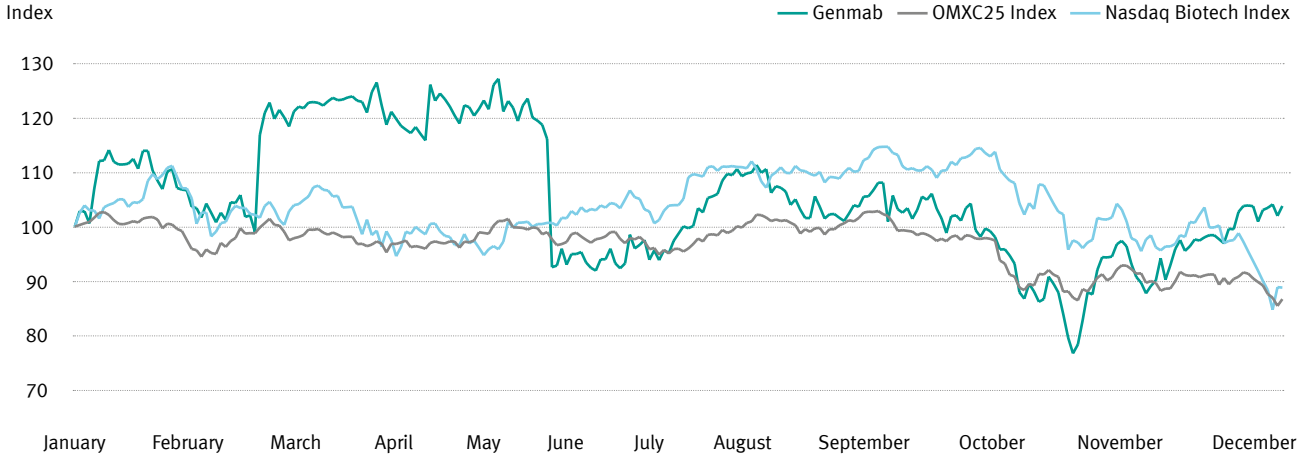
Genmab is listed on the Nasdaq Copenhagen A/S under the symbol GEN. Our communication with the capital markets complies with the disclosure rules and regulations of this exchange. Genmab is included in the OMXC25 index. As of December 31, 2018, the number of registered shareholders totaled 74,999 shareholders holding a total of 58,557,622 shares, which represented 95.2% of the total share capital of 61,497,571.

The following shareholder is registered in Genmab's register of shareholders as being the owner of a minimum of 5% of the voting rights or a minimum of 5% of the share capital (one share equals one vote) as of December 31, 2018: Artisan Partners Limited Partnership.

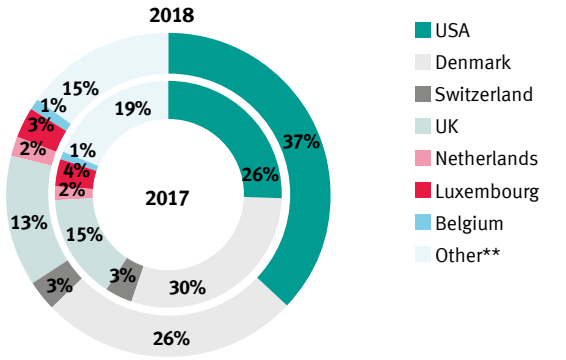
Shareholders registered in the company's shareholder registry may sign up for electronic shareholder communications via Genmab's investor portal. The investor portal can be accessed at Genmab's website www.genmab.com. Electronic shareholder communication enables Genmab to, among other things, quickly and efficiently call general meetings.

The following charts illustrate the performance of the Genmab share during 2018 and the geographical distribution of our shareholders. Please refer to note 4.7 for additional information regarding Genmab's share capital including authorizations to issue shares and purchase its own shares.

Stock Performance Comparison 2018 (Index 100 = stock price on December 31, 2017)



Geographical Shareholder Distribution*



* Based on figures from the internal shareholder register per December 31, 2017 and December 31, 2018

** "Other" includes shares held in other countries and shares not held in nominee accounts, including OTC traded shares

American Depositary Receipt (ADR) Program

Genmab has a sponsored Level 1 ADR program with Deutsche Bank Trust Company Americas. An ADR is a share certificate representing ownership of shares in a non-U.S. corporation. ADRs are quoted and traded in US dollars on the over-the-counter (OTC) market in the U.S. Ten Genmab ADRs correspond to one Genmab ordinary share. Genmab's ADR ticker symbol is GMXAY. For more information on Genmab's ADR Program, visit http://ir.genmab.com/adr.cfm.

Investor Relations (IR)

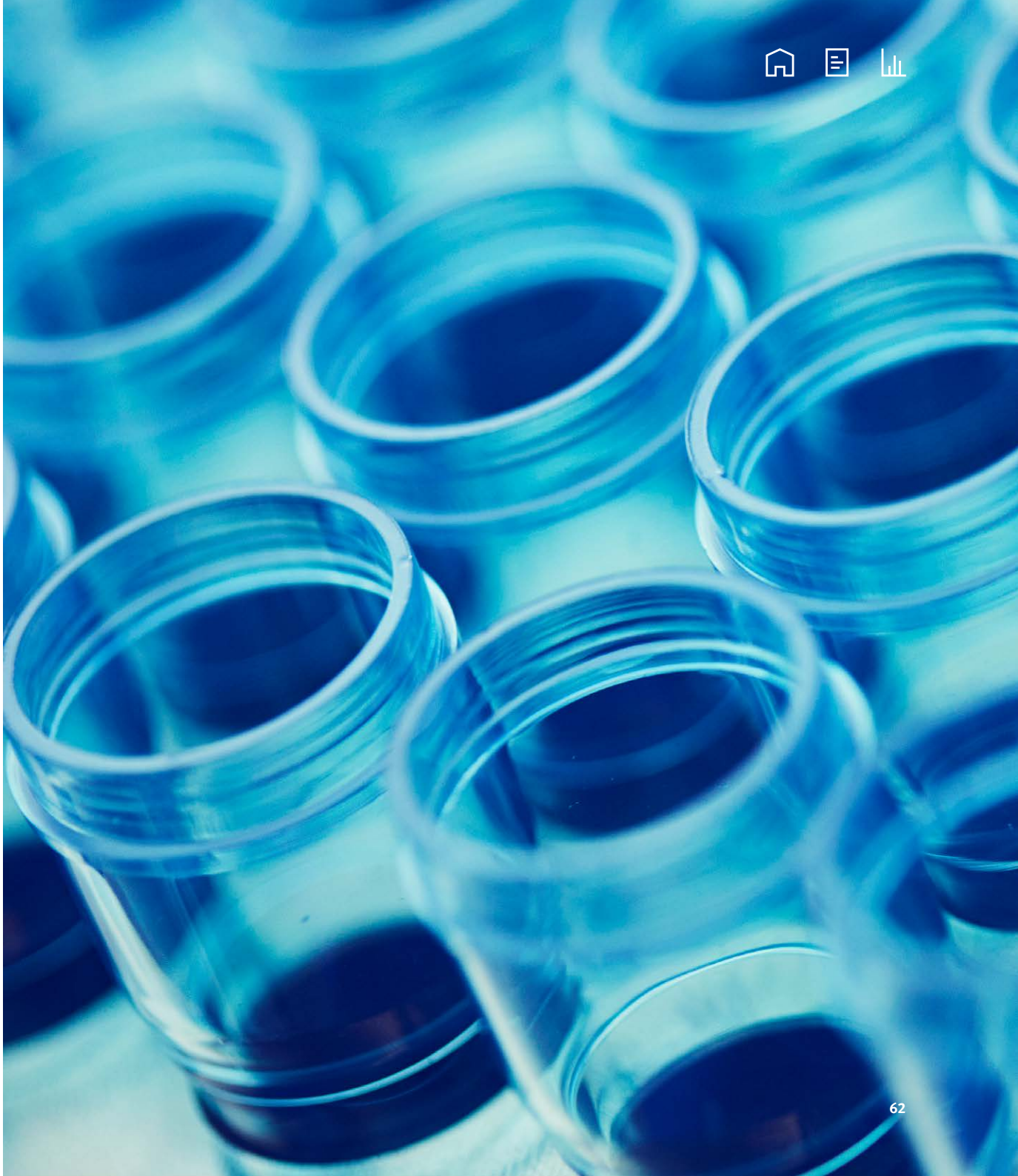
Genmab's Investor Relations and Communications department aims to ensure relevant, accurate and timely information is available to our investors and the financial community. We maintain an ongoing dialogue with sell-side equity analysts, as well as major institutional and retail shareholders. A list of the current analysts covering Genmab can be found at our website along with financial reports, company announcements, current presentations, fact sheets and other downloads, plus information for private and institutional shareholders.

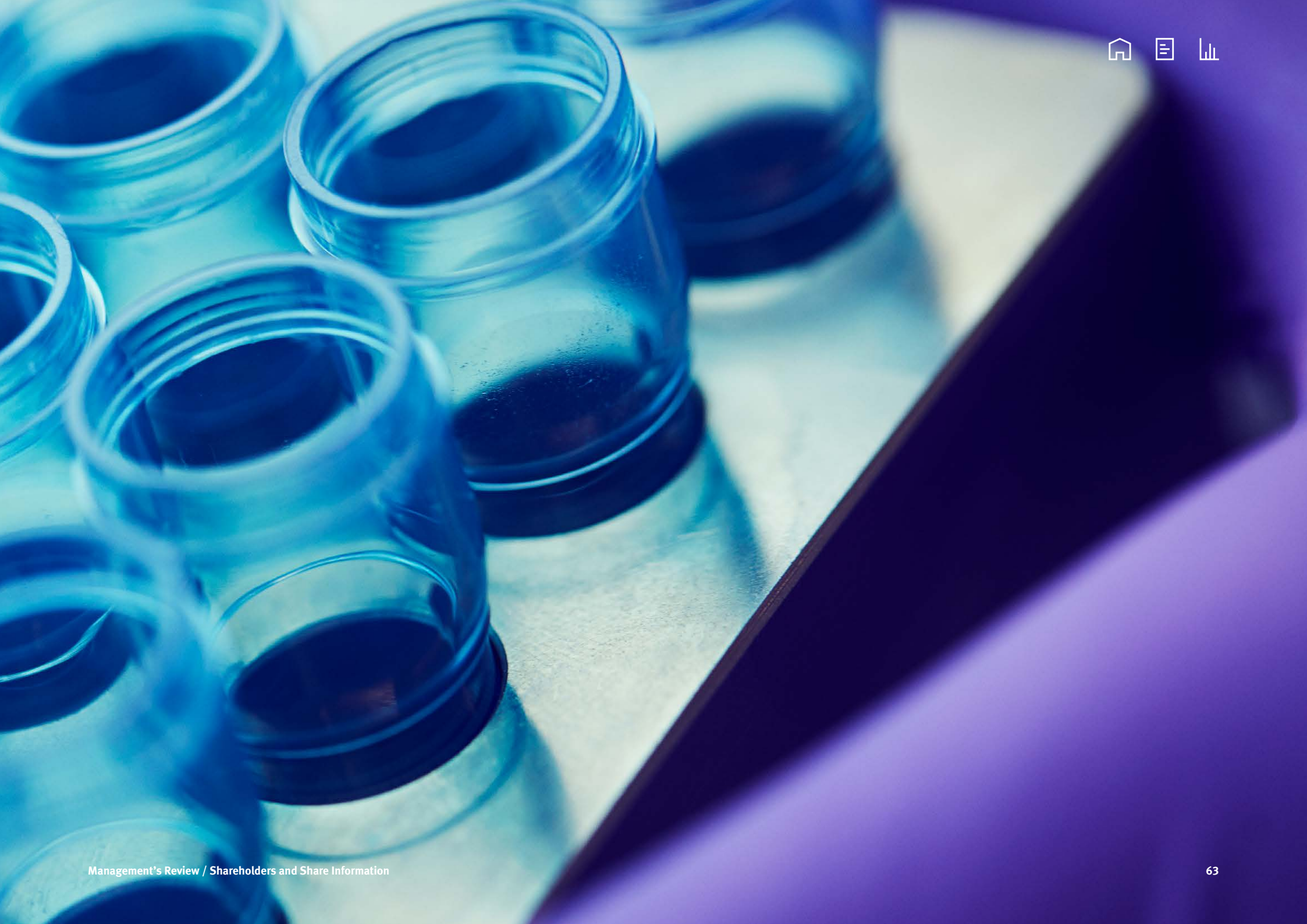
Annual General Meeting

The annual general meeting will be held on March 29, 2019 at 11:00 AM local time at:
Copenhagen Marriott Hotel
Kalvebod Brygge 5
DK-1560 Copenhagen V

Financial Calendar for 2019

Annual General Meeting 2019	Friday, March 29, 2019
Publication of the Interim Report for the first quarter 2019	Wednesday, May 8, 2019
Publication of the Interim Report for the first half 2019	Wednesday, August 14, 2019
Publication of the Interim Report for the first nine months 2019	Wednesday, November 6, 2019





Board of Directors

Mats Pettersson, B.Sc.

Swedish, 73, Male

Board Chairman; (Independent, elected by the General Meeting); Chairman of the Nominating & Corporate Governance Committee, Member of the Audit Committee
First elected 2013, current term expires 2019

Special Competences
Extensive experience from international research-based biotech and pharmaceutical companies. Founder and former CEO of SOBI AB. Responsible for several transforming Business Development deals and member of various Executive management committees at Pharmacia.

Current Board Positions
Member: Magle Chemoswed AB

Deirdre P. Connelly
American, 58, Female

Deputy Chairman (Independent, elected by the General Meeting); Member of the Audit Committee, the Nominating & Corporate Governance Committee and the Compensation Committee
First elected 2017, current term expires 2019

Special Competences
More than 30 years' experience as a corporate leader and extensive experience in corporate governance as a board member. Comprehensive experience with business turnaround, corporate culture transformation, product launch, and talent development. Successfully directed the launch of more than 20 new pharmaceutical drugs. Former President, North America Pharmaceuticals for GlaxoSmithKline.

Current Board Positions
Member: Macy's Inc. and Lincoln National Corporation

Anders Gersel Pedersen, M.D., Ph.D.
Danish, 67, Male

Board Member (Non-independent, elected by the General Meeting); Chairman of the Compensation Committee and Member of the Scientific Committee
First elected 2003, current term expires 2019

Special Competences
Business and management experience in the pharmaceutical industry, including expertise in clinical research, development, regulatory affairs and product life cycle management. Former Executive Vice President of Research & Development at H. Lundbeck A/S.

Current Board Positions
Deputy Chairman: Bavarian Nordic A/S
Member: Hansa Biopharma AB

Pernille Erenbjerg
Danish, 51, Female

Board Member (Independent, elected by the General Meeting); Chairman of the Audit Committee, Member of the Nominating & Corporate Governance Committee
First elected 2015, current term expires 2019

Special Competences
Senior executive management and broad business experience from the telecoms, media and tech industries. Extensive experience with transformation of large and complex companies, including digital transformations and digitally based innovation. Comprehensive all round background within finance including extensive exposure to stock markets, equity and debt investors. Certified Public Accountant background (no longer practicing). Responsible for major transformation processes in complex organizations including M&A. Former Group CEO and President of TDC A/S. Due to her experience and background within accounting, Pernille Erenbjerg qualifies as an audit committee financial expert.

Current Board Positions
Deputy Chair: Millicom
Member: Nordea AB
Audit Committee Member: Nordea AB

Paolo Paoletti, M.D.
Italian (U.S. Citizen), 68, Male

Board Member (Independent, elected by the General Meeting); Chairman of the Scientific Committee
First elected 2015, current term expires 2019

Special Competences
Extensive experience in research, development and commercialization in the pharmaceutical industry. Successfully conducted submissions and approvals of new cancer drugs and new indications in the USA and in Europe. Responsible for seven new medicines for cancer patients during his 10 years at GlaxoSmithKline and one new cancer medicine during his time at Eli Lilly.

Current Position, Including Managerial Positions
Acting CEO for GammaDelta Therapeutics Limited

Current Board Positions
Chairman: PsiOxus Therapeutics Limited
Member: FORMA Therapeutics

Rolf Hoffmann
German, 59, Male

Board Member (Independent, elected by the General Meeting); Member of the Compensation Committee and the Scientific Committee
First elected 2017, current term expires 2019

Special Competences
Extensive international management experience with expertise in creating and optimizing commercial opportunities in global markets. Additional expertise in P&L management, governance and Corporate Integrity Agreement Management, compliance and organizational efficiency. Over 20 years' experience in the international pharmaceutical and biotechnology industries at Eli Lilly and Amgen.

Current Position, Including Managerial Positions
Adjunct Professor Strategy and Entrepreneurship
University of North Carolina Business School

Current Board Positions
Chairman: Biotest AG
Member: Trigemina, Inc., EUSA Pharma, Inc.,
Paratek Pharmaceuticals, Inc. and Shield Therapeutics plc

Rick Hibbert, MBA, Ph.D.
British, 39, Male

Board Member (Non-independent,
elected by the employees)
First elected 2016, current term expires 2019

Special Competences
18 years' experience in the life-sciences sector, with expertise in CMC, biochemistry and structural biology.

Current Position, Including Managerial Positions
Associate Director, Protein Production and
Chemistry at Genmab

Peter Storm Kristensen
Danish, 44, Male

Board Member (Non-independent,
elected by the employees)
First elected 2016, current term expires 2019

Special Competences
Broad legal experience within the pharmaceutical industry with specialty in corporate law, securities law, human resources law as well as drafting and negotiating contracts in general.

Current Position, Including Managerial Positions
Associate Director, Legal at Genmab

Daniel J. Bruno
American, 39, Male

Board Member (Non-independent,
elected by the employees)
First elected 2016, current term expires 2019

Special Competences
Certified Public Accountant background with extensive knowledge and experience in finance, technical accounting, corporate tax, and financial reporting in the life sciences industry.

Current Position, Including Managerial Positions
Vice President, Corporate Controller at Genmab

Senior Leadership

Jan G. J. van de Winkel, Ph.D.
Dutch, 57, Male

President & Chief Executive Officer

Special Competences
Extensive antibody creation and development expertise, broad knowledge of the biotechnology industry and executive management skills.

Current Board Positions
Chairman: Hookipa Biotech
Member: Leo Pharma, Celdara Medical
Scientific Advisory Board: Thuja Capital Healthcare Fund
Advisory Board:
Capricorn Health-tech Fund

David A. Eatwell
British (U.S. Citizen), 58, Male

Executive Vice President & Chief Financial Officer

Special Competences
Broad international experience in finance, strategy and business management and in-depth knowledge of the pharmaceutical and biotechnology industries.

Judith Klimovsky, M.D.
Argentinian (U.S. Citizen), 62, Female

Executive Vice President & Chief Development Officer

Special Competences
Extensive expertise in oncology drug development from early clinical stages through to marketing approval, experience in clinical practice and leading large teams in pharmaceutical organizations.

Current Board Positions
Member: Bellicum Pharmaceuticals

Birgitte Stephensen
Danish, 58, Female

Senior Vice President, IPR & Legal

Special Competences
Intellectual property and legal expertise in the biotechnology field.

Michael K. Bauer, Ph.D.
German, 55, Male

Senior Vice President, Head of Operations R&D

Special Competences
Wide, international scientific and pharmaceutical industry background; significant experience in clinical drug development; cross-functional and cross-cultural strategic leadership.

Tahamtan Ahmadi, M.D., Ph.D.
Iranian-German (U.S. Citizen), 46, Male

Senior Vice President, Oncology and Translational Medicine

Special Competences
Significant expertise in global regulatory and clinical drug development across entire spectrum from pre-IND to life cycle management; drug discovery and translational research.

Rachel Curtis Gravesen
British, 50, Female

Senior Vice President, Investor Relations and Communications

Special Competences
Extensive experience in strategic communication, investor relations, corporate communication, healthcare communication, issues management, crisis communication, internal communication, employee engagement and change communication.

Anthony Pagano
American, 41, Male

Senior Vice President, Global Finance and Corpoate Development

Special Competences
Significant knowledge and experience in the life sciences industry particularly as relates to corporate finance, corporate development, strategic planning, general management, treasury, accounting and corporate governance.

Martine J. van Vugt, Ph.D.
Dutch, 48, Female

Chief of Staff

Special Competences
Extensive knowledge and experience in portfolio, project and alliance management, identifying and leading corporate strategic initiatives, and business development operations and strategy related to corporate transactions and licensing.

Financial Statements

Introduction

The financial statements in the 2018 annual report are grouped into six sections: Primary Statements; Basis of Presentation; Results for the Year; Operating Assets and Liabilities; Capital Structure, Financial Risk and Related Items; and Other Disclosures.

Each note to the financial statements includes information about the accounting policies applied and significant management judgments and estimates in addition to the financial numbers.

Finally, the symbols I/S and B/S in the notes to the financial statements show which amounts can be found in the income statement or balance sheet, respectively. The aim of this structure and symbols is to provide the reader with a clearer understanding of Genmab's financial statements.

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Financial Statements

Primary Statements

I/S

Statement of Comprehensive Income

Income Statement

	Note	2018	2017
		DKK'000	DKK'000
Revenue	2.1, 2.2	**3,025,137**	**2,365,436**
Research and development expenses	2.3, 3.1, 3.2	(1,431,159)	(874,278)
General and administrative expenses	2.3, 3.2	(213,695)	(146,987)
Operating expenses		**(1,644,854)**	**(1,021,265)**
Operating result		**1,380,283**	**1,344,171**
Financial income	4.5	242,975	71,699
Financial expenses	4.5	(11,287)	(352,150)
Net result before tax		**1,611,971**	**1,063,720**
Corporate tax	2.4	(139,830)	39,831
Net result		**1,472,141**	**1,103,551**
Basic net result per share	2.5	24.03	18.14
Diluted net result per share	2.5	23.73	17.77

Statement of Comprehensive Income		
Net result	**1,472,141**	**1,103,551**
Other comprehensive income:		
Amounts which will be re-classified to the income statement:		
Adjustment of foreign currency fluctuations on subsidiaries	9,627	(16,631)
Fair value adjustments of cash flow hedges:		
Fair value adjustments during the period	-	15,879
Fair value adjustments reclassified to the income statement to financial income	-	(20,051)
Total comprehensive income	**1,481,768**	**1,082,748**

Primary Statements

B/S

Balance Sheet

Assets

	Note	December 31, 2018	December 31, 2017
		DKK'000	DKK'000
Intangible assets	2.2, 3.1	470,359	124,395
Property, plant and equipment	2.2, 3.2	161,545	113,415
Receivables	3.3	9,621	8,756
Deferred tax assets	2.4	386,449	296,949
Total non-current assets		1,027,974	**543,515**
Receivables	3.3	1,326,931	579,002
Corporate tax receivable	2.4	–	57,688
Marketable securities	4.4	5,573,187	4,075,192
Cash and cash equivalents		532,907	1,347,545
Total current assets		7,433,025	**6,059,427**
Total assets		8,460,999	**6,602,942**

Shareholders' Equity and Liabilities

	Note	December 31, 2018	December 31, 2017
		DKK'000	DKK'000
Share capital	4.7	61,498	61,186
Share premium	4.7	8,058,614	7,983,652
Other reserves		91,707	82,080
Accumulated deficit		(197,459)	(1,854,726)
Total shareholders' equity		8,014,360	**6,272,192**
Provisions	3.4	1,430	1,200
Other payables	3.4	1,860	2,429
Total non-current liabilities		**3,290**	**3,629**
Deferred income	1.2	–	150,648
Corporate tax payable	2.4	126,964	–
Other payables	3.5	316,385	176,473
Total current liabilities		**443,349**	**327,121**
Total liabilities		**446,639**	**330,750**
Total shareholders' equity and liabilities		**8,460,999**	**6,602,942**

Primary Statements Statement of Cash Flows

Statement of Cash Flows

	Note	2018	2017
		DKK'000	DKK'000
Cash flows from operating activities:			
Net result before tax		**1,611,971**	**1,063,720**
Reversal of financial items, net	4.5	(231,688)	280,451
Adjustment for non-cash transactions	5.7	178,598	145,895
Change in working capital	5.7	(634,372)	239,646
Cash generated by operating activities before financial items		**924,509**	**1,729,712**
Financial interest received		44,333	42,943
Financial expenses paid		(417)	(2,802)
Corporate taxes received/(paid)		46,361	(180,881)
Net cash generated by operating activities		**1,014,786**	**1,588,972**
Cash flows from investing activities:			
Investment in intangible assets	3.1	(405,672)	–
Investment in tangible assets	3.2	(71,694)	(88,510)
Marketable securities bought	4.4	(3,521,212)	(3,425,025)
Marketable securities sold		2,221,025	2,845,961
Net cash used in investing activities		**(1,777,553)**	**(667,574)**
Cash flows from financing activities:			
Warrants exercised		74,962	214,075
Shares issued for cash		312	836
Purchase of treasury shares		(146,175)	–
Net cash from financing activities		**(70,901)**	**214,911**
Changes in cash and cash equivalents		**(833,668)**	**1,136,309**
Cash and cash equivalents at the beginning of the period		1,347,545	307,023
Exchange rate adjustments		19,030	(95,787)
Cash and cash equivalents at the end of the period		**532,907**	**1,347,545**
Cash and cash equivalents include:			
Bank deposits and petty cash		532,907	1,347,545
Cash and cash equivalents at the end of the period		**532,907**	**1,347,545**

Primary Statements Statement of Changes in Equity

	Number of Shares	Share Capital	Share Premium	Translation Reserves	Cash Flow Hedges	Accumulated Deficit	Shareholders' Equity
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Balance at December 31, 2016	**60,350,056**	**60,350**	**7,769,577**	**98,711**	**4,172**	**(3,106,114)**	**4,826,696**
Net result	–	–	–	**–**	**–**	1,103,551	1,103,551
Other comprehensive income	–	–	–	(16,631)	(4,172)	**–**	(20,803)
Total comprehensive income	–	–	–	(16,631)	(4,172)	1,103,551	1,082,748
Transactions with owners:							
Exercise of warrants	835,618	836	214,075	–	–	–	214,911
Share-based compensation expenses	–	–	–	–	–	75,985	75,985
Tax on items recognized directly in equity	–	–	–	–	–	71,852	71,852
B/S **Balance at December 31, 2017**	**61,185,674**	**61,186**	**7,983,652**	**82,080**	–	**(1,854,726)**	**6,272,192**
Change in accounting policy:							
Adoption of IFRS 15	–	–	–	–	–	150,648	150,648
Adjusted total equity at January 1, 2018	61,185,674	61,186	7,983,652	82,080	–	(1,704,078)	6,422,840
Net result	–	–	–	–	–	1,472,141	1,472,141
Other comprehensive income	–	–	–	9,627	–	–	9,627
Total comprehensive income	–	–	–	9,627	–	1,472,141	1,481,768
Transactions with owners:							
Exercise of warrants	311,897	312	74,962	–	–	–	75,274
Purchase of treasury shares	–	–	–	–	–	(146,175)	(146,175)
Share-based compensation expenses	–	–	–	–	–	90,759	90,759
Tax on items recognized directly in equity	–	–	–	–	–	89,894	89,894
B/S **Balance at December 31, 2018**	**61,497,571**	**61,498**	**8,058,614**	**91,707**	–	**(197,459)**	**8,014,360**

Section 1
Basis of Presentation

This section describes Genmab's financial accounting policies including management's judgments and estimates under International Financial Reporting Standards (IFRS). New or revised EU endorsed accounting standards and interpretations are described, in addition to how these changes are expected to impact the financial performance and reporting of the Genmab group.

Genmab describes the accounting policies in conjunction with each note with the aim to provide a more understandable description of each accounting area. The description of the accounting policies in the notes is part of the complete description of Genmab's accounting policies.

1.1
Accounting Policies

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB), and with the IFRS as endorsed by the EU and additional Danish disclosure requirements for annual reports of listed companies. Except as outlined in note 1.2, the financial statements have been prepared using the same accounting policies as 2017.

Please refer to the overview below to see in which note/section the detailed accounting policy is included.

§ Accounting Policies

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2.1 Revenue

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Section 5 – Other Disclosures

5.3 Subsidiaries

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5.5 Contingent Assets, Contingent Liabilities and Subsequent Events

Materiality

The group's annual report is based on the concept of materiality and the group focuses on information that is considered material and relevant to the users of the consolidated financial statements. The consolidated financial statements consist of a large number of transactions. These transactions are aggregated into classes according to their nature or function and presented in classes of similar items in the consolidated financial statements as required by IFRS and Danish disclosure requirements for listed companies. If items are individually immaterial, they are aggregated with other items of similar nature in the financial statements or in the notes.

The disclosure requirements are substantial in IFRS and for Danish listed companies and the group provides these specific required disclosures unless the information is considered immaterial to the economic decision-making of the readers of the financial statements or not applicable.

Consolidated Financial Statements

The consolidated financial statements include Genmab A/S (the parent company) and subsidiaries over which the parent company has control. The parent controls a subsidiary when the parent is exposed to, or has rights to, variable returns

from its involvement with the subsidiary and has the ability to affect those returns through its power to direct the activities of the subsidiary. A group overview is included in note 5.3.

The group's consolidated financial statements have been prepared on the basis of the financial statements of the parent company and subsidiaries – prepared under the group's accounting policies – by combining similar accounting items on a line-by-line basis. On consolidation, intercompany income and expenses, intercompany receivables and payables, and unrealized gains and losses on transactions between the consolidated companies are eliminated.

There was no change in the scope of consolidation during 2018 and 2017.

The recorded value of the equity interests in the consolidated subsidiaries is eliminated with the proportionate share of the subsidiaries' equity. Subsidiaries are consolidated from the date when control is transferred to the group.

The income statements for subsidiaries with a different functional currency than the group presentation currency are translated into the group's presentation currency at the year's weighted average exchange rate, and the balance sheets are translated at the exchange rate in effect at the balance sheet date. Exchange rate differences arising from the translation of foreign subsidiaries shareholders' equity at the beginning of the year and exchange rate differences arising as a result of foreign subsidiaries' income statements being translated at average exchange rates are recorded in translation reserves in shareholders' equity. Translation reserves cannot be used for distribution.

Functional and Presentation Currency

The financial statements have been prepared in Danish Kroner (DKK), which is the functional and presentation currency of the parent company. The financial statements have been rounded to the nearest thousand.

Foreign Currency

Transactions in foreign currencies are translated at the exchange rates in effect at the date of the transaction.

Exchange rate gains and losses arising between the transaction date and the settlement date are recognized in the income statement as financial items.

Unsettled monetary assets and liabilities in foreign currencies are translated at the exchange rates in effect at the balance sheet date. Exchange rate gains and losses arising between the transaction date and the balance sheet date are recognized in the income statement as financial items.

Classification of Operating Expenses in the Income Statement

Research and Development Expense

Research and development expenses primarily include salaries, benefits and other employee related costs of our research and development staff, license costs, manufacturing costs, pre-clinical costs, clinical trials, contractors and outside service fees, amortization of licenses and rights, and depreciation and impairment of intangible assets and property, plant and equipment, to the extent that such costs are related to the group's research and development activities. Research and development activities are expensed as incurred. Please see note 3.1 for a more detailed description.

General and Administrative Expense

General and administrative expenses relate to the management and administration of the group. This includes salaries, benefits and other headcount costs related to management and support functions including human resources, information technology and the finance departments. In addition, depreciation and impairment of intangible assets and property, plant and equipment, to the extent such expenses are related to administrative functions are also included. General and administrative expenses are recognized in the income statement in the period to which they relate.

Statement of Cash Flow

The cash flow statement is presented using the indirect method with basis in the net result before tax.

Cash flow from operating activities is stated as the net result adjusted for net financial items, non-cash operating items such as depreciation, amortization, impairment losses, share-based compensation expenses, provisions, and for changes in working capital, interest paid and received, and corporate taxes paid. Working capital mainly comprises changes in receivables, provisions paid and other payables excluding the items included in cash and cash equivalents. Changes in non-current assets and liabilities are included in working capital, if related to the main revenue-producing activities of Genmab.

Cash flow from investing activities is comprised of cash flow from the purchase and sale of intangible assets and property, plant and equipment and financial assets as well as purchase and sale of marketable securities.

Cash flow from financing activities is comprised of cash flow from the issuance of shares, if any, and payment of long-term loans including installments on lease liabilities.

Finance lease transactions are considered non-cash transactions.

Cash and cash equivalents comprise cash, bank deposits, and marketable securities with a maturity of three months or less on the date of acquisition.

The cash flow statement cannot be derived solely from the financial statements.

Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Genmab designates certain derivatives as either:

- Fair value hedge (hedges of the fair value of recognized assets or liabilities or a firm commitment); or
- Cash flow hedge (hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction).

At the inception of a transaction, Genmab documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. Genmab also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve in other comprehensive income are shown as part of the statement of shareholders' equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion and changes in time value of the derivative instrument is recognized immediately in the income statement within financial income or expenses.

When forward contracts are used to hedge forecast transactions, Genmab generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Treasury Shares

The total amount paid to acquire treasury shares including directly attributable costs and the proceeds from the sale of treasury shares are recognized in accumulated deficit.

Collaboration Agreements

The group has entered into various collaboration agreements, primarily in connection with the group's research and development projects and the clinical testing of product candidates. The collaboration agreements are structured such that each party contributes its respective skills in the various phases of the development project and contain contractual terms regarding sharing of control over the relevant activities under the agreement. No joint control exists for the group's collaborations with Janssen and Novartis as they retain final decision making authority over the relevant activities.

The group's collaboration agreements with BioNTech may become subject to joint control if product candidates under the agreements are selected for joint clinical development as this would require unanimous consent of both parties on decisions related to the relevant activities. Under these agreements, joint clinical development may be selected on a product by product basis and would result in development cost and product ownership being shared equally going forward. These agreements also include provisions which will allow the parties to opt out of joint development at key points along the development timeline. An opt out by one of the parties would result in loss of joint control by the opt out party and the other party is entitled to continue developing the product on predetermined licensing terms.

During 2017 Seattle Genetics exercised its option to co-develop and co-commercialize tisotumab vedotin. All costs and profits for tisotumab vedotin will be shared on a 50:50 basis and joint control exists over the relevant activities. Accordingly, only the tisotumab vedotin collaboration with Seattle Genetics is considered a joint operation under IFRS 11, "*Joint Arrangements*." Revenues, expenses, receivables, and payables in connection with our collaboration agreements are included in the related financial statement lines and footnotes.

1.2 New Accounting Policies and Disclosures

New Accounting Policies and Disclosures for 2018

Genmab has, with effect from January 1, 2018, implemented IFRIC 22, amendments to IAS 40, IFRS 2, IFRS 4 and annual improvements to IFRSs 2014-2016. The implementation has not impacted the recognition and measurement of Genmab assets and liabilities.

Genmab has, with effect from January 1, 2018, implemented IFRS 15 and IFRS 9. The impact of the adoption of the standards is described below.

IFRS 15 Revenue from Contracts with Customers

Effective January 1, 2018, we adopted IFRS 15 using the modified retrospective transition method. Under this method, the cumulative effect of initially applying the new revenue standard was recognized as an adjustment to the opening balance of accumulated deficit. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. IFRS 15 applies to all contracts with customers, except for contracts that are within the scope of other standards, such as leases, insurance, and financial instruments.

Under IFRS 15, Genmab recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that Genmab determines are within the scope of IFRS 15, Genmab performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. We only apply the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of IFRS 15, we assess the goods or services promised within each contract and identify, as a performance obligation, and assess whether each promised good or service is distinct. We then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Evaluating the criteria for revenue recognition under license and collaboration agreements requires management's judgement to assess and determine the following:

- The nature of performance obligations and whether they are distinct or should be combined with other performance obligations to determine whether the performance obligations are satisfied over time or at a point in time.
- An assessment of whether the achievement of milestone payments is highly probable.
- The stand-alone selling price of each performance obligation identified in the contract using key assumptions which may include forecasted revenues, development timelines, reimbursement rates for personnel costs, discount rates and probabilities of technical and regulatory success.

In accordance with the requirements of IFRS 15, the disclosure of the impact of adoption on our consolidated financial statements was as follows:

4th Quarter of 2018

	As Reported	Balances Without Adoption of IFRS 15	Effect of Change Higher/(Lower)
	DKK'000	DKK'000	DKK'000
Income Statement:			
Revenue	1,235,853	1,257,132	(21,279)
Net result before tax	790,493	811,772	(21,279)
Corporate tax	43,372	38,627	4,745
Net result	833,865	850,399	(16,534)
Basic net result per share	13.60	13.87	(0.27)
Diluted net result per share	13.44	13.70	(0.26)

12 Months Ended December 31, 2018

	As Reported	Balances Without Adoption of IFRS 15	Effect of Change Higher/(Lower)
	DKK'000	DKK'000	DKK'000
Income Statement:			
Revenue	3,025,137	3,112,001	(86,864)
Net result before tax	1,611,971	1,698,835	(86,864)
Corporate tax	(139,830)	(159,201)	19,371
Net result	1,472,141	1,539,634	(67,493)
Basic net result per share	24.03	25.13	(1.10)
Diluted net result per share	23.73	24.81	(1.08)

December 31, 2018	As Reported	Balances Without Adoption of IFRS 15	Effect of Change Higher/(Lower)
	DKK'000	DKK'000	DKK'000
Balance Sheet:			
Deferred income	–	63,784	(63,784)
Accumulated deficit	(197,459)	(261,243)	63,784

The impact of the adoption of IFRS 15 on the consolidated financial statements is detailed in the tables above and is due to changes in the accounting policy for revenue recognition compared to prior accounting standards, which is described below:

- Changes in revenue recognition for licenses of functional intellectual property resulted in a timing difference of revenue recognition between prior accounting standards and IFRS 15. For certain of our agreements, the value associated with the licenses and certain other deliverables had been assessed as one unit of accounting and recognized over a period of time pursuant to revenue recognition guidance in effect at the time of such agreements. Under IFRS 15, the licenses of functional intellectual property were determined to be distinct from other deliverables and the customers obtained the right to use the functional intellectual property on the effective date of the agreements when control transferred. This timing difference of revenue recognition resulted in the full deferred revenue balance of DKK 151 million as of December 31, 2017 being reclassified to accumulated deficit in the first quarter of 2018.

IFRS 15 may have an impact on the timing of recognition of milestone payments. Under prior accounting standards, we recognized such payments as revenue in the period that the payment-triggering event occurred or was achieved. IFRS 15 requires Genmab to recognize such payments as revenue before the payment-triggering event is completely achieved, subject to management's assessment of whether it is highly probable that the triggering event will be achieved and that a significant reversal in the amount of cumulative revenue recognized will not occur.

IFRS 15 will not have an impact on revenue recognition for sales-based royalties and commercial sales-based milestone payments and they will continue to be recognized in the period to which the sales relate based on estimates provided by collaboration partners.

Please refer to note 2.1 for additional information regarding revenue.

IFRS 9 Financial Instruments

Effective January 1, 2018 we adopted IFRS 9 which replaces the provisions of IAS 39 that relate to the classification, measurement and derecognition of financial assets and financial liabilities, hedge accounting, and impairment of financial assets. The adoption of IFRS 9 resulted in changes in accounting policies (included below) but did not result in material adjustments to amounts recognized in the consolidated financial statements. In accordance with the transitional provisions of IFRS 9, comparative figures have not been restated.

On January 1, 2018 Genmab classifies its financial assets held into the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Genmab reclassifies debt investments when and only when its business model for managing those assets changes.

Marketable Securities
Marketable securities consist of investments in securities with a maturity greater than three months at the time of acquisition. Measurement of marketable securities depends on the business model for managing the asset and the cash flow characteristics of the asset. Under IFRS 9, there are two measurement categories into which the group classifies its debt instruments:

- Amortized cost:
  Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in financial income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

- Fair value through profit and loss (FVPL):
  Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income (FVOCI) are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Genmab's portfolio is managed and evaluated on a fair value basis in accordance with its investment guidelines and the information provided internally to management. This business model does not meet the criteria for amortized cost or FVOCI and as a result marketable securities are measured at fair value through profit and loss. This classification is consistent with the prior year's classification.

Derivatives and Hedging Activities
The one foreign currency forward in place as of December 31, 2017 qualified as a cash flow hedge under IFRS 9. The group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and this relationship is therefore treated as a continuing hedge.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Genmab designates certain derivatives as either:

- Fair value hedge (hedges of the fair value of recognized assets or liabilities or a firm commitment); or

- Cash flow hedge (hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction).

At the inception of a transaction, Genmab documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. Genmab also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve in other comprehensive income are shown as part of the statement of shareholders' equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion and changes in time value of the derivative instrument is recognized immediately in the income statement within financial income or expenses.

When forward contracts are used to hedge forecast transactions, Genmab generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Receivables
Receivables are designated as financial assets measured at amortized cost and are initially measured at fair value or transaction price and subsequently measured in the balance sheet at amortized cost, which generally corresponds to nominal value less expected credit loss provision.

Genmab applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. To measure the expected credit losses, receivables have been grouped based on credit risk characteristics and the days past due. The provision for expected credit losses was not significant given that there have

been no credit losses over the last three years and the high quality nature (top tier life science companies) of Genmab's customers.

Please refer to note 4.3 for additional information regarding financial assets and liabilities.

New Accounting Policies and Disclosures Effective in 2019 or Later

The IASB has issued, and the EU has endorsed, a number of new standards and updated some existing standards, the majority of which are effective for accounting periods beginning on January 1, 2019 or later. Therefore, they are not incorporated in the consolidated financial statements. Only standards and interpretations of relevance for the Genmab group, and in general are expected to change current accounting regulation most significantly are described below.

The IASB has issued IFRS 16 "*Leasing*", with an effective date of January 1, 2019. It was endorsed by the EU in the fourth quarter of 2017. The standard requires that all leases be recognized in the balance sheet as an asset with a corresponding lease liability, except for short term assets in which the lease term is 12 months or less, or low value assets. In the income statement, the lease costs are replaced by depreciation recognized over the lease term in operating expenses, and interest expenses are classified in financial items. The standard will primarily affect the accounting for the group's operating leases related to its premises.

Genmab expects to recognize right-of-use assets in property, plant and equipment in the balance sheet of approximately DKK 202 million after adjustments for prepayments and accrued lease payments recognized as of December 31, 2018, and lease liabilities of DKK 205 million. Genmab expects that net result after tax will not change significantly in 2019 as a result of adopting IFRS 16. Operating cash flows are expected to increase and financing cash flows will decrease by approximately DKK 33 million as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities. Furthermore, the implementation of IFRS 16 will require additional disclosures.

The group will apply the standard from its mandatory adoption date of January 1, 2019. The group intends to apply the modified retrospective transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.3 Management's Judgments and Estimates under IFRS

In preparing financial statements under IFRS, certain provisions in the standards require management's judgments, including various accounting estimates and assumptions. Such judgments are considered important to understand the accounting policies and Genmab's compliance with the standards.

Determining the carrying amount of some assets and liabilities requires judgments, estimates and assumptions concerning future events that are based on historical experience and other factors, which by their very nature are associated with uncertainty and unpredictability.

These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The Genmab group is also subject to risks and uncertainties which may lead actual results to differ from these estimates, both positively and negatively. Specific risks for the Genmab group are discussed in the relevant section of the management's review and in the notes to the financial statements.

The areas involving a high degree of judgment and estimation that are significant to the financial statements are described in more detail in the related sections/notes.

2.1 Revenue Recognition	2.4 Deferred Tax Assets
2.3 Share-based Compensation	3.1 Research and Development Costs

Section 2
Results for the Year

This section includes disclosures related to revenue, information about geographical areas, staff costs, taxation and result per share. A detailed description of the results for the year is provided in the Financial Review section in the Management's Review.

Research and development costs are described in note 3.1.

2.1 Revenue

	2018	2017
	DKK'000	DKK'000
Revenue:		
Royalties	1,741,458	1,060,700
Milestone payments	687,353	1,133,316
License fees	347,747	90,065
Reimbursement income	248,579	81,355
I/S **Total**	**3,025,137**	**2,365,436**
Revenue split by collaboration partner:		
Janssen (DARZALEX/daratumumab & DuoBody)	2,390,440	2,214,040
Novartis (Arzerra/ofatumumab)	337,709	48,061
Other collaboration partners	296,988	103,335
I/S **Total**	**3,025,137**	**2,365,436**

Revenue may vary from period to period as revenue comprises royalties, milestone payments, license fees and reimbursement of certain research and development costs under Genmab's collaboration agreements.

§ Accounting Policies

Genmab recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that Genmab determines are within the scope of IFRS 15, Genmab performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. We only apply the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of IFRS 15, we assess the goods or services promised within each contract and identify, as a performance obligation, and assess whether each promised good or service is distinct. We then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Royalties: License and collaboration agreements include sales-based royalties, including commercial milestone payments based on the level of sales, and the license has been deemed to be the predominant item to which the royalties relate. As a result, Genmab recognizes revenue when the related sales occur.

Milestone Payments: At the inception of each arrangement that includes milestone payments, Genmab evaluates whether the achievement of milestones are considered highly probable and estimates the amount to be included in the transaction price using the most likely amount method. If it is highly probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of Genmab or the license and collaboration partner, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which Genmab recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, Genmab re-evaluates the probability of achievement of such development milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenue and earnings in the period of adjustment. Under all of Genmab's existing license and collaboration agreements, milestone payments have been allocated to the license transfer performance obligation.

License Fees for Intellectual Property: If the license to Genmab's functional intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, Genmab recognizes revenues from non-refundable upfront fees allocated to the license at the point in time the license is transferred to the licensee and the licensee is able to use and benefit from the license. For licenses that are bundled with other promises, Genmab utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, upfront fees. Under all of Genmab's existing license and collaboration agreements the license to functional intellectual property has been determined to be distinct from other performance obligations identified in the agreement.

Reimbursement Income for R&D Services: License and collaboration agreements include the reimbursement or cost sharing for research and development services and payment for FTEs at contractual rates. R&D services are performed and satisfied over time given that the customer simultaneously receives and consumes the benefits provided by Genmab and revenue for R&D services is recognized over time rather than a point in time.

Management's Judgments and Estimates

Evaluating the criteria for revenue recognition under license and collaboration agreements requires management's judgement to assess and determine the following:

- The nature of performance obligations and whether they are distinct or should be combined with other performance obligations to determine whether the performance obligations are satisfied over time or at a point in time.
- An assessment of whether the achievement of milestone payments is highly probable.
- The stand-alone selling price of each performance obligation identified in the contract using key assumptions which may include forecasted revenues, development timelines, reimbursement rates for personnel costs, discount rates and probabilities of technical and regulatory success.

2.2
Information about Geographical Areas

The Genmab group is managed and operated as one business unit, which is reflected in the organizational structure and internal reporting. No separate lines of business or separate business entities have been identified with respect to any of the product candidates or geographical markets and no segment information is currently disclosed in the internal reporting.

Accordingly, it has been concluded that it is not relevant to include segment disclosures in the financial statements as the group's business activities are not organized on the basis of differences in related product and geographical areas.

	2018		2017	
	DKK'000	DKK'000	DKK'000	DKK'000
	Revenue	**Non-current Assets**	**Revenue**	**Non-current Assets**
Denmark	3,025,137	454,165	2,365,436	105,235
Netherlands	–	167,020	–	126,886
USA	–	10,719	–	5,688
I/S B/S **Total**	**3,025,137**	**631,904**	**2,365,436**	**237,809**

§ Accounting Policies

Geographical information is presented for the Genmab group's revenue and non-current assets. Revenue is attributed to countries on the basis of the location of the legal entity holding the contract with the counterparty and operations. Non-current assets comprise intangible assets and property, plant and equipment.

2.3
Staff Costs

	2018	2017
	DKK'000	DKK'000
Wages and salaries	307,670	230,720
Share-based compensation	90,759	75,985
Defined contribution plans	24,498	18,763
Other social security costs	22,923	17,723
Government grants	(85,684)	(64,007)
Total	**360,166**	**279,184**
Staff costs are included in the income statement as follows:		
Research and development expenses	323,944	248,970
General and administrative expenses	121,906	94,221
Government grants related to research and development expenses	(85,684)	(64,007)
Total	**360,166**	**279,184**
Average number of FTE	**313**	**235**
Number of FTE at year end:	**377**	**257**

Please refer to note 5.1 for additional information regarding the remuneration of the Board of Directors and Executive Management.

Government grants, which are a reduction of payroll taxes in the Netherlands, amounted to DKK 86 million in 2018 and DKK 64 million in 2017. These amounts are an offset to wages and salaries and research and development costs in the table above. The increase in 2018 was primarily due to increased research activities in the Netherlands combined with a higher level of grants provided by the Dutch government.

§ Accounting Policies

Share-based Compensation Expenses

Genmab has granted restricted stock units (RSUs) and warrants to the Board of Directors, Executive Management and employees under various share-based compensation programs. The group applies IFRS 2, according to which the fair value of the warrants and RSUs at grant date is recognized as an expense in the income statement over the vesting period. Such compensation expenses represent calculated values of warrants and RSUs granted and do not represent actual cash expenditures. A corresponding amount is recognized in shareholders' equity as both the warrant and RSU programs are designated as equity-settled share-based payment transactions.

Government Grants
The Dutch Research and Development Act "WBSO" provides compensation for a part of research and development wages and other costs through a reduction in payroll taxes. WBSO grant amounts are offset against wages and salaries and research and development costs.

Management's Judgments and Estimates

Share-based Compensation Expenses
In accordance with IFRS 2 "*Share-based Payment*," the fair value of the warrants and RSUs at grant date is recognized as an expense in the income statement over the vesting period, the period of delivery of work. Subsequently, the fair value is not remeasured.

The fair value of each warrant granted during the year is calculated using the Black-Scholes pricing model. This pricing model requires the input of subjective assumptions such as:

- The **expected stock price volatility**, which is based upon the historical volatility of Genmab's stock price;
- The **risk-free interest rate**, which is determined as the interest rate on Danish government bonds (bullet issues) with a maturity of five years;
- The **expected life of warrants**, which is based on vesting terms, expected rate of exercise and life terms in the current warrant program.

These assumptions can vary over time and can change the fair value of future warrants granted.

Valuation Assumptions for Warrants Granted in 2018 and 2017

The fair value of each warrant granted during the year is calculated using the Black-Scholes pricing model with the following assumptions:

Weighted Average	2018	2017
Fair value per warrant on grant date	386.61	366.78
Share price	1,034.66	1,123.91
Exercise price	1,034.66	1,123.91
Expected dividend yield	0%	0%
Expected stock price volatility	41.7%	38.5%
Risk-free interest rate	(0.01%)	(0.38%)
Expected life of warrants	5 years	5 years

Based on a weighted average fair value per warrant of DKK 386.61 (2017: DKK 366.78) the total fair value of warrants granted amounted to DKK 102 million (2017: DKK 67 million) on the grant date.

The fair value of each RSU granted during the year is equal to the closing market price on the date of grant of one Genmab A/S share. Based on a weighted average fair value per RSU of DKK 1,033.95 (2017: DKK 1,128.30) the total fair value of RSUs granted amounted to DKK 106 million (2017: DKK 74 million) on the grant date.

2.4
Corporate and Deferred Tax

Taxation — Income Statement & Shareholders' Equity

	2018	2017
	DKK'000	DKK'000
Current tax on result	161,370	132,881
Adjustment to prior years	-	(798)
Adjustment to deferred tax	457,730	625,895
Adjustment to valuation allowance	(479,270)	(797,809)
I/S **Total tax for the period in the income statement**	**139,830**	**(39,831)**

A reconciliation of Genmab's effective tax rate relative to the Danish statutory tax rate is as follows:

	2018	2017
	DKK'000	DKK'000
Net result before tax	1,611,971	1,063,720
Computed 22% (2017: 22%)	**354,634**	**234,018**
Tax effect of:		
Recognition of previously unrecognized tax losses and deductible temporary differences	(267,656)	(285,697)
Non-deductible expenses/non-taxable income and other permanent differences, net	53,442	14,049
All other	(590)	(2,201)
Total tax effect	**(214,804)**	**(273,849)**
I/S **Total tax for the period in the income statement**	**139,830**	**(39,831)**
Total tax for the period in shareholders' equity	**(89,894)**	**(71,852)**

Corporate tax consists of current tax and the adjustment of deferred taxes during the year. The corporate tax expense for 2018 was DKK 140 million compared to an income of DKK 40 million in 2017. The corporate tax expense in 2018 was due to current and deferred tax expense of DKK 407 million partially offset by the reversal of valuation allowances on deferred tax assets related to future taxable income, resulting in a discrete tax benefit of DKK 268 million. The corporate tax income in 2017 was due to the partial reversal of valuation allowances on deferred tax assets related to future taxable income, resulting in a discrete tax benefit of DKK 286 million, which more than offset current and deferred tax expense of DKK 246 million. In 2018, a current tax benefit of DKK 24 million and a deferred tax benefit of DKK 66 million (2017: DKK 72 million current tax benefit) was recorded directly in shareholders' equity which was related to share-based instruments.

Taxation – Balance Sheet

Significant components of the deferred tax asset are as follows:

	2018	2017
	DKK'000	DKK'000
Tax deductible losses	652,820	1,049,118
Share-based instruments	118,812	144,476
Deferred income	–	27,443
Capitalized R&D costs	4,160	11,091
Other temporary differences	8,345	9,740
	784,137	**1,241,868**
Valuation allowance	(397,688)	(944,919)
B/S **Total deferred tax assets**	**386,449**	**296,949**

Genmab records a valuation allowance to reduce deferred tax assets to reflect the net amount that is more likely than not to be realized. Realization of our deferred tax assets is dependent upon the generation of future taxable income, the amount and timing of which are uncertain. The valuation allowance requires an assessment of both positive and negative evidence when determining whether it is more likely than not that deferred tax assets are recoverable; such assessment is required on a jurisdiction by jurisdiction basis. Based upon the weight of available evidence at December 31, 2018, Genmab determined that it was more likely than not that a portion of our deferred tax assets would be realizable and consequently released a portion of the valuation allowance against net deferred tax assets and during the fourth quarter of 2018 recorded a discrete tax benefit of DKK 268 million (Q4 2017: DKK 286 million). The decision to reverse a portion of the valuation allowance was made after management considered all available evidence, both positive and negative, including but not limited to our historical operating results, income or loss in recent periods, cumulative income in recent years, forecasted earnings, future taxable income, and significant risk and uncertainty related to forecasts. The release of the valuation allowance resulted in the recognition of certain deferred tax assets and a decrease to corporate tax expense.

As of December 31, 2018, the group had gross tax loss carry-forwards of DKK 2.6 billion (2017: DKK 4.4 billion) for income tax purposes, of which DKK 1.2 billion (2017: DKK 3.3 billion) can be carried forward without limitation and the remaining amount can be carried forward through various periods up through 2028. In 2018, DKK 1.0 billion, related to Genmab's U.S. subsidiary expired as this amount related to the capital loss on sale of Genmab's former manufacturing facility in 2013 which was limited to a 5 year carryforward period and could only be utilized to offset specific types of capital income.

§ Accounting Policies

Corporate Tax

Corporate tax, which consists of current tax and the adjustment of deferred taxes for the year, is recognized in the income statement, except to the extent that the tax is attributable to items which directly relate to shareholders' equity or other comprehensive income.

Current tax assets and liabilities for current and prior periods are measured at the amounts expected to be recovered from or paid to the tax authorities.

Deferred Tax

Deferred tax is accounted for under the liability method which requires recognition of deferred tax on all temporary differences between the carrying amount of assets and liabilities and the tax base of such assets and liabilities. This includes the tax value of tax losses carried forward.

Deferred tax is calculated in accordance with the tax regulations in the individual countries and the tax rates expected to be in force at the time the deferred tax is utilized. Changes in deferred tax as a result of changes in tax rates are recognized in the income statement.

Deferred tax assets resulting from temporary differences, including the tax value of losses to be carried forward, are recognized only to the extent that it is probable that future taxable profit will be available against which the differences can be utilized.

Management's Judgments and Estimates

Deferred Tax

Genmab recognizes deferred tax assets, including the tax base of tax loss carry-forwards, if management assesses that these tax assets can be offset against positive taxable income within a foreseeable future. This judgment is made on an ongoing basis and is based on actual results, budgets, and business plans for the coming years.

Realization of deferred tax assets is dependent upon a number of factors, including future taxable earnings, the timing and amount of which is highly uncertain. At December 31, 2018, Genmab has recognized deferred tax assets for probable future taxable income and fully released the remaining valuation allowance on deferred tax assets for Genmab A/S. Genmab intends to continue maintaining a valuation allowance against a significant portion of its deferred tax assets related to its subsidiaries until there is sufficient evidence to support the reversal of all or some additional portion of these allowances. The Company may release an additional part of its valuation allowance against its deferred tax assets related to its subsidiaries. This release would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period such release is recorded.

2.5 Result Per Share

	2018	2017
	DKK'000	DKK'000
I/S **Net result**	**1,472,141**	**1,103,551**

	2018	2017
	Shares'000	Shares'000
Average number of shares outstanding	61,384	60,934
Average number of treasury shares	(116)	(100)
Average number of shares excl. treasury shares	**61,268**	**60,834**
Average number of share-based instruments, dilution	777	1,260
Average number of shares, fully diluted	**62,045**	**62,094**
Basic net result per share	24.03	18.14
Diluted net result per share	23.73	17.77

In the calculation of the diluted net result per share for 2018, 177,369 warrants (of which 64,703 were vested) have been excluded as these share-based instruments are out of the money, compared to 43,019 warrants (of which none were vested) for 2017.

§ Accounting Policies

Basic Net Result per Share

Basic net result per share is calculated as the net result for the year divided by the weighted average number of outstanding ordinary shares, excluding treasury shares.

Diluted Net Result per Share

Diluted net result per share is calculated as the net result for the year divided by the weighted average number of outstanding ordinary shares, excluding treasury shares adjusted for the dilutive effect of share equivalents.

Section 3
Operating Assets and Liabilities

This section covers the operating assets and related liabilities that form the basis for the Genmab group's activities. Deferred tax assets and liabilities are included in note 2.4. Assets related to the group's financing activities are shown in section 4.

3.1 Intangible Assets

	Licenses, Rights, and Patents	Total Intangible Assets
2018	DKK'000	DKK'000
Cost per January 1	391,971	391,971
Additions for the year	405,684	405,684
Disposals for the year	–	–
Exchange rate adjustment	135	135
Cost at December 31	**797,790**	**797,790**
Accumulated amortization and impairment per January 1	(267,576)	(267,576)
Amortization for the year	(59,801)	(59,801)
Disposals for the year	–	–
Exchange rate adjustment	(54)	(54)
Accumulated amortization and impairment per December 31	(327,431)	**(327,431)**
B/S **Carrying amount at December 31**	470,359	**470,359**
2017	DKK'000	DKK'000
Cost per January 1	391,905	391,905
Additions for the year	–	–
Disposals for the year	–	–
Exchange rate adjustment	66	66
Cost at December 31	**391,971**	**391,971**
Accumulated amortization and impairment per January 1	(210,010)	(210,010)
Amortization for the year	(35,328)	(35,328)
Impairment for the year	(22,221)	(22,221)
Disposals for the year	–	–
Exchange rate adjustment	(17)	(17)
Accumulated amortization and impairment per December 31	**(267,576)**	**(267,576)**
B/S **Carrying amount at December 31**	**124,395**	**124,395**

Depreciation, amortization, and impairments are included in the income statement as follows:	**2018**	**2017**
	DKK'000	DKK'000
Research and development expenses	59,801	57,549
General and administrative expenses	–	–
Total	**59,801**	**57,549**

There were no impairment losses recognized in 2018. Impairment losses of DKK 22 million related to licensed assets were recognized as part of research and development costs in 2017 as certain programs were discontinued.

In July 2018, Genmab entered into a research collaboration and exclusive license agreement with Immatics Biotechnologies GmbH (Immatics) to discover and develop next-generation bispecific immunotherapies to target multiple cancer indications. Genmab received an exclusive license to three proprietary targets from Immatics, with an option to license up to two additional targets at predetermined economics. The companies will conduct joint research, funded by Genmab, on multiple antibody and/or T-cell receptor-based bispecific therapeutic product concepts. Genmab may elect to progress any resulting product candidates, and will be responsible for development, manufacturing and worldwide commercialization. For any products that are commercialized by Genmab, Immatics will have an option to limited co-promotion efforts in selected countries in the EU. Under the terms of the agreement, Genmab paid Immatics an upfront fee of USD 54 million and Immatics is eligible to receive up to USD 550 million in development, regulatory and commercial milestone payments for each product, as well as tiered royalties on net sales. The carrying amount of the intangible asset related to the Immatics agreements was DKK 323 million as of 12/31/2018. The intangible asset is being amortized on a straight line basis though July 2025.

In June 2018, Genmab paid a USD 7 million milestone payment to Seattle Genetics which was triggered by the initiation of expansion cohorts in the ongoing Phase I/II trial of enapotamab vedotin in solid tumors. The carrying amount of the intangible asset related to the Seattle Genetics agreement was DKK 39 million as of 12/31/2018. The milestone payment was added to the existing intangible asset and amortized over the remaining amortization period through September 2021.

There were no acquisitions of licenses and rights in 2017.

The group has previously acquired licenses and rights to technology at a total cost of DKK 152 million, which have been fully amortized during the period from 2000 to 2005. The licenses and rights are still in use by the group and contribute to our research and development activities.

§ Accounting Policies

Research and Development

The group currently has no internally generated intangible assets from development, as the criteria for recognition of an asset are not met as described below.

Licenses and Rights

Licenses, rights, and patents are initially measured at cost and include the net present value of any future payments. The net present value of any future payments is recognized as a liability. Milestone payments are accounted for as an increase in the cost to acquire licenses, rights, and patents. Genmab acquires licenses and rights primarily to get access to targets and technologies identified by third parties.

Depreciation

Licenses, rights, and patents are amortized using the straight-line method over the estimated useful life of five to seven years. Amortization, impairment losses, and gains or losses on the disposal of intangible assets are recognized in the income statement as research and development costs, general and administrative expenses or discontinued operations, as appropriate.

Impairment

If circumstances or changes in Genmab's operations indicate that the carrying amount of non-current assets in a cash-generating unit may not be recoverable, management reviews the asset for impairment.

Management's Judgments and Estimates

Research and Development

Internally Generated Intangible Assets

According to the IAS 38, "*Intangible Assets*," intangible assets arising from development projects should be recognized in the balance sheet. The criteria that must be met for capitalization are that:

- the development project is clearly defined and identifiable and the attributable costs can be measured reliably during the development period;
- the technological feasibility, adequate resources to complete and a market for the product or an internal use of the product can be documented; and
- management has the intent to produce and market the product or to use it internally.

Such an intangible asset should be recognized if sufficient certainty can be documented that the future income from the development project will exceed the aggregate cost of production, development, and sale and administration of the product.

A development project involves a single product candidate undergoing a high number of tests to illustrate its safety profile and its effect on human beings prior to obtaining the necessary final approval of the product from the appropriate authorities. The future economic benefits associated with the individual development projects are dependent on obtaining such approval. Considering the significant risk and duration of the development period related to the development of biological products, management has concluded that the future economic benefits associated with the individual projects cannot be estimated with sufficient certainty until the project has been finalized and the necessary final regulatory approval of the product has been obtained. Accordingly, the group

has not recognized such assets at this time and therefore all research and development costs are recognized in the income statement when incurred. The total research and development costs amounted to DKK 1,431 million in 2018, compared to DKK 874 million in 2017.

Antibody Clinical Trial Material Purchased for Use in Clinical Trials

According to our accounting policies, antibody clinical trial material (antibodies) for use in clinical trials that are purchased from third parties will only be recognized in the balance sheet at cost and expensed in the income statement when consumed, if all criteria for recognition as an asset are fulfilled.

During both 2018 and 2017, no antibodies purchased from third parties for use in clinical trials have been capitalized, as these antibodies do not qualify for being capitalized as inventory under either the *"Framework"* to IAS/IFRS or IAS 2, *"Inventories."*

Management has concluded that the purchase of antibodies from third parties cannot be capitalized as the technical feasibility is not proven and no alternative use exists. Expenses in connection with purchase of antibodies are treated as described under "Research and Development Expense" in note 1.1.

3.2 Property, Plant and Equipment

	Leasehold Improvements	Equipment, Furniture and Fixtures	Assets under Construction	Total Property, Plant and Equipment
2018	DKK'000	DKK'000	DKK'000	DKK'000
Cost at January 1	10,748	169,929	67,521	248,198
Additions for the year	6,886	40,926	27,644	75,456
Transfers between the classes	83,105	12,215	(95,320)	–
Disposals for the year	(5,641)	(6,478)	–	(12,119)
Exchange rate adjustment	193	694	202	1,089
Cost at December 31	**95,291**	**217,286**	**47**	**312,624**
Accumulated depreciation and impairment at January 1	**(5,704)**	**(129,079)**	–	**(134,783)**
Depreciation for the year	(7,864)	(20,035)	–	(27,899)
Disposals for the year	5,641	6,465	–	12,106
Exchange rate adjustment	(18)	(485)	–	(503)
Accumulated depreciation and impairment at December 31	**(7,945)**	**(143,134)**	**–**	**(151,079)**
B/S **Carrying amount at December 31**	**87,346**	**74,152**	**47**	**161,545**
2017	DKK'000	DKK'000	DKK'000	DKK'000
Cost at January 1	9,597	148,854	5,495	163,946
Additions for the year	5,166	26,370	62,018	93,554
Disposals for the year	(4,023)	(5,108)	–	(9,131)
Exchange rate adjustment	8	(187)	8	(171)
Cost at December 31	**10,748**	**169,929**	**67,521**	**248,198**
Accumulated depreciation and impairment at January 1	(9,371)	(122,381)	–	(131,752)
Depreciation for the year	(242)	(11,967)	–	(12,209)
Disposals for the year	3,917	5,055	–	8,972
Exchange rate adjustment	(8)	214	–	206
Accumulated depreciation and impairment at December 31	**(5,704)**	**(129,079)**	**–**	**(134,783)**
B/S **Carrying amount at December 31**	**5,044**	**40,850**	**67,521**	**113,415**

	2018	2017
	DKK'000	DKK'000
Depreciation, amortization, and impairments are included in the income statement as follows:		
Research and development expenses	26,159	11,753
General and administrative expenses	1,740	456
Total	**27,899**	**12,209**

Capital expenditures in 2018 and 2017 were primarily related to leasehold improvements in the new facility in the Netherlands for the continued expansion of our product pipeline.

§ Accounting Policies

Property, plant and equipment is mainly comprised of leasehold improvements, assets under construction, and equipment, furniture and fixtures, which are measured at cost less accumulated depreciation, and any impairment losses.

The cost is comprised of the acquisition price and direct costs related to the acquisition until the asset is ready for use. The present value of estimated liabilities related to the restoration of our offices in connection with the termination of the lease is added to the cost if the liabilities are provided for. Costs include direct costs, salary related expenses, and costs to subcontractors.

Depreciation

Depreciation, which is stated at cost net of any residual value, is calculated on a straight-line basis over the expected useful lives of the assets, which are as follows:

Equipment, Furniture and Fixtures	3-5 years
Computer Equipment	3 years
Leasehold Improvements	5 years or the lease term, if shorter

The useful lives and residual values are reviewed and adjusted if appropriate on a yearly basis. Assets under construction are not depreciated.

Impairment

If circumstances or changes in Genmab's operations indicate that the carrying amount of non-current assets in a cash-generating unit may not be recoverable, management reviews the asset for impairment.

The basis for the review is the recoverable amount of the assets, determined as the greater of the fair value less cost to sell or its value in use. Value in use is calculated as the net present value of future cash inflow generated from the asset.

If the carrying amount of an asset is greater than the recoverable amount, the asset is written down to the recoverable amount. An impairment loss is recognized in the income statement when the impairment is identified.

3.3 Receivables

	Note	2018	2017
		DKK'000	DKK'000
Receivables related to collaboration agreements		1,266,056	519,009
Interest receivables		17,860	11,863
Derivatives	4.2	–	12,223
Other receivables		33,333	26,634
Prepayments		19,303	18,029
Total		**1,336,552**	**587,758**
B/S Non-current receivables		9,621	8,756
B/S Current receivables		1,326,931	579,002
Total		**1,336,552**	**587,758**

During 2018 and 2017, there were no losses related to receivables and the credit risk on receivables is considered to be limited. The provision for expected credit losses was not significant given that there have been no credit losses over the last three years and the high quality nature of Genmab's customers.

The receivables are mainly comprised of royalties and milestones from our collaboration agreements and non-interest bearing receivables which are due less than one year from the balance sheet date.

Please refer to note 4.2 for additional information about interest receivables and derivatives and related credit risk.

§ Accounting Policies

Receivables are designated as financial assets measured at amortized cost and are initially measured at fair value or transaction price and subsequently measured in the balance sheet at amortized cost, which generally corresponds to nominal value less expected credit loss provision.

Genmab utilizes a simplified approach to measuring expected credit losses and uses a lifetime expected loss allowance for all receivables. To measure the expected credit losses, receivables have been grouped based on credit risk characteristics and the days past due.

Prepayments include expenditures related to a future financial year. Prepayments are measured at nominal value.

3.4 Provisions

	2018	2017
	DKK'000	DKK'000
Provisions per January 1	1,200	1,433
Additions during the year	230	1,200
Used during the year	–	(552)
Released during the year	–	(881)
Total at December 31	**1,430**	**1,200**
B/S Non-current provisions	1,430	1,200
B/S Current provisions	–	–
Total at December 31	**1,430**	**1,200**

Provisions include contractual restoration obligations related to our lease of offices. In determining the fair value of the restoration obligation, assumptions and estimates are made in relation to discounting, the expected cost to restore the offices and the expected timing of those costs.

The majority of non-current provisions are expected to be settled in 2022.

§ Accounting Policies

Provisions are recognized when the group has an existing legal or constructive obligation as a result of events occurring prior to or on the balance sheet date, and it is probable that the utilization of economic resources will be required to settle the obligation. Provisions are measured at management's best estimate of the expenses required to settle the obligation.

3.5
Other Payables

A provision for onerous contracts is recognized when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

When the group has a legal obligation to restore our office lease in connection with the termination, a provision is recognized corresponding to the present value of expected future costs.

The present value of a provision is calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as an interest expense.

	2018	2017
	DKK'000	DKK'000
Liabilities related to collaboration agreements	5,913	3,082
Staff cost liabilities	30,134	22,012
Other liabilities	212,584	112,861
Accounts payable	69,614	40,947
Total at December 31	**318,245**	**178,902**
B/S Non-current other payables	1,860	2,429
B/S Current other payables	316,385	176,473
Total at December 31	**318,245**	**178,902**

§ Accounting Policies

Other payables are initially measured at fair value and subsequently measured in the balance sheet at amortized cost.

The current other payables are comprised of liabilities that are due less than one year from the balance sheet date and are in general not interest bearing and settled on an ongoing basis during the financial year.

Non-current payables are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the liability due to passage of time is recognized as interest expense.

Staff Costs Liabilities

Wages and salaries, social security contributions, paid leave and bonuses, and other employee benefits are recognized in the financial year in which the employee performs the associated work. Termination benefits are recognized as an expense, when the Genmab group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment.

The group's pension plans are classified as defined contribution plans, and, accordingly, no pension obligations are recognized in the balance sheet. Costs relating to defined contribution plans are included in the income statement in the period in which they are accrued and outstanding contributions are included in other payables.

Accounts Payable

Accounts payable are measured in the balance sheet at amortized cost.

Other Liabilities

Other liabilities primarily includes accrued expenses related to our research and development project costs.

Section 4
Capital Structure, Financial Risk and Related Items

This section includes disclosures related to how Genmab manages its capital structure, cash position and related risks and items. Genmab is primarily financed through partnership collaborations.

4.1
Capital Management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and a continuous advancement of Genmab's product pipeline and business in general.

Genmab is primarily financed through partnership collaboration income and had, as of December 31, 2018, a cash position of DKK 6,106 million compared to DKK 5,423 million as of December 31, 2017. The cash position supports the advancement of our product pipeline and operations.

The adequacy of our available funds will depend on many factors, including continued growth of DARZALEX sales, progress in our research and development programs, the magnitude of those programs, our commitments to existing and new clinical collaborators, our ability to establish commercial and licensing arrangements, our capital expenditures, market developments, and any future acquisitions. Accordingly, we may require additional funds and may attempt to raise additional funds through equity or debt financings, collaborative agreements with partners, or from other sources.

The Board of Directors monitors the share and capital structure to ensure that Genmab's capital resources support the strategic goals. There was no change in the group's approach to capital management procedures in 2018.

Neither Genmab A/S nor any of its subsidiaries are subject to externally imposed capital requirements.

4.2
Financial Risk

The financial risks of the Genmab group are managed centrally.

The overall risk management guidelines have been approved by the Board of Directors and include the group's foreign exchange and investment policy related to our marketable securities. The group's risk management guidelines are established to identify and analyze the risks faced by the Genmab group, to set the appropriate risk limits and controls and to monitor the risks and adherence to limits. It is Genmab's policy not to actively speculate in financial risks. The group's financial risk management is directed solely against monitoring and reducing financial risks which are directly related to the group's operations.

The primary objective of Genmab's investment activities is to preserve capital and ensure liquidity with a secondary objective of maximizing the income derived from security investments without significantly increasing risk. Therefore, our investment policy includes among other items, guidelines and ranges for which investments (all of which are shorter-term in nature) are considered to be eligible investments for Genmab and which investment parameters are to be applied, including maturity limitations and credit ratings. In addition, the policy includes specific diversification criteria and investment limits to minimize the risk of loss resulting from over concentration of assets in a specific class, issuer, currency, country, or economic sector.

Currently, our marketable securities are administrated by two external investment managers. The guidelines and investment managers are reviewed regularly to reflect changes in market conditions, the group's activities and financial position. In 2016, the investment policy was amended to increase the investment limits for individual securities and reduce the percent of the total portfolio required to have a maturity of less than one year. The changes were made as a result of the higher value of our marketable securities portfolio and reduced need for short duration securities.

In addition to the capital management and financing risk mentioned in note 4.1, the group has identified the following key financial risk areas, which are mainly related to our marketable securities portfolio:

- credit risk;
- currency risk; and
- interest rate risk

All our marketable securities are traded in established markets. Given the current market conditions, all future cash inflows including re-investments of proceeds from the disposal of marketable securities are invested in highly liquid and conservative investments. Please refer to note 4.4 for additional information regarding marketable securities.

Credit Risk

Genmab is exposed to credit risk and losses on our marketable securities and bank deposits. The credit risk related to our other receivables is not significant. The maximum credit risk related to financial assets corresponds to the carrying amounts recognized in the balance sheet.

Marketable Securities

To manage and reduce credit risks on our securities, only securities from investment grade issuers are eligible for our portfolios. No issuer of marketable securities can be accepted if it is not assumed that the credit quality of the issuer would be at least equal to the rating shown below:

Category	S&P	Moody's	Fitch
Short-term	A-1	P-1	F-1
Long-term	A-	A3	A-

Our current portfolio is spread over a number of different securities and is conservative with a focus on liquidity and security. As of December 31, 2018, 90% of our marketable securities had a triple A-rating from Moody's, S&P, or Fitch compared to 91% at December 31, 2017. The total value of marketable securities including interest receivables amounted to DKK 5,591 million at the end of 2018 compared to DKK 4,087 million at the end of 2017.

Bank Deposits

To reduce the credit risk on our bank deposits, Genmab only invests its cash deposits with highly rated financial institutions. Currently, these financial institutions have a short-term Fitch and S&P rating of at least F-1 and A-1, respectively. In addition, Genmab maintains bank deposits at a level necessary to support the short-term funding requirements of the Genmab group. The total value of bank deposits amounted to DKK 533 million as of December 31, 2018 compared to DKK 1,348 mil-

lion at the end of 2017. The decrease at December 31, 2018 was due to milestones received in late December 2017.

Derivative Financial Instruments

Genmab has established derivative financial instruments under an International Swaps and Derivatives Association master agreement (see below). We are exposed to credit loss in the event of non-performance by our counterpart which is a financial institution with the following short term ratings: Moody's (P-1) and S&P (A-1). The total value of receivables related to derivative financial instruments amounted to DKK 12 million at the end of 2017. There were no outstanding receivables related to derivative financial instruments as of December 31, 2018.

Currency Risk

Genmab is exposed to currency exposure, and as Genmab incurs income and expenses in a number of different currencies, the group is subject to currency risk. Increases or decreases in the exchange rate of such foreign currencies against our functional currency, the DKK, can affect the group's results and cash position negatively or positively.

The foreign subsidiaries are not significantly affected by currency risks as both income and expenses are primarily settled in the foreign subsidiaries' functional currencies.

Assets and Liabilities in Foreign Currency

The most significant cash flows of the group are DKK, EUR, USD and GBP and Genmab hedges its currency exposure by maintaining cash positions in these currencies. Our total marketable securities were invested in EUR (16%), DKK (30%), USD (53%) and GBP (1%) denominated securities as of December 31, 2018, compared to 21%, 42%, 35%, and 2%, as of December 31, 2017. In addition, Genmab uses derivatives (future contracts) as part of its overall strategy to hedge foreign currency exposure.

Based on the amount of assets and liabilities denominated in EUR, USD and GBP as of December 31, 2018, a 1% change in the EUR to DKK exchange rate and a 10% change in both USD to DKK exchange rate and GBP to DKK exchange rate will impact our net financial items by approximately:

MDKK	Cash	Marketable Securities	Receivables	Liabilities	Net Exposure	Percentage Change in Exchange Rate*	Impact of Change in Exchange Rate
2018							
EUR	4	876	67	(31)	**916**	1%	**9.2**
USD	450	2,938	477	(244)	**3,621**	10%	**362.1**
GBP	3	75	–	(29)	**49**	10%	**4.9**
2017							
EUR	171	876	27	(140)	**934**	1%	**9.3**
USD	1,059	1,438	477	(125)	**2,849**	10%	**284.9**
GBP	1	75	–	(25)	**52**	10%	**5.2**

* The analysis assumes that all other variables, in particular interest rates, remain constant.

Accordingly, significant changes in exchange rates could cause our net result to fluctuate significantly as gains and losses are recognized in the income statement. Our EUR exposure is mainly related to our marketable securities, contracts and other costs denominated in EUR. Since the introduction of EUR in 1999, Denmark has committed to maintaining a central rate of 7.46 DKK to the EUR. This rate may fluctuate within a +/- 2.25% band. Should Denmark's policy towards the EUR change, the DKK values of our EUR denominated assets and costs could be materially different compared to what is calculated and reported under the existing Danish policy towards the DKK/EUR.

The USD currency exposure was mainly related to cash deposits, marketable securities, and receivables related to our collaborations with Janssen and Novartis.

The GBP currency exposure is mainly related to contracts and marketable securities denominated in GBP.

Hedging of Expected Future Cash Flows (Cash Flow Hedges)
Genmab entered into derivative contracts during the fourth quarter of 2016 to hedge a portion of the associated currency exposure of royalty payments from net sales of DARZALEX by Janssen. The foreign exchange forward contracts were purchased to match the anticipated timing of quarterly royalty payments from Janssen in May 2017, August 2017, November 2017, and February 2018. The total notional amount of the forward contracts was USD 42 million with the USD/EUR forward contract rate ranging from 1.0469 to 1.0640. Due to their lower cost and Denmark's fixed exchange rate policy against the EUR, USD/EUR forward contracts were utilized instead of USD/DKK forward contracts.

The total notional amount of foreign exchange forward contracts that matured was USD 15 million in 2018 compared to USD 27 million in 2017. Genmab recognized a gain of DKK 2 million in the income statement as part of financial income related to these contracts in 2018 compared to DKK 18 million in 2017. As of December 31, 2018, there were no derivatives outstanding. As of December 31, 2017, one forward exchange contract remained outstanding with a notional amount of USD 15 million and a fair value of DKK 12 million.

A 10% change in the USD to EUR forward exchange rate will impact the valuation of the derivatives as outlined below. The analysis assumes that all other variables remain constant.

() = debt or income	2018			2017		
Impact of Change in Exchange Rate in MDKK	**-10%**	**Base**	**+10%**	**-10%**	**Base**	**+10%**
Fair value	–	–	–	22	12	(3)
Income statement	–	–	–	(22)	(12)	3
Statement of comprehensive income	–	–	–	–	–	–

Interest Rate Risk
Genmab's exposure to interest rate risk is primarily related to the marketable securities, as we currently do not have significant interest bearing debts.

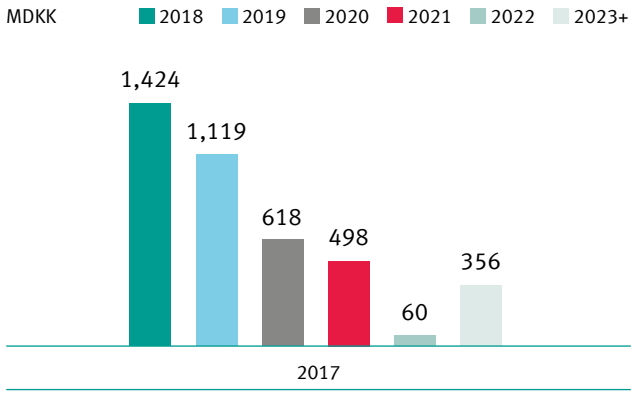
Marketable Securities
The securities in which the group has invested bear interest rate risk, as a change in market derived interest rates may cause fluctuations in the fair value of the investments. In accordance with the objective of the investment activities, the portfolio of securities is monitored on a total return basis.

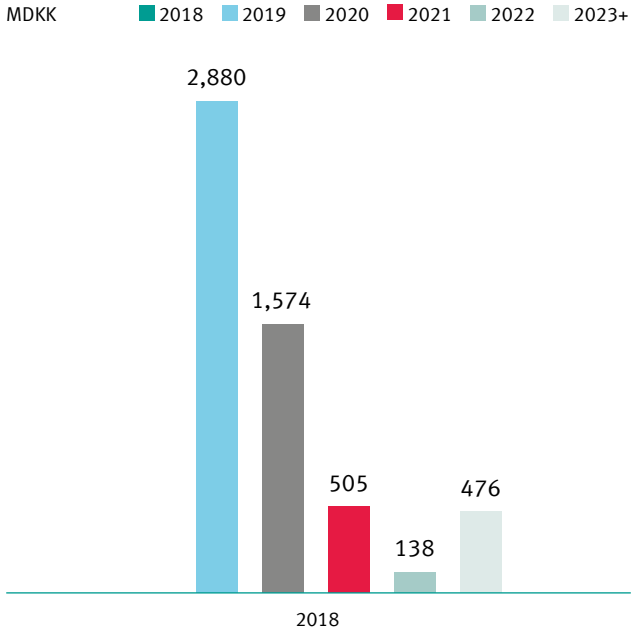
To control and minimize the interest rate risk, the group maintains an investment portfolio in a variety of securities with a relatively short effective duration.

As of December 31, 2018, the portfolio has an average effective duration of approximately 1.4 years (2017: 1.6 years) and no securities have an effective duration of more than 8 years (2017: 8 years), which means that a change in the interest rates of one percentage point will cause the fair value of the securities to change by approximately 1.4% (2017: 1.6%). Due to the short-term nature of the current investments and to the extent that we are able to hold the investments to maturity, we consider our current exposure to changes in fair value due to interest rate changes to be insignificant compared to the fair value of the portfolio.

4.3
Financial Assets and Liabilities

Maturity Profile Marketable Securities in 2017 and 2018





Categories of Financial Assets and Liabilities

Category	Note	2018	2017
		DKK'000	DKK'000
Financial assets at fair value through profit or loss			
Marketable securities	4.4	5,573,187	4,075,192
Financial assets designated as hedging instruments			
Derivatives designated as fair value hedges	3.3	-	12,223
Financial assets measured at amortized cost			
Receivables ex. prepayments	3.3	1,317,249	569,729
Cash and cash equivalents		532,907	1,347,545
Financial liabilities measured at amortized cost			
Other payables	3.5	(318,245)	(178,902)

Fair Value Measurement

Marketable Securities

All fair market values are determined by reference to external sources using unadjusted quoted prices in established markets for our marketable securities (Level 1).

Derivative Financial Instruments

Genmab entered into derivative instruments (forward contracts) to hedge currency exposure associated with future royalties on net sales of DARZALEX by Janssen. The derivatives are not traded on an active market based on quoted prices. The fair value is determined using valuation techniques that utilize market based data such as currency rates, yield curves and implied volatility (Level 2).

		2018			2017		
	Note	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Assets Measured at Fair Value							
Marketable securities	4.4	5,573,187	–	–	4,075,192	–	–
Receivables – derivatives	3.3	–	–	–	–	12,223	–

§ Accounting Policies

Classification of Categories of Financial Assets and Liabilities

Genmab classifies its financial assets held into the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Genmab reclassifies debt investments when and only when its business model for managing those assets changes.

Further details about the accounting policy for each of the categories are outlined in the respective notes.

Fair Value Measurement

The Genmab group measures financial instruments, such as marketable securities and derivatives, at fair value at each balance sheet date. Management assessed that financial assets and liabilities measured at amortized costs such as bank deposits, receivables and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Genmab group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Genmab group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

For financial instruments that are measured in the balance sheet at fair value, IFRS 13 for financial instruments requires disclosure of fair value measurements by level of the following fair value measurement hierarchy for:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Currently no financial instruments are measured and determined with reference to level 3. Level 3 fair values of financial instruments measured at amortized cost and assumption used are disclosed above.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Any transfers between the different levels are carried out at the end of the reporting period. There have not been any transfers between the different levels during 2018 and 2017.

4.4
Marketable Securities

	2018	2017
	DKK'000	DKK'000
Cost at January 1	4,194,743	3,603,111
Additions for the year	3,521,212	3,425,025
Disposals for the year	(2,221,998)	(2,833,393)
Cost at December 31	**5,493,957**	**4,194,743**
Fair value adjustment at January 1	(119,551)	11,831
Fair value adjustment for the year	198,781	(131,382)
Fair value adjustment at December 31	**79,230**	**(119,551)**
B/S **Net book value at December 31**	**5,573,187**	**4,075,192**
Net book value in percentage of cost	**101%**	**97%**

	Market Value 2018	Average Effective Duration	Share %	Market Value 2017	Average Effective Duration	Share %
	DKK'000			DKK'000		
Kingdom of Denmark bonds and treasury bills	507,864	1.94	9%	472,136	2.02	12%
Danish mortgage-backed securities	1,177,027	2.58	21%	1,213,814	1.93	30%
DKK portfolio	**1,684,891**	**2.39**	**30%**	**1,685,950**	**1.95**	**42%**
EUR portfolio						
European government bonds and treasury bills	875,585	1.38	16%	876,152	1.83	21%
USD portfolio						
US government bonds and treasury bills	2,937,948	0.84	53%	1,437,679	0.93	35%
GBP portfolio						
UK government bonds and treasury bills	74,763	0.55	1%	75,411	1.23	2%
Total portfolio	**5,573,187**	**1.39**	**100%**	**4,075,192**	**1.55**	**100%**
B/S **Marketable securities**	**5,573,187**			**4,075,192**		

Interest Income

Total interest income amounted to DKK 63 million in 2018 compared to DKK 41 million in 2017. The increase was due to a higher level of investment in marketable securities in 2018 as compared to 2017.

Fair Value Adjustment

The total fair value adjustment for 2018 was an income of DKK 199 million, which was driven primarily by foreign exchange adjustments of DKK 194 million due the significant strengthening of the USD against the DKK which positively impacted our USD denominated portfolio. In 2017, the total fair value adjustment was a loss of DKK 131 million, which was driven primarily by foreign exchange adjustments of DKK 118 million due the significant weakening of the USD against the DKK which negative impacted our USD denominated portfolio.

Please refer to note 4.2 for additional information regarding the risks related to our marketable securities.

§ Accounting Policies

Marketable securities consist of investments in securities with a maturity greater than three months at the time of acquisition. Measurement of marketable securities depends on the business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the group classifies its debt instruments:

- Amortized cost:
  Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

- Fair value through profit and loss (FVPL):
  Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Genmab's portfolio is managed and evaluated on a fair value basis in accordance with its investment guidelines and the information provided internally to management. This business model does not meet the criteria for amortized cost or FVOCI and as a result marketable securities are measured at fair value through profit and loss. This classification is consistent with the prior year's classification.

Genmab invests its cash in deposits with major financial institutions, in Danish mortgage bonds, and notes issued by the Danish, European and American governments. The securities can be purchased and sold using established markets.

Transactions are recognized at trade date.

4.5
Financial Income and Expenses

	2018	2017
	DKK'000	DKK'000
Financial income:		
Interest and other financial income	62,922	41,426
Realized and unrealized gains on fair value hedges, net	2,282	30,273
Realized and unrealized exchange rate gains, net	177,771	–
I/S **Total financial income**	**242,975**	**71,699**
Financial expenses:		
Interest and other financial expenses	417	2,802
Realized and unrealized losses on marketable securities (fair value through the income statement), net	10,870	19,610
Realized and unrealized exchange rate losses, net	–	329,738
I/S **Total financial expenses**	**11,287**	**352,150**
Net financial items	**231,688**	**(280,451)**
Interest and other financial income on financial assets measured at amortized cost	8,136	1,744
Interest and other financial expenses on financial liabilities measured at amortized cost	417	2,802

Realized and unrealized exchange rate gains, net of DKK 178 million in 2018 were driven by foreign exchange movements, which positively impacted our USD denominated portfolio and cash holdings. The USD strengthened significantly against the DKK during 2018, resulting in realized and unrealized exchange rates gains.

More specifically, the USD/DKK foreign exchange rate increased from 6.2067 at December 31, 2017 to 6.5213 at December 31, 2018.

Please refer to note 4.2 for additional information on foreign currency risk.

§ Accounting Policies

Financial income and expenses include interest as well as realized and unrealized exchange rate adjustments and realized and unrealized gains and losses on marketable securities (designated as fair value through the income statement), realized gains and losses and write-downs of other securities and equity interests (designated as available-for-sale financial assets), and realized and unrealized gains and losses on derivative financial instruments.

Interest and dividend income are shown separately from gains and losses on marketable securities and other securities and equity interests.

Gains or losses relating to the ineffective portion of a cash flow hedge and changes in time value are recognized immediately in the income statement as part of the financial income or expenses.

4.6
Share-Based Instruments

Restricted Stock Unit Program

Genmab A/S has established an RSU program (equity-settled share-based payment transactions) as an incentive for all the Genmab group's employees, members of the Executive Management, and members of the Board of Directors.

RSUs are granted by the Board of Directors in accordance with authorizations given to it by Genmab A/S' shareholders and are subject to the incentive guidelines (Remuneration Principles) adopted by the general meeting.

Under the terms of the RSU program, RSUs are subject to a cliff vesting period and become fully vested on the first banking day of the month following a period of three years from the date of grant. If an employee, member of Executive Management, or member of the Board of Directors ceases their employment or board membership prior to the vesting date, all RSUs that are granted, but not yet vested, shall lapse automatically.

However, if an employee, a member of the Executive Management or a member of the Board of Directors ceases employment or board membership due to retirement or age limitation in Genmab A/S' articles of association, death, serious sickness or serious injury then all RSUs that are granted, but not yet vested shall remain outstanding and will be settled in accordance with their terms.

In addition, for an employee or a member of the Executive Management, RSUs that are granted, but not yet vested shall remain outstanding and will be settled in accordance with their terms in instances where the employment relationship is terminated by Genmab without cause.

Within 30 days of the vesting date, the holder of an RSU receives one share in Genmab A/S for each RSU. Genmab A/S may at its sole discretion in extraordinary circumstances choose to make cash settlement instead of delivering shares.

The RSU program contains anti-dilution provisions if changes occur in Genmab's share capital prior to the vesting date and provisions to accelerate vesting of RSUs in the event of change of control as defined in the RSU program.

Genmab A/S intends to purchase its own shares in order to cover its obligations in relation to the RSUs. Authorization to purchase Genmab A/S' own shares up to a nominal value of DKK 500,000 (500,000 shares) was given at the Annual General Meeting in March 2016.

Genmab acquired 125,000 of its own shares, approximately 0.2% of share capital, to cover its obligations under the RSU program in 2018. The total amount paid to acquire the shares, including directly attributable costs, was DKK 146 million and has been recognized as a deduction to shareholders' equity. These shares are classified as treasury shares and are presented within accumulated deficit as of December 31, 2018. There were no acquisitions of treasury shares in 2017.

The shares were acquired in accordance with the authorization granted by the Annual General Meeting in March 2016 and the acquisition was carried out in compliance with applicable laws, the Nasdaq Copenhagen issuer rules and Genmab's internal policies on trading with shares of Genmab A/S.

RSU Activity in 2018 and 2017

	Number of RSUs Held by the Board of Directors	Number of RSUs Held by the Executive Management	Number of RSUs Held by Employees	Number of RSUs Held by Former Members of the Board of Directors and Employees	Total Outstanding RSUs
Outstanding at January 1, 2017	**18,688**	**64,258**	**18,291**	**1,150**	**102,387**
Granted*	7,661	19,599	38,691	–	65,951
Settled	–	–	–	–	–
Transferred	(2,021)	–	(1,484)	3,505	–
Cancelled	–	–	(23)	(271)	(294)
Outstanding at December 31, 2017	**24,328**	**83,857**	**55,475**	**4,384**	**168,044**
Outstanding at January 1, 2018	**24,328**	**83,857**	**55,475**	**4,384**	**168,044**
Granted*	5,224	18,020	79,395	–	102,639
Settled	(9,425)	(35,725)	–	(2,300)	(47,450)
Transferred	–	–	(3,358)	3,358	–
Cancelled	–	–	(1,466)	(2,865)	(4,331)
Outstanding at December 31, 2018	**20,127**	**66,152**	**130,046**	**2,577**	**218,902**

* RSUs held by the Board of Directors includes RSUs granted to employee-elected Board Members as employees of Genmab A/S or its subsidiaries.

Please refer to note 5.1 for additional information regarding the number of RSUs held by the Executive Management and the Board of Directors.

The weighted average fair value of RSUs granted was DKK 1,033.95 and DKK 1,128.30 in 2018 and 2017, respectively.

Warrant Program

Genmab A/S has established warrant programs (equity-settled share-based payment transactions) as an incentive for all the Genmab group's employees, and members of the Executive Management.

Warrants are granted by the Board of Directors in accordance with authorizations given to it by Genmab A/S' shareholders.

Warrant grants to Executive Management are subject to the incentive guidelines (Remuneration Principles) adopted by the general meeting.

Under the terms of the warrant programs, warrants are granted at an exercise price equal to the share price on the grant date. According to the warrant programs, the exercise price cannot be fixed at a lower price than the market price at the grant date. In connection with exercise, the warrants shall be settled with the delivery of shares in Genmab A/S.

The warrant programs contain anti-dilution provisions if changes occur in Genmab's share capital prior to the warrants being exercised.

Warrants Granted from August 2004 until April 2012

Under the August 2004 warrant program, warrants can be exercised starting from one year after the grant date. As a general rule, the warrant holder may only exercise 25% of the warrants granted per full year of employment or affiliation with Genmab after the grant date.

However, the warrant holder will be entitled to continue to be able to exercise all warrants on a regular schedule in instances where the employment relationship is terminated by Genmab without cause.

In case of a change of control event as defined in the warrant programs, the warrant holder will immediately be granted the right to exercise all of his/her warrants regardless of the fact that such warrants would otherwise only become fully vested at a later point in time. Warrant holders who are no longer employed by or affiliated with Genmab will, however, only be entitled to exercise such percentages as would otherwise have vested under the terms of the warrant program.

Warrants Granted from April 2012 until March 2017

Following the Annual General Meeting in April 2012, a new warrant program was adopted by the Board of Directors. Whereas warrants granted under the August 2004 warrant program will lapse on the tenth anniversary of the grant date, warrants granted under the new April 2012 warrant program will lapse at the seventh anniversary of the grant date. All other terms in the warrant programs are identical.

Warrants Granted from March 2017

In March 2017, a new warrant program was adopted by the Board of Directors. Whereas warrants granted under the April 2012 warrant program vested annually over a four year period, warrants granted under the new March 2017 warrant program are subject to a cliff vesting period and become fully vested three years from the date of grant. All other terms in the warrant programs are identical.

Warrant activity in 2018 and 2017

	Number of Warrants Held by the Board of Directors	Number of Warrants Held by the Executive Management	Number of Warrants Held by Employees	Number of Warrants Held by Former Members of the Executive Management, Board of Directors and Employees	Total Outstanding Warrants	Weighted Average Exercise Price
						DKK
Outstanding at January 1, 2017	**129,742**	**877,418**	**644,097**	**539,054**	**2,190,311**	**311.52**
Granted*	4,125	59,819	118,745	–	182,689	1,123.91
Exercised	(31,625)	(377,500)	(131,709)	(294,784)	(835,618)	257.19
Expired	–	–	–	(8,200)	(8,200)	348.20
Cancelled	–	–	(73)	(10,923)	(10,996)	722.48
Transfers	(10,000)	–	(56,765)	66,765	–	–
Outstanding at December 31, 2017	**92,242**	**559,737**	**574,295**	**291,912**	**1,518,186**	**436.01**
Exercisable at year end	79,380	472,119	262,414	270,458	1,084,371	233.81
Exercisable warrants in the money at year end	78,400	464,832	241,241	269,313	1,053,786	201.27
Outstanding at January 1, 2018	**92,242**	**559,737**	**574,295**	**291,912**	**1,518,186**	**436.01**
Granted*	3,161	50,464	222,882	–	276,507	1,034.66
Exercised	(20,925)	(130,000)	(46,883)	(114,089)	(311,897)	241.34
Expired	–	–	–	(37,875)	(37,875)	253.76
Cancelled	–	–	(4,582)	(17,129)	(21,711)	940.01
Transfers	–	–	(39,624)	39,624	–	–
Outstanding at December 31, 2018	**74,478**	**480,201**	**706,088**	**162,443**	**1,423,210**	**592.14**
Exercisable at year end	62,647	355,347	297,128	152,743	867,865	295.02
Exercisable warrants in the money at year end	60,688	340,775	257,115	148,701	807,279	230.43

* Warrants held by the Board of Directors includes warrants granted to employee-elected Board Members as employees of Genmab A/S or its subsidiaries.

Please refer to note 5.1 for additional information regarding the number of warrants held by the Executive Management and the Board of Directors.

As of December 31, 2018, the 1,423,210 outstanding warrants amounted to 2% of the share capital (2017: 2%).

For exercised warrants in 2018 the weighted average share price at the exercise date amounted to DKK 1,206.11 (2017: DKK 1,368.32).

Weighted Average Outstanding Warrants at December 31, 2018

Exercise Price	Grant Date	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life (in years)	Number of Warrants Exercisable
DKK				
31.75	October 14, 2011	7,525	2.79	7,525
40.41	June 22, 2011	85,975	2.48	85,975
45.24	April 25, 2012	1,000	0.32	1,000
46.74	June 2, 2010	85,000	1.42	85,000
55.85	April 6, 2011	8,500	2.27	8,500
66.60	December 9, 2010	37,750	1.94	37,750
67.50	October 14, 2010	3,250	1.79	3,250
68.65	April 21, 2010	5,450	1.31	5,450
79.25	October 9, 2012	5,000	0.78	5,000
80.55	December 5, 2012	111,750	0.93	111,750
98.00	January 31, 2013	1,375	1.08	1,375
129.75	October 8, 2009	5,075	0.77	5,075
147.50	April 17, 2013	7,750	1.30	7,750
174.00	June 17, 2009	25,000	0.46	25,000
199.00	June 12, 2013	1,000	1.45	1,000
210.00	February 10, 2014	3,088	2.11	3,088
220.40	October 15, 2014	33,800	2.79	33,800
225.30	June 12, 2014	7,975	2.45	7,975
225.90	December 6, 2013	175,047	1.93	175,047
231.50	October 10, 2013	7,850	1.78	7,850
234.00	April 15, 2009	6,100	0.29	6,100
337.40	December 15, 2014	90,945	2.96	90,945
466.20	March 26, 2015	11,061	3.24	6,664
623.50	June 11, 2015	6,350	3.45	3,913
636.50	October 7, 2015	24,500	3.77	16,250
815.50	March 17, 2016	14,837	4.21	6,362
939.50	December 10, 2015	80,874	3.94	57,880
962.00	June 7, 2018	14,714	6.44	–
1,025.00	December 10, 2018	210,437	6.94	–
1,032.00	December 15, 2017	133,637	5.96	–
1,050.00	September 21, 2018	33,226	6.73	–
1,136.00	October 6, 2016	19,450	4.77	9,725
1,145.00	December 15, 2016	86,660	4.96	43,675
1,210.00	April 10, 2018	14,954	6.28	–
1,233.00	June 9, 2016	14,438	4.44	6,713
1,402.00	March 28, 2017	8,736	5.24	–
1,408.00	June 8, 2017	5,224	5.44	–
1,424.00	February 10, 2017	1,606	5.11	478
1,427.00	March 29, 2017	8,400	5.25	–
1,432.00	October 5, 2017	17,901	5.76	–
592.14		**1,423,210**	**3.76**	**867,865**

Weighted Average Outstanding Warrants at December 31, 2017

Exercise Price	Grant Date	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life (in years)	Number of Warrants Exercisable
DKK				
31.75	October 14, 2011	7,525	3.79	7,525
40.41	June 22, 2011	86,195	3.48	86,195
45.24	April 25, 2012	1,000	1.32	1,000
46.74	June 2, 2010	88,750	2.42	88,750
55.85	April 6, 2011	8,500	3.27	8,500
66.60	December 9, 2010	38,100	2.94	38,100
67.50	October 14, 2010	3,250	2.79	3,250
68.65	April 21, 2010	7,250	2.31	7,250
79.25	October 9, 2012	5,000	1.78	5,000
80.55	December 5, 2012	116,300	1.93	116,300
98.00	January 31, 2013	1,751	2.08	1,751
129.75	October 8, 2009	5,575	1.77	5,575
147.50	April 17, 2013	20,250	2.30	20,250
174.00	June 17, 2009	85,000	1.46	85,000
199.00	June 12, 2013	3,000	2.45	3,000
210.00	February 10, 2014	5,688	3.11	2,000
215.60	April 9, 2014	2,500	3.28	1,000
220.40	October 15, 2014	34,751	3.79	20,563
225.30	June 12, 2014	8,475	3.45	4,975
225.90	December 6, 2013	281,986	2.93	281,986
231.50	October 10, 2013	12,675	2.78	12,675
234.00	April 15, 2009	10,975	1.29	10,975
234.75	December 17, 2008	5,900	0.96	5,900
246.00	June 4, 2008	15,275	0.43	15,275
254.00	April 24, 2008	52,250	0.32	52,250
272.00	October 8, 2008	41,038	0.77	41,038
337.40	December 15, 2014	106,772	3.96	68,397
466.20	March 26, 2015	14,850	4.24	4,350
623.50	June 11, 2015	6,525	4.45	1,650
636.50	October 7, 2015	27,375	4.77	10,875
815.50	March 17, 2016	19,012	5.21	3,303
939.50	December 10, 2015	87,873	4.94	39,123
1,032.00	December 15, 2017	139,597	6.96	–
1,136.00	October 6, 2016	19,450	5.77	4,864
1,145.00	December 15, 2016	88,629	5.96	22,193
1,233.00	June 9, 2016	16,125	5.44	3,528
1,402.00	March 28, 2017	8,736	6.24	–
1,408.00	June 8, 2017	5,224	6.44	–
1,424.00	February 10, 2017	1,903	6.11	–
1,427.00	March 29, 2017	8,400	6.25	–
1,432.00	October 5, 2017	18,756	6.76	–
436.01		**1,518,186**	**3.57**	**1,084,366**

4.7
Share Capital

Share Capital

The share capital comprises the nominal amount of the parent company's ordinary shares, each at a nominal value of DKK 1. All shares are fully paid.

On December 31, 2018, the share capital of Genmab A/S comprised 61,497,571 shares of DKK 1 each with one vote. There are no restrictions related to the transferability of the shares. All shares are regarded as negotiable instruments and do not confer any special rights upon the holder, and no shareholder shall be under an obligation to allow his/her shares to be redeemed.

Until April 10, 2023, the Board of Directors is authorized to increase the nominal registered share capital on one or more occasions by up to nominally DKK 7,500,000 by subscription of new shares that shall have the same rights as the existing shares of Genmab. The capital increase can be made by cash or by non-cash payment and with or without pre-emption rights for the existing shareholders. Within the authorizations to increase the share capital by nominally DKK 7,500,000 shares, the Board of Directors may on one or more occasions and without pre-emption rights for the existing shareholders of Genmab issue up to nominally DKK 2,000,000 shares to employees of Genmab, and Genmab's subsidiaries, by cash payment at market price or at a discount price as well as by the issue of bonus shares. No transferability restrictions or redemption obligations shall apply to the new shares, which shall be negotiable instruments in the name of the holder and registered in the name of the holder in Genmab's Register of Shareholders. The new shares shall give the right to dividends and other rights as determined by the Board in its resolution to increase capital.

Until March 17, 2021, the Board of Directors is authorized by one or more issues to raise loans against bonds or other financial instruments up to a maximum amount of DKK 3 billion with a right for the lender to convert his claim to a maximum of nominally DKK 4,000,000 equivalent to 4,000,000 new shares (convertible loans). Convertible loans may be raised in DKK or the equivalent in foreign currency (including US dollar (USD) or euro (EUR)). The Board of Directors is also authorized to effect the consequential increase of the capital. Convertible loans may be raised against payment in cash or in other ways. The subscription of shares shall be with or without pre-emption rights for the shareholders and the convertible loans shall be offered at a subscription price and conversion price that in the aggregate at least corresponds to the market price of the shares at the time of the decision of the Board of Directors. The time limit for conversion may be fixed for a longer period than five (5) years after the raising of the convertible loan.

By decision of the general meeting on April 17, 2013, the Board of Directors was authorized to issue on one or more occasions warrants to subscribe Genmab A/S' shares up to a nominal value of DKK 600,000. This authorization ended on April 17, 2018. Further, by decision of the general meeting on April 9, 2014, the Board of Directors was authorized to issue on one or more occasions warrants to subscribe Genmab A/S' shares up to a nominal value of DKK 500,000. This authorization shall remain in force for a period ending on April 9, 2019. Moreover, by decision of the general meeting on March 28, 2017, the Board of Directors was authorized to issue on one or more occasions warrants to subscribe Genmab A/S' shares up to a nominal value of DKK 500,000. This authorization shall remain in force for a period ending on March 28, 2022.

Subject to the rules in force at any time, the Board of Directors may reuse or reissue lapsed non-exercised warrants, if any, provided that the reuse or reissue occurs under the same terms and within the time limitations set out in the authorization to issue warrants.

As of December 31, 2018, a total of 600,000 warrants have been issued and a total of 17,750 warrants have been reissued under the April 17, 2013 authorization, a total of 500,000 warrants have been issued and a total of 29,511 warrants have been reissued under the April 9, 2014 authorization, and a total of 333,217 warrants have been issued and a total of 2,933 have been reissued under the March 28, 2017 authorization. A total of 166,783 warrants remain available for issue and a total of 6,862 warrants remain available for reissue as of December 31, 2018.

By decision of the general meeting on March 17, 2016, the Board of Directors was authorized to repurchase Genmab A/S' shares up to a nominal value of DKK 500,000 (500,000 shares). This authorization shall remain in force for a period ending on March 17, 2021.

As of December 31, 2018, a total of 225,000 shares, with a nominal value of DKK 225,000, have been repurchased under the March 17, 2016 authorization. A total of 275,000 shares, with a nominal value of DKK 275,000, remain available to repurchase as of December 31, 2018.

Share Premium

The share premium reserve is comprised of the amount received, attributable to shareholders' equity, in excess of the nominal amount of the shares issued at the parent company's offerings, reduced by any external expenses directly attributable to the offerings. The share premium reserve can be distributed.

Changes in Share Capital during 2013 to 2018

The share capital of DKK 61 million at December 31, 2018 is divided into 61,497,571 shares at a nominal value of DKK 1 each.

	Number of Shares	Share Capital
		DKK'000
December 31, 2013	**51,755,722**	**51,756**
Shares issued for cash	4,600,000	4,600
Exercise of warrants	611,697	611
December 31, 2014	**56,967,419**	**56,967**
Exercise of warrants	2,563,844	2,564
December 31, 2015	**59,531,263**	**59,531**
Exercise of warrants	818,793	819
December 31, 2016	**60,350,056**	**60,350**
Exercise of warrants	835,618	836
B/S **December 31, 2017**	**61,185,674**	**61,186**
Exercise of warrants	311,897	312
B/S **December 31, 2018**	**61,497,571**	**61,498**

During 2018, 311,897 new shares were subscribed at a price of DKK 40.41 to DKK 1,233 in connection with the exercise of warrants under Genmab's warrant program.

During 2017, 835,618 new shares were subscribed at a price of DKK 31.75 to DKK 1,233 in connection with the exercise of warrants under Genmab's warrant program.

During 2016, 818,793 new shares were subscribed at a price of DKK 31.75 to DKK 636.50 in connection with the exercise of warrants under Genmab's warrant program.

During 2015, 2,563,844 new shares were subscribed at a price of DKK 26.75 to DKK 364.00 in connection with the exercise of warrants under Genmab's warrant program.

During 2014, 611,697 new shares were subscribed at a price of DKK 26.75 to DKK 234.00 in connection with the exercise of warrants under Genmab's warrant program.

On January 24, 2014 Genmab completed a private placement with the issuance of 4,600,000 new shares.

Treasury Shares

	Number of Shares	Share Capital	Proportion of Share Capital	Cost
		DKK'000	%	DKK'000
Shareholding at December 31, 2016	**100,000**	**100**	**0.2**	**118,099**
Purchase of treasury shares	–	–	–	–
Shareholding at December 31, 2017	**100,000**	**100**	**0.2**	**118,099**
Purchase of treasury shares	125,000	125	0.2	146,175
Shares used for funding RSU Program	(47,450)	(47)	(0.1)	(56,038)
Shareholding at December 31, 2018	**177,550**	**178**	**0.3**	**208,236**

Genmab acquired 125,000 of its own shares, approximately 0.2% of share capital, to cover its obligations under the RSU program in 2018. The total amount paid to acquire the shares, including directly attributable costs, was DKK 146 million and has been recognized as a deduction to shareholders' equity. These shares are classified as treasury shares and are presented within accumulated deficit as of December 31, 2018. There were no acquisitions of treasury shares in 2017.

The shares were acquired in accordance with the authorization granted by the Annual General Meeting in March 2016 and was carried out in compliance with applicable laws, the Nasdaq Copenhagen issuer rules and Genmab's internal policies on trading with shares of Genmab A/S.

Section 5
Other Disclosures

This section is comprised of various statutory disclosures or notes that are of secondary importance for the understanding of the Genmab group's financials.

5.1
Remuneration of the Board of Directors and Executive Management

The total remuneration of the Board of Directors and Executive Management is as follows:

	2018	2017
	DKK'000	DKK'000
Wages and salaries	33,503	38,208
Share-based compensation expenses	32,200	28,103
Defined contribution plans	1,427	1,315
Total	**67,130**	**67,626**

The remuneration packages for the Board of Directors and Executive Management are described below in further detail. The remuneration packages are denominated in DKK, EUR, or USD. The Compensation Committee performs an annual review of the remuneration packages. All incentive and variable remuneration shall be considered and adopted at the company's annual general meeting.

In accordance with Genmab's accounting policies, described in note 2.3, share-based compensation is included in the income statement and reported in the remuneration tables in this note. Such share-based compensation expense represents a calculated fair value of instruments granted and does not represent actual cash compensation received by the board members or executives. Please refer to note 4.6 for additional information regarding Genmab's share-based compensation programs.

Remuneration to the Board of Directors

	Purpose and Link to Strategy	Performance Metrics	Opportunity	Changes Compared to 2017
Annual board base fee and fees for committee work	Ensure Genmab can attract qualified individuals to the Board of Directors		Basic board fee of DKK 400,000 – Deputy Chairman receives double and Chairman receives triple	None
			Audit Committee membership basic fee of DKK 100,000 with Chairman receiving fee of DKK 150,000 plus a fee per meeting of DKK 10,000	None
			Compensation Committee membership basic fee of DKK 80,000 with Chairman receiving fee of DKK 120,000 plus a fee per meeting of DKK 10,000	None
			Nominating and Corporate Governance Committee membership basic fee of DKK 70,000 with Chairman receiving fee of DKK 100,000 plus a fee per meeting of DKK 10,000	None
			Scientific Committee membership basic fee of DKK 100,000 with Chairman receiving fee of DKK 130,000 plus a fee per meeting of DKK 10,000	None
Share-Based Compensation	Share-based instruments constitute a common part of the remuneration paid to members of the Board of Directors in competing international biotech and biopharmaceutical companies. The use of share-based instruments enables Genmab to remain competitive in the international market and to be able to attract and retain qualified members of the Board of Directors on a continuous basis.	To ensure the Board of Directors' independence and supervisory function, vesting of restricted stock units (RSUs) granted to members of the Board of Directors shall not be subject to fulfilment of forward-looking performance criteria.	A new member of the Board of Directors may be granted RSUs upon election corresponding to a value (at the time of grant) of up to four (4) times the fixed annual base fee.	None
			In addition the members of the Board of Directors may be granted RSUs corresponding to a value (at the time of grant) of up to one (1) times the fixed annual base fee, for the Chairman the value shall be of up to two (2) times the fixed annual base fee and for the Deputy Chairman the value shall be of up to one point five (1.5) times the fixed annual base fee on an annual basis. The share-based compensation expense for 2018 of DKK 5 million shown below includes the amortization of the non-cash share-based compensation expense relating to warrants granted before 2014 and RSUs granted over several periods. Following an amendment of the guidelines for incentive-based remuneration of the Board of Directors and Executive Management by the general meeting in 2014, share-based compensation granted to board members may only be in the form of RSUs. Please refer to note 4.6 for additional information regarding the "Number of RSUs held" and "Number of warrants held" overviews.	None

	Base Board Fee	Committee Fees	Share-based Compensation Expenses	2018	Base Board Fee	Committee Fees	Share-based Compensation Expenses	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Mats Pettersson	1,200	300	866	2,366	1,200	367	1,013	2,580
Anders Gersel Pedersen	500	280	646	1,426	800	263	704	1,767
Pernille Erenbjerg	400	300	538	1,238	400	288	716	1,404
Paolo Paoletti	400	150	538	1,088	400	138	716	1,254
Rolf Hoffmann*	400	280	670	1,350	300	185	411	896
Deirdre P. Connelly*	700	350	674	1.724	300	178	411	889
Peter Storm Kristensen**	400	–	286	686	400	–	154	554
Rick Hibbert**	400	–	286	686	400	–	154	554
Daniel J. Bruno**	400	–	286	686	400	–	154	554
Burton G. Malkiel***	–	–	–	–	100	34	927	1,061
Total	4,800	1,660	4,790	11,250	**4,700**	**1,453**	**5,360**	**11,513**

* Elected by the Annual General Meeting in March 2017.
** Employee elected board member.
*** Stepped down from the Board of Directors at the Annual General Meeting in March 2017.

Please refer to the section “Board of Directors” in the Management’s Review for additional information regarding the Board of Directors.

Remuneration to the Executive Management

	Purpose and Link to Strategy	Performance Metrics	Opportunity	Changes Compared to 2017
Base Salary	Reflect the individual's skills and experience, role and responsibilities	Any increase based both on individual and company performance as well as benchmark analysis	Fixed	Effective, January 1, 2018, base salary increased by 3% for the CEO, CFO, and CDO in local currency (2017: 3% for CEO and 3% for CFO, effective January 1, 2017 and 3% for CDO effective July 1, 2017)
Pension and Other Benefits	Provide a framework to save for retirement	None	Fixed amount or percentage of base salary	None
	Provide customary benefits including car and telephone allowance			None
	Provide sign-on bonus for new executive management		A new member of the executive management may receive a sign-on payment upon engagement subject to certain claw-back provisions.	None
	Provide tax equalization payment for executive management		CFO received USD 221,046 payment to tax equalize him for the higher tax rate in Denmark versus his resident country of the United States	None
			CDO received USD 37,677 payment to tax equalize her for the higher tax rate in Denmark versus her resident country of the United States	CDO received tax equalization payment in 2018.
Annual Cash Bonus	Incentivize executives to achieve key objectives on an annual basis	Achievement of predetermined and well-defined annual milestones	Maximum 60% to 100% of annual gross salaries dependent on their position.	None
			Extraordinary bonus of a maximum up to 15% of their annual gross salaries, based on the occurrence of certain special events or achievements.	None
			The bonus programs may enable the Executive Management members to earn a bonus per calendar year of up to an aggregate amount of approximately DKK 10 million (annual) and DKK 1.5 million (extraordinary). In 2018, the current Executive Management team received a total cash bonus of DKK 11 million (2017: DKK 10 million).	None

Remuneration to the Executive Management

	Purpose and Link to Strategy	Performance Metrics	Opportunity	Changes Compared to 2017
Share-Based Compensation	Incentivize executives over the longer term aligned to strategy and creation of shareholder value	Linked to Genmab's financial and strategic priorities as an incentive to increase the future value of the company but also in recognition of past contributions and accomplishments	As a main rule, the members of the executive management may on an annual basis be granted share-based instruments corresponding to a value (at the time of grant) of up to two (2) times the member's annual base salary, calculated before any pension contribution and bonus payment, in the year of grant. However, in exceptional cases, international, and in particular US based, members of the executive management, may on an annual basis be granted share-based instruments corresponding to a value (at the time of grant) of up to four (4) times the member's annual base salary, calculated before any pension contribution and bonus payment, in the year of grant.	None
			Notwithstanding the above, in no event may the value (at the time of grant) of share-based instruments granted to a member of the executive management on an annual basis exceed DKK 25 million. Annual grant of share-based instruments to members of the executive management is used primarily as an incentive to increase the future value of the company but also in recognition of past contributions and accomplishments.	None
			Furthermore, a new member of the executive management may be granted share-based instruments upon engagement or promotion.	None
			The share-based instruments granted to the members of the executive management may be in the form of restricted stock units or a combination of restricted stock units and warrants (options to subscribe for shares in the company). If members of the executive management are granted a combination of restricted stock units and warrants, the proportional value of the warrants may not exceed 50% of the total value (at the time of grant). Vesting of restricted stock units and warrants granted to members of the executive management may be subject to fulfilment of forward-looking performance criteria as determined by the board of directors. The share-based compensation expense for 2018 of DKK 27 million shown below includes the amortization of the non-cash share-based compensation expense relating to warrants & RSUs granted over several periods. In 2018, 50,464 warrants and 18,020 RSUs were granted to the Executive Management, with a total fair value of DKK 37 million (2017: 59,819 warrants and 19,599 RSUs, with a fair value of DKK 43 million). Please refer to note 4.6 for additional information regarding the "Number of RSUs held" and "Number of warrants held" overviews.	None

Remuneration to the Executive Management

	Purpose and Link to Strategy	Performance Metrics	Opportunity	Changes Compared to 2017
Shareholding requirement for members of the Executive Management	Incentivize executives over the longer term aligned to strategy and creation of shareholder value	None	Each member of the Executive Management shall be required to hold a number of Genmab A/S shares corresponding to the value of such member's annual base salary: • The number of shares shall be fixed at commencement of the employment as, or promotion to, member of the Executive Management • May be built up over a five (5) year period from the date of employment or promotion • For current members of the Executive Management, the number of shares is finally fixed at the date of adoption of these Remuneration Principles (April 10, 2018) • The Board of Directors may diverge from this shareholding requirement The Company shall be entitled to reclaim in full or in part variable components of remuneration paid to the member of the Executive Management on the basis of data, which proved to be misstated. Warrants granted to the members of the Executive Management will be subject to an additional two (2) year lock-in period upon vesting.	New requirement starting in 2018

2018	Base Salary	Defined Contribution Plans	Other Benefits	Annual Cash Bonus	Share-based Compensation Expenses	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Jan van de Winkel	7,087	1,160	242	6,378	13,420	28,287
David A. Eatwell	3,908	155	1,396	2,111	8,121	15,691
Judith Klimovsky	3,552	112	238	2,131	5,870	11,903
Total	**14,547**	**1,427**	**1,876**	**10,620**	**27,411**	**55,881**
2017						
Jan van de Winkel	6,867	1,057	241	6,180	12,635	26,980
David A. Eatwell	3,961	177	1,045	2,139	7,949	15,271
Judith Klimovsky	3,083	81	6,595	1,944	2,159	13,862
Total	**13,911**	**1,315**	**7,881**	**10,263**	**22,743**	**56,113**

Please refer to the section "Senior Leadership" in the Management's Review for additional information regarding the Executive Management.

Severance Payments

In the event Genmab terminates the service agreements with each member of the Executive Management team without cause, Genmab is obliged to pay the member of the Executive Management his/her existing salary for one or two years after the end of the one year notice period. However, in the event of termination by Genmab (unless for cause) or by a member of Executive Management as a result of a change of control of Genmab, Genmab is obliged to pay a member of the Executive Management a compensation equal to his/her existing total salary (including benefits) for up to two years in addition to the notice period. It furthermore follows from Genmab's warrant and RSU programs, that in certain "good leaver" situations outstanding warrants and RSUs awarded under these programs will continue to vest which could potentially make the termination payments exceed two years of remuneration. In case of the termination of the service agreements of the Executive Management without cause, the total impact on our financial position is estimated to approximately DKK 42 million as of December 31, 2018 (2017: DKK 40 million).

Please refer to note 5.5 for additional information regarding the potential impact in the event of change of control of Genmab.

Number of Ordinary Shares Owned and Share-Based Instruments Held

Number of Ordinary Shares Owned	December 31, 2017	Acquired	Sold	Transfers	December 31, 2018	Market Value DKK'000*
Board of Directors						
Mats Pettersson	10,000	14,800	–	–	24,800	26,474
Anders Gersel Pedersen	7,000	5,475	(4,475)	–	8,000	8,540
Pernille Erenbjerg	–	2,700	–	–	2,700	2,882
Paolo Paoletti	637	2,700	–	–	3,337	3,562
Rolf Hoffmann	1,050	–	–	–	1,050	1,121
Deirdre P. Connelly	–	2,200	–	–	2,200	2,349
Peter Storm Kristensen	–	–	–	–	–	–
Rick Hibbert	–	–	–	–	–	–
Daniel J. Bruno	–	–	–	–	–	–
Total	**18,687**	**27,875**	**(4,475)**	**–**	**42,087**	**44,928**
Executive Management						
Jan van de Winkel	640,000	22,400	–	–	662,400	707,112
David A. Eatwell	17,500	13,325	–	–	30,825	32,906
Judith Klimovsky	–	–	–	–	–	–
	657,500	**35,725**	–	–	**693,225**	**740,018**
Total	**676,187**	**63,600**	**(4,475)**	–	**735,312**	**784,946**

* Market value is based on the closing price of the parent company's shares on the NASDAQ Copenhagen A/S at the balance sheet date or the last trading day prior to the balance sheet date.

Number of Warrants Held	December 31, 2017	Granted	Exercised	Expired	Transfers	December 31, 2018	Black–Scholes Value Warrants Granted in 2018	Weighted Average Exercise Price Outstanding Warrants
Board of Directors							DKK	DKK
Mats Pettersson	38,750	–	(12,500)	–	–	26,250	–	207.23
Anders Gersel Pedersen	32,750	–	(3,750)	–	–	29,000	–	116.83
Pernille Erenbjerg	–	–	–	–	–	–	–	–
Paolo Paoletti	–	–	–	–	–	–	–	–
Rolf Hoffmann	–	–	–	–	–	–	–	–
Deirdre P. Connelly	–	–	–	–	–	–	–	–
Peter Storm Kristensen*	2,515	–	–	–	–	2,515	–	663.38
Rick Hibbert*	1,451	350	(925)	–	–	876	128,113	998.81
Daniel J. Bruno*	16,776	2,811	(3,750)	–	–	15,837	1,028,927	922.01
	92,242	**3,161**	**(20,925)**	**–**	**–**	**74,478**	**1,157,040**	**348.74**
Executive Management								
Jan van de Winkel	164,802	23,266	(80,000)	–	–	108,068	8,516,194	748.36
David A. Eatwell	373,056	12,145	(50,000)	–	–	335,201	4,445,507	215.41
Judith Klimovsky	21,879	15,053	–	–	–	36,932	5,509,940	1,118.99
	559,737	**50,464**	**(130,000)**	**–**	**–**	**480,201**	**18,471,641**	**404.84**
Total	**651,979**	**53,625**	**(150,925)**	**–**	**–**	**554,679**	**19,628,681**	**397.31**

* Each employee-elected Board Member was granted warrants as an employee of Genmab A/S or its subsidiaries.

Number of RSUs Held	December 31, 2017	Granted	Settled	Transfers	December 31, 2018	Fair Value RSUs Granted in 2018
Board of Directors						DKK
Mats Pettersson	4,818	780	(2,300)	–	3,298	799,500
Anders Gersel Pedersen	3,613	390	(1,725)	–	2,278	399,750
Pernille Erenbjerg	3,959	390	(2,700)	–	1,649	399,750
Paolo Paoletti	3,959	390	(2,700)	–	1,649	399,750
Rolf Hoffmann	1,509	390	–	–	1,899	399,750
Deirdre P. Connelly	1,509	585	–	–	2,094	599,625
Peter Storm Kristensen*	1,091	390	–	–	1,481	399,750
Rick Hibbert*	924	515	–	–	1,439	527,875
Daniel J. Bruno*	2,946	1,394	–	–	4,340	1,428,850
	24,328	**5,224**	**(9,425)**	**–**	**20,127**	**5,354,600**
Executive Management						
Jan van de Winkel	47,597	8,308	(22,400)	–	33,505	8,515,700
David A. Eatwell	29,056	4,337	(13,325)	–	20,068	4,445,425
Judith Klimovsky	7,204	5,375	–	–	12,579	5,509,375
	83,857	**18,020**	**(35,725)**	**–**	**66,152**	**18,470,500**
Total	**108,185**	**23,244**	**(45,150)**	**–**	**86,279**	**23,825,100**

* Each employee-elected Board Member was granted 390 RSUs as a member of the Board of Directors. The remaining RSUs were granted as an employee of Genmab A/S or its subsidiaries

Following Genmab A/S' Annual General Meeting on April 10, 2018, the Board of Directors is comprised of five independent directors, one non-independent director, and three employee-elected directors. Mats Pettersson, Dr. Anders Gersel Pedersen, Deirdre P. Connelly, Pernille Erenbjerg, Rolf Hoffmann and Dr. Paolo Paoletti were re-elected to the Board of Directors for a one year period. The Board of Directors convened and constituted itself with Mats Pettersson as Chairman and Deirdre P. Connelly as Deputy Chairman.

Other than the remuneration to the Board of Directors and the Executive Management and the transactions detailed in the tables above, no other significant transactions took place during 2018.

5.2
Related Party Disclosures

Genmab's related parties are:

- the parent company's subsidiaries
- the parent company's Board of Directors, Executive Management, and close members of the family of these persons.

Transactions with Subsidiaries

Genmab B.V., Genmab Holding B.V., and Genmab US, Inc. are 100% (directly or indirectly) owned subsidiaries of Genmab A/S and are included in the consolidated financial statements. They perform certain research & development, general & administrative, and management activities on behalf of the parent company. Genmab B.V. owns the HexaBody technology and the parent company performs certain research and development activities related to the HexaBody technology on behalf of Genmab B.V. All intercompany transactions have been eliminated in the consolidated financial statements of the Genmab group.

	2018	2017
Transactions with subsidiaries:	DKK'000	DKK'000
Income Statement:		
Service fee income	15,402	8,515
Service fee costs	(545,777)	(324,421)
Financial income	673	1,363
Balances with subsidiaries:		
Current receivables	39,914	–
Current payables	(180,215)	(209,716)

Genmab A/S has placed at each subsidiary's disposal a credit facility (denominated in local currency) that the subsidiary may use to draw from in order to secure the necessary funding of its activities.

Transactions with the Board of Directors and Executive Management

Genmab has not granted any loans, guarantees, or other commitments to or on behalf of any of the members of the Board of Directors or Executive Management.

Other than the remuneration and other transactions relating to the Board of Directors and Executive Management described in note 5.1, no other significant transactions have taken place with the Board of Directors or the Executive Management during 2018 and 2017.

5.3
Subsidiaries

Genmab A/S (parent company) holds investments either directly or indirectly in the following subsidiaries:

Name	Domicile	Ownership and Votes 2018	Ownership and Votes 2017
Genmab B.V.	Utrecht, the Netherlands	100%	100%
Genmab Holding B.V.	Utrecht, the Netherlands	100%	100%
Genmab US, Inc.	New Jersey, USA	100%	100%

5.4 Commitments

Guarantees and Collaterals

There were no bank guarantees as of December 31, 2018 or 2017.

Operating Leases

The group has entered into operating lease agreements with respect to office space and office equipment. The leases are non-cancelable for various periods up to 2027.

Future minimum payments under our operating leases as of December 31, 2018 and December 31, 2017, are as follows:

	2018	2017
Payment due	DKK'000	DKK'000
Within 1 year	34,663	30,646
From 1 to 5 years	108,060	106,266
After 5 years	40,988	52,603
Total	**183,711**	**189,515**
Expenses recognized in the income statement	31,789	31,687

Other Purchase Obligations

The group has entered into a number of agreements primarily related to research and development activities carried out by Genmab. Under the current development plans, the contractual obligations amounted to DKK 787 million (2017: DKK 356 million).

§ Accounting Policies

Leasing

Lease contracts, which in all material respects transfer the significant risks and rewards associated with the ownership of the asset to the lessee, are classified as finance leases. Assets treated as finance leases are recognized in the balance sheet at the inception of the lease term at the lower of the fair value of the asset or the net present value of the future minimum lease payments. A liability equaling the asset is recognized in the balance sheet. Each lease payment is separated between a finance charge, recorded as a financial expense, and a reduction of the outstanding liability.

Assets under finance leases are depreciated in the same manner as owned assets and are subject to regular reviews for impairment.

Lease contracts, where the lessor retains the significant risks and rewards associated with the ownership of the asset, are classified as operating leases.

Lease payments under operating leases are recognized in the income statement over the lease term. The total lease commitment under operating leases is disclosed in the notes to the financial statements.

5.5
Contingent Assets, Contingent Liabilities and Subsequent Events

Contingent Assets and Liabilities

License and Collaboration Agreements

We are entitled to potential milestone payments and royalties on successful commercialization of products developed under license and collaboration agreements with our partners. Since the size and timing of such payments are uncertain until the milestones are reached, the agreements may qualify as contingent assets. However, it is impossible to measure the value of such contingent assets, and, accordingly, no such assets have been recognized.

As part of the license and collaboration agreements that Genmab has entered into, once a product is developed and commercialized, Genmab may be required to make milestone and royalty payments. It is impossible to measure the value of such future payments, but Genmab expects to generate future income from such products which will exceed any milestone and royalty payments due, and accordingly no such liabilities have been recognized.

Derivative Financial Instruments

Genmab has entered into an International Swaps and Derivatives Association master agreement; see note 4.2. The master agreement with Genmab's financial institution counterparty also includes a credit support annex which contains provisions that require Genmab to post collateral should the value of the derivative liabilities exceed DKK 50 million (2017: DKK 50 million). As of December 31, 2018 and 2017, Genmab has not been required to post any collateral.

In addition, the agreement requires Genmab to maintain a cash position of DKK 258.5 million at all times or the counterparty has the right to terminate the agreement. Upon termination, the DKK 50 million (2017: DKK 50 million) threshold amount is no longer applicable and the value of the derivative liability, if any, could be due to the counterparty upon request.

Legal Matter – MorphoSys Patent Infringement Complaint

In April 2016, MorphoSys filed a complaint at the U.S. District Court of Delaware against Genmab and Janssen Biotech, Inc. for patent infringement based on activities relating to the manufacture, use and sale of DARZALEX in the United States, which was subsequently amended to include two additional MorphoSys patents. In addition, a further claim by Janssen and us that the three MorphoSys patents were unenforceable due to inequitable conduct by MorphoSys was included in the case. On January 25, 2019, the District Court ruled on summary judgment that the three MorphoSys patents were invalid for lack of enablement. MorphoSys had the opportunity to appeal the District Court's decision. On January 31, 2019, MorphoSys dismissed its infringement claims against us and Janssen, and we and Janssen, in turn, dismissed our inequitable conduct claims against MorphoSys. As such, there will be no further proceedings in the case.

Change of Control

In the event of a change of control, change of control clauses are included in some of our collaboration, development and license agreements as well as in service agreements for certain employees.

Collaboration, Development and License Agreements

We have entered into collaboration, development and license agreements with external parties, which may be subject to renegotiation in case of a change of control event in Genmab A/S. However, any changes in the agreements are not expected to have significant influence on our financial position.

Service Agreements with Executive Management and Employees

The service agreements with each member of the Executive Management may be terminated by Genmab with no less than 12 months' notice and by the member of the Executive Management with no less than six months' notice. In the event of a change of control of Genmab, the termination notice due to the member of the Executive Management is extended to 24 months. In the event of termination by Genmab (unless for cause) or by a member of Executive Management as a result of a change of control of Genmab, Genmab is obliged to pay a member of Executive Management a compensation equal to his existing total salary (including benefits) for up to two years in addition to the notice period. In case of a change of control event and the termination of service agreements of the Executive Management, the total impact on our financial position is estimated to approximately DKK 98 million as of December 31, 2018 (2017: DKK 93 million).

In addition, Genmab has entered into service agreements with 26 (2017: 27) current employees according to which Genmab may become obliged to compensate the employees in connection with a change of control of Genmab. If Genmab as a result of a change of control terminates the service agreement without cause, or changes the working conditions to the detriment of the employee, the employee shall be entitled to terminate the employment relationship without further cause with one month's notice in which case Genmab shall pay the employee a compensation equal to one-half, one or two times the employee's existing annual salary (including benefits). In case of the change of control event and the termination of all 26 service agreements the total impact on our financial position is estimated to approximately DKK 81 million as of December 31, 2018 (2017: DKK 75 million).

Please refer to note 4.6 for additional information regarding change of control clauses related to share-based instruments granted to the Executive Management and employees.

Subsequent Events

In January 2019, the first part of a regulatory submission to the U.S. Food and Drug Administration (U.S. FDA) for a label expansion to include the use of daratumumab in combination with lenalidomide and dexamethasone for the treatment of patients with newly diagnosed multiple myeloma who are not candidates for high dose chemotherapy and autologous stem cell transplant (ASCT) was submitted by Janssen. The U.S. FDA plans to review this application under their Real-Time Oncology Review (RTOR) pilot program.

On January 25, 2019, the District Court ruled on summary judgment that the three MorphoSys patents were invalid for lack of enablement. MorphoSys had the opportunity to appeal the District Court's decision. In addition, a further claim by Janssen and us that the three MorphoSys patents were unenforceable due to inequitable conduct by MorphoSys was included in the case. On January 31, 2019, MorphoSys dismissed its infringement claims against us and Janssen, and we and Janssen, in turn, dismissed our inequitable conduct claims against MorphoSys. As such, there will be no further proceedings in the case.

§ Accounting Policies

Contingent Assets And Liabilities

Contingent assets and liabilities are assets and liabilities that arose from past events but whose existence will only be confirmed by the occurrence or non-occurrence of future events that are beyond Genmab's control.

Contingent assets and liabilities are not to be recognized in the financial statements, but are disclosed in the notes.

5.6
Fees to Auditors Appointed at the Annual General Meeting

	2018	2017
	DKK'000	DKK'000
PricewaterhouseCoopers		
Audit services	1,188	1,133
Audit-related services	56	379
Tax and VAT services	442	686
Other services	38	40
Total	**1,724**	**2,238**

Fees for other services than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab amounted to DKK 0.5 million (DKK 1.1 million in 2017). Other services than statutory audit of the financial statements comprise services relating to tax and VAT compliance, agreed-upon procedures, opinions relating to grants, educational training and accounting advice.

5.7
Adjustments to Cash Flow Statement

	Note	2018	2017
		DKK'000	DKK'000
Adjustments for non–cash transactions:			
Depreciation, amortization and impairment	3.1, 3.2	87,597	69,751
Net loss (gain) on sale of equipment		12	159
Share–based compensation expenses	2.3, 4.6	90,759	75,985
Provisions	3.4	230	–
Total adjustments for non–cash transactions		**178,598**	**145,895**
Changes in working capital:			
Receivables		(768,148)	270,352
Deferred income		–	(77,502)
Other payables		133,776	46,796
Total changes in working capital		**(634,372)**	**239,646**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Financial Statements of the Parent Company

I/S

Statement of Comprehensive Income

Income Statement

	Note	2018	2017
		DKK'000	DKK'000
Revenue	2	**3,040,539**	**2,373,951**
Research and development expenses	3, 5, 6	(1,297,457)	(792,009)
General and administrative expenses	3,6	(220,131)	(147,053)
Operating expenses		**(1,517,588)**	**(939,062)**
Operating result		**1,522,951**	**1,434,889**
Profit/(Loss) in subsidiaries, net of tax	13	(118,427)	(80,780)
Financial income	10	242,820	72,974
Financial expenses	10	(11,148)	(351,768)
Net result before tax		**1,636,196**	**1,075,315**
Corporate tax	4	(164,055)	28,236
Net result		**1,472,141**	**1,103,551**

Statement of Comprehensive Income

Net result		**1,472,141**	**1,103,551**
Other comprehensive income:			
Amounts which will be re-classified to the income statement:			
Adjustment of foreign currency fluctuations on subsidiaries		9,627	(16,631)
Fair value adjustments of cash flow hedges:			
Fair value adjustments during the period		–	15,879
Fair value adjustments reclassified to the income statement to financial income		–	(20,051)
Total comprehensive income		**1,481,768**	**1,082,748**

Primary Statements

B/S

Balance Sheet

Assets

	Note	December 31, 2018	December 31, 2017	December 31, 2016
		DKK'000	DKK'000	DKK'000
Intangible assets	5	442,708	97,092	148,162
Property, plant and equipment	6	11,458	8,143	766
Investments in subsidiaries	13	353,583	462,383	131,707
Receivables	7	4,155	3,480	1,473
Deferred tax assets	4	339,613	275,440	113,784
Total non-current assets		**1,151,517**	**846,538**	**395,892**
Receivables	7	1,329,834	547,482	1,025,692
Corporate tax receivable	4	–	57,688	–
Marketable securities	9	5,573,187	4,075,192	3,614,942
Cash and cash equivalents		478,190	1,220,433	282,728
Total current assets		**7,381,211**	**5,900,795**	**4,923,362**
Total assets		**8,532,728**	**6,747,333**	**5,319,254**

Shareholders' Equity and Liabilities

	Note	December 31, 2018	December 31, 2017	December 31, 2016
		DKK'000	DKK'000	DKK'000
Share capital		61,498	61,186	60,350
Share premium		8,058,614	7,983,652	7,769,577
Other reserves		91,707	82,080	102,883
Accumulated deficit		(197,459)	(1,854,726)	(3,106,114)
Total shareholders' equity		**8,014,360**	**6,272,192**	**4,826,696**
Provisions		1,430	1,200	–
Other payables	8	1,860	2,429	–
Total non-current liabilities		**3,290**	**3,629**	–
Deferred income		–	150,648	228,150
Provisions		–	–	1,433
Corporate tax payable	4	126,964	–	61,612
Payable to subsidiaries	8	180,214	209,716	–
Other payables	8	207,900	111,148	201,363
Total current liabilities		**515,078**	**471,512**	**492,558**
Total liabilities		**518,368**	**475,141**	**492,558**
Total shareholders' equity and liabilities		**8,532,728**	**6,747,333**	**5,319,254**

Primary Statements Statement of Cash Flows

Statement of Cash Flows

	Note	2018	2017
		DKK'000	DKK'000
Cash flows from operating activities:			
Net result before tax		**1,636,196**	**1,075,315**
Reversal of financial items, net	10	(231,672)	278,794
Reversal of profit/(loss) in subsidiaries, net of tax		118,427	80,780
Adjustment for non-cash transactions	16	146,248	128,531
Change in working capital	16	(667,662)	224,376
Cash generated by operating activities before financial items		1,001,537	**1,787,796**
Financial interest received		44,317	42,866
Financial expenses paid		(417)	(2,802)
Corporate taxes received/(paid)		46,374	(180,866)
Net cash generated by operating activities		**1,091,811**	**1,646,994**
Cash flows from investing activities:			
Investment in intangible assets	5	(398,217)	–
Investment in tangible assets	6	(5,972)	(8,853)
Transactions with subsidiaries		(69,443)	(256,407)
Marketable securities bought	9	(3,521,212)	(3,425,025)
Marketable securities sold		2,221,025	2,845,961
Net cash used in investing activities		**(1,773,819)**	**(844,324)**
Cash flows from financing activities:			
Warrants exercised		74,962	214,075
Shares issued for cash		312	836
Purchase of treasury shares		(146,175)	–
Net cash from financing activities		**(70,901)**	**214,911**
Changes in cash and cash equivalents		**(752,909)**	**1,017,581**
Cash and cash equivalents at the beginning of the period		1,220,433	282,728
Exchange rate adjustments		10,666	(79,876)
Cash and cash equivalents at the end of the period		**478,190**	**1,220,433**
Cash and cash equivalents include:			
Bank deposits and petty cash		478,190	1,220,433
Cash and cash equivalents at the end of the period		**478,190**	**1,220,433**

Primary Statements
Statement of Changes in Equity

	Number of Shares	Share Capital	Share Premium	Translation Reserves	Cash Flow Hedges	Accumulated Deficit	Shareholders' Equity
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Balance at December 31, 2016	**60,350,056**	**60,350**	**7,769,577**	**69**	**4,172**	**(2,708,030)**	**5,126,138**
Change in accounting policy: Investment in subsidiaries	–	–	–	98,642	–	(398,084)	(299,442)
Adjusted total equity at January 1, 2017	60,350,056	60,350	7,769,577	98,711	4,172	(3,106,114)	4,826,696
Net result	–	–	–	–	–	1,103,551	1,103,551
Other comprehensive income	–	–	–	(16,631)	(4,172)	–	(20,803)
Total comprehensive income	–	–	–	(16,631)	(4,172)	1,103,551	1,082,748
Exercise of warrants	835,618	836	214,075	–	–	–	214,911
Share-based compensation expenses	–	–	–	–	–	75,985	75,985
Tax on items recognized directly in equity	–	–	–	–	–	71,852	71,852
B/S **Balance at December 31, 2017**	**61,185,674**	**61,186**	**7,983,652**	**82,080**	**–**	**(1,854,726)**	**6,272,192**
Change in accounting policy: Adoption of IFRS 15	–	–	–	–	–	150,648	150,648
Adjusted total equity at January 1, 2018	61,185,674	61,186	7,983,652	82,080	–	(1,704,078)	6,422,840
Net result	–	–	–	–	–	1,472,141	1,472,141
Other comprehensive income	–	–	–	9,627	–	–	9,627
Total comprehensive income	–	–	–	9,627	–	1,472,141	1,481,768
Purchase of treasury shares	–	–	–	–	–	(146,175)	(146,175)
Exercise of warrants	311,897	312	74,962	–	–	–	75,274
Share-based compensation expenses	–	–	–	–	–	90,759	90,759
Tax on items recognized directly in equity	–	–	–	–	–	89,894	89,894
B/S **Balance at December 31, 2018**	**61,497,571**	**61,498**	**8,058,614**	**91,707**	–	**(197,459)**	**8,014,360**

Distribution of the year's result

The Board of Directors proposes that the parent company's 2018 net income of DKK 1,472 million (2017 net income of DKK 1,104 million) be carried forward to next year by transfer to accumulated deficit.

1
Accounting Policies

The financial statements of the parent company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further disclosure requirements in the Danish Financial Statements Act.

Changes to Accounting Policies

Investments in Subsidiaries

For periods beginning on or after January 1, 2016, the amendment to the IFRS Standard for Separate Financial Statements (IAS 27) permits use of the equity method for measuring investments in subsidiaries. Genmab has chosen to use the equity method for measuring the investments in subsidiaries in the financial statements of the parent company.

Under the equity method, on initial recognition, the investment in a subsidiary is recognized at cost, and the carrying amount is increased or decreased to recognize the parent company's share of the profit or loss of the investment after the date of acquisition. The parent company's share of profit or loss is recognized in the parent company's profit or loss. The parent company's share of other comprehensive income arising from the investment is recognized in the parent company's other comprehensive income. Previously, investments in subsidiaries were measured at cost.

The comparative figures for 2017 have been restated accordingly. The impact on the financial statements is shown below.

	2018			2017		
	New Accounting Policies	Effect of Change in Accounting Policies	Previous Accounting Policies	New Accounting Policies	Effect of Change in Accounting Policies	Previous Accounting Policies
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Statement of comprehensive income						
Profit / (Loss) in subsidiaries, net of tax	(118,427)	(118,427)	-	(80,780)	(80,780)	-
Net result	(118,427)	(118,427)	-	(80,780)	(80,780)	-
Adjustment of foregin currency fluctuations on subsidiaries	9,627	9,627	-	(16,631)	(16,631)	-
Total comprehensive income	**(108,800)**	**(108,800)**	-	**(97,411)**	**(97,411)**	**-**
Balance sheet:						
Investments in subsidiaries	353,583	(625,760)	979,343	462,383	(448,907)	911,290
Total assets	**353,583**	**(625,760)**	**979,343**	**462,383**	**(448,907)**	**911,290**
Total shareholders' equity	8,014,360	(625,760)	8,640,120	6,272,192	(448,907)	6,721,099
Total shareholders' equity and liabilities	**8,014,360**	**(625,760)**	**8,640,120**	**6,272,192**	**(448,907)**	**6,721,099**

Except for the changes mentioned and the implementation of IFRS 15 and IFRS 9, the accounting policies are unchanged from the prior year.

The parent company accounting policies are the same as those applied for the Group, with the additions mentioned below.

Supplementary Accounting Policies for the Parent Company

Investments in Subsidiaries

The equity method is used for measuring the investments in subsidiaries. Under the equity method, the investment in a subsidiary is recognised on initial recognition at cost, and the carrying amount is increased or decreased to recognize the parent company's share of the profit or loss of the investment after the date of acquisition. The parent company's share of profit or loss is recognized in the parent company's profit or loss. The parent company's share of other comprehensive income arising from the investment is recognized in other comprehensive income of the parent company.

Share-based Compensation Expenses

In the financial statements for the parent company, expenses and exercise proceeds related to employees in the subsidiaries are allocated to the relevant subsidiary where the employee has entered an employment contract.

Please refer to note 1.1 in the consolidated financial statements for a description of the accounting policies of the group.

Please refer to note 1.3 in the consolidated financial statements for a description of management's judgments and estimates under IFRS.

2
Revenue

	2018	2017
	DKK'000	DKK'000
Revenue:		
Royalties	1,741,458	1,060,700
Milestone payments	687,353	1,133,316
License fees	347,747	90,065
Reimbursement income	263,981	89,870
I/S **Total**	**3,040,539**	**2,373,951**
Revenue split by collaboration partner:		
Janssen (DARZALEX/daratumumab & DuoBody)	2,390,440	2,214,040
Novartis (Arzerra/ofatumumab)	337,709	48,061
Other collaboration partners	312,390	111,850
I/S **Total**	**3,040,539**	**2,373,951**

Please refer to note 2.1 in the consolidated financial statements for additional information regarding revenue of the group.

3
Staff Costs

	2018	2017
	DKK'000	DKK'000
Wages and salaries	105,417	85,606
Share-based compensation	22,718	23,989
Defined contribution plans	7,616	5,630
Other social security costs	605	414
Total	**136,356**	**115,639**
Staff costs are included in the income statement as follows:		
Research and development expenses	97,639	79,988
General and administrative expenses	38,717	35,651
Total	**136,356**	**115,639**
Average number of FTE	**96**	**71**
Number of FTE at year end:	**113**	**77**

Please refer to note 2.3 in the consolidated financial statements for additional information regarding staff costs of the group.

4
Corporate and Deferred Tax

Taxation — Income Statement & Shareholders' Equity

	2018	2017
	DKK'000	DKK'000
Current tax on result	161,357	132,868
Adjustment to prior years	–	552
Adjustment to deferred tax	254,851	187,583
Adjustment to valuation allowance	(252,153)	(349,239)
I/S Total tax for the period in the income statement	**164,055**	**(28,236)**

A reconciliation of Genmab's effective tax rate relative to the Danish statutory tax rate is as follows:

	2018	**2017**
	DKK'000	DKK'000
Net result before tax	1,636,196	1,075,315
Computed 22% (2017: 22%)	**359,963**	**236,570**
Tax effect of:		
Recognition of previously unrecognized tax losses and deductible temporary differences	(240,019)	(275,440)
Non-deductible expenses/non-taxable income and other permanent differences, net	44,111	23,428
All other	–	(12,794)
Total tax effect	**(195,908)**	**(264,806)**
I/S Total tax for the period in the income statement	**164,055**	**(28,236)**
Total tax for the period in shareholders' equity	**(89,894)**	**(71,852)**

Taxation – Balance Sheet

Significant components of the deferred tax asset are as follows:

	2018	**2017**
	DKK'000	DKK'000
Tax deductible losses	260,857	470,381
Share-based instruments	66,871	76,033
Deferred income	–	27,443
Capitalized R&D costs	4,160	11,091
Other temporary differences	7,725	9,515
	339,613	**594,463**
Valuation allowance	–	(319,023)
B/S Total deferred tax assets	**339,613**	**275,440**

Please refer to note 2.4 in the consolidated financial statements for additional information regarding corporate and deferred tax of the group.

5
Intangible Assets

	Licenses, Rights, and Patents	Total Intangible Assets
2018	DKK'000	DKK'000
Cost per January 1	346,616	346,616
Additions for the year	398,217	398,217
Disposals for the year	–	–
Exchange rate adjustment	–	–
Cost at December 31	**744,833**	**744,833**
Accumulated amortization and impairment per January 1	(249,524)	(249,524)
Amortization for the year	(52,601)	(52,601)
Impairment for the year	–	–
Disposals for the year	–	–
Exchange rate adjustment	–	–
Accumulated amortization and impairment per December 31	**(302,125)**	**(302,125)**
B/S **Carrying amount at December 31**	**442,708**	**442,708**
2017	DKK'000	DKK'000
Cost per January 1	346,616	346,616
Additions for the year	–	–
Disposals for the year	–	–
Exchange rate adjustment	–	–
Cost at December 31	**346,616**	**346,616**
Accumulated amortization and impairment per January 1	(198,454)	(198,454)
Amortization for the year	(28,849)	(28,849)
Impairment for the year	(22,221)	(22,221)
Disposals for the year	–	–
Exchange rate adjustment	–	–
Accumulated amortization and impairment per December 31	**(249,524)**	**(249,524)**
B/S **Carrying amount at December 31**	**97,092**	**97,092**

Depreciation, amortization, and impairments are included in the income statement as follows:	**2018**	**2017**
	DKK'000	DKK'000
Research and development expenses	52,601	51,070
General and administrative expenses	–	–
	52,601	**51,070**

Please refer to note 3.1 in the consolidated financial statements for additional information regarding intangible assets of the group.

6
Property, Plant and Equipment

	Leasehold Improvements	Equipment, Furniture and Fixtures	Total Property, Plant and Equipment
2018	DKK'000	DKK'000	DKK'000
Cost at January 1	1,648	17,397	19,045
Additions for the year	2,513	3,460	5,973
Disposals for the year	–	(828)	(828)
Cost at December 31	**4,161**	**20,029**	**24,190**
Accumulated depreciation and impairment at January 1	(63)	(10,839)	(10,902)
Depreciation for the year	(568)	(2,090)	(2,658)
Disposals for the year	–	828	828
Accumulated depreciation and impairment at December 31	**(631)**	**(12,101)**	**(12,732)**
B/S **Carrying amount at December 31**	**3,530**	**7,928**	**11,458**
2017	DKK'000	DKK'000	DKK'000
Cost at January 1	3,981	15,342	19,323
Additions for the year	1,690	7,163	8,853
Disposals for the year	(4,023)	(5,108)	(9,131)
Cost at December 31	**1,648**	**17,397**	**19,045**
Accumulated depreciation and impairment at January 1	(3,755)	(14,802)	(18,557)
Depreciation for the year	(225)	(1,091)	(1,316)
Disposals for the year	3,917	5,054	8,971
Accumulated depreciation and impairment at December 31	**(63)**	**(10,839)**	**(10,902)**
B/S **Carrying amount at December 31**	**1,585**	**6,558**	**8,143**

	2018	2017
	DKK'000	DKK'000
Depreciation, amortization, and impairments are included in the income statement as follows:		
Research and development expenses	2,126	934
General and administrative expenses	532	382
	2,658	**1,316**

Please refer to note 3.2 in the consolidated financial statements for additional information regarding property, plant and equipment of the group.

7
Receivables

	2018	2017
	DKK'000	DKK'000
Receivables related to collaboration agreements	1,265,972	519,009
Receivables from subsidiaries	39,914	–
Interest receivables	17,860	11,863
Derivativesz	–	12,223
Other receivables	7,050	6,884
Prepayments	3,193	983
Total	**1,333,989**	**550,962**
B/S Non-current receivables	4,155	3,480
B/S Current receivables	1,329,834	547,482
Total	**1,333,989**	**550,962**

Please refer to note 3.3 in the consolidated financial statements for additional information regarding receivables of the group.

8
Other Payables

	2018	2017
	DKK'000	DKK'000
Liabilities related to collaboration agreements	5,913	3,082
Staff cost liabilities	14,093	11,057
Other liabilities	151,464	81,259
Payable to subsidiaries	180,214	209,716
Accounts payable	38,290	18,179
Total at December 31	**389,974**	**323,293**
B/S Non-current other payables	1,860	2,429
B/S Current other payables	388,114	320,864
Total at December 31	**389,974**	**323,293**

Please refer to note 3.5 in the consolidated financial statements for additional information regarding other payables of the group.

9
Marketable Securities

Please refer to note 4.4 to the consolidated financial statements for additional information on marketable securities.

10
Financial Income and Expenses

	2018	2017
	DKK'000	DKK'000
Financial income:		
Interest and other financial income	62,877	41,339
Interest from subsidiaries	673	1,363
Realized and unrealized gains on fair value hedges, net	2,282	30,273
Realized and unrealized exchange rate gains, net	176,988	–
I/S **Total financial income**	**242,820**	**72,975**
Financial expenses:		
Interest and other financial expenses	278	2,678
Realized and unrealized losses on marketable securities (fair value through the income statement), net	10,871	19,610
Realized and unrealized exchange rate losses, net	–	329,480
I/S **Total financial expenses**	**11,149**	**351,768**
Net financial items	**231,671**	**(278,793)**
Interest and other financial income on financial assets measured at amortized cost	8,091	1,657
Interest and other financial expenses on financial liabilities measured at amortized cost	278	2,678

Please refer to note 4.5 in the consolidated financial statements for additional information regarding financial income and expenses of the group.

11
Remuneration of the Board of Directors and Executive Management

The total remuneration of the Board of Directors and Executive Management is as follows:

	2018	2017
	DKK'000	DKK'000
Wages and salaries	9,013	9,120
Share-based compensation expenses	7,531	7,634
Total	**16,544**	**16,754**

The remuneration of each of the Executive Management is described below:

2018	Base Salary	Defined Contribution Plans	Other Benefits	Annual Cash Bonus	Share-based Compensation Expenses	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Jan van de Winkel	709	–	–	1,048	1,342	3,099
David A. Eatwell	390	–	–	22	812	1,224
Judith Klimovsky	355	–	–	29	587	971
Total	**1,454**	–	–	**1,099**	**2,741**	**5,294**

2017						
Jan van de Winkel	667	–	–	767	1,264	2,698
David A. Eatwell	393	–	–	74	795	1,262
Judith Klimovsky	312	–	–	754	216	1,282
Total	**1,372**	–	–	**1,595**	**2,275**	**5,242**

Remuneration of the Board of Directors for the parent is the same as disclosed in note 5.1 in the consolidated financial statements.

Please refer to note 5.1 in the consolidated financial statements for additional information regarding the remuneration of the Board of Directors and Executive Management.

12
Related Party Disclosures

Please refer to note 5.2 to the consolidated financial statements for additional information regarding transactions with related parties.

13
Investments in Subsidiaries

Genmab A/S (parent company) holds investments either directly or indirectly in the following subsidiaries:

Name	Domicile	Ownership and Votes 2018	Ownership and Votes 2017
Genmab B.V.	Utrecht, the Netherlands	100%	100%
Genmab Holding B.V.	Utrecht, the Netherlands	100%	100%
Genmab US, Inc.	New Jersey, USA	100%	100%

	2018	2017
	DKK'000	DKK'000
Cost per January 1	559,794	131,649
Additions	–	428,145
Cost per December 31	**559,794**	**559,794**
Value adjustments January 1	(97,411)	–
Profit/(loss) in subsidiaries, net of tax	(118,427)	(80,780)
Exchange rate adjustment	9,627	(16,631)
Value adjustments per December 31	**(206,211)**	**(97,411)**
B/S **Investments in subsidiaries per December 31**	**353,583**	**462,383**

14
Commitments

Guarantees and Collaterals
There were no bank guarantees as of December 31, 2018 or 2017.

Operating Leases
The parent company has entered into operating lease agreements with respect to office space and office equipment. The leases are non-cancelable for various periods up to 2022.

Future minimum payments under our operating leases as of December 31, 2018 and December 31, 2017, are as follows:

	2018	2017
Payment due	DKK'000	DKK'000
Within 1 year	12,594	9,592
From 1 to 5 years	34,374	33,803
After 5 years	–	–
Total	**46,968**	**43,395**
Expenses recognized in the income statement	8,975	7,642

Other Purchase Obligations
The parent company has entered into a number of agreements primarily related to research and development activities carried out by Genmab. In the parent company, the contractual obligations amounted to DKK 787 million (2017: DKK 356 million).

Please refer to note 5.4 in the consolidated financial statements for additional information regarding commitments of the group.

15
Fees to Auditors Appointed at the Annual General Meeting

	2018	2017
	DKK'000	DKK'000
PricewaterhouseCoopers		
Audit services	859	804
Audit-related services	56	379
Tax and VAT services	442	686
Other services	38	40
Total	**1,395**	**1,909**

Fees for other services than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab amounted to DKK 0.5 million (DKK 1.1 million in 2017). Other services than statutory audit of the financial statements comprise services relating to tax and VAT compliance, agreed-upon procedures, opinions relating to grants, educational training and accounting advice.

Please refer to note 5.6 in the consolidated financial statements for additional information regarding fees to auditors of the group.

16
Adjustments to Cash Flow Statement

	Note	2018	2017
		DKK'000	DKK'000
Adjustments for non–cash transactions:			
Depreciation and amortization and impairment	5,6	55,259	52,387
Net loss (gain) on sale of equipment		–	159
Share–based compensation expenses	3	90,759	75,985
Provisions		230	–
Total adjustments for non–cash transactions		**146,248**	**128,531**
Changes in working capital:			
Receivables		(761,634)	278,983
Deferred income		–	(77,502)
Other payables		93,972	22,895
Total changes in working capital		**(667,662)**	**224,376**

Please refer to note 5.7 in the consolidated financial statements for additional information regarding adjustments to the cash flow statement of the group.

Directors' and Management's Statement on the Annual Report

The Board of Directors and Executive Management have today considered and adopted the Annual Report of Genmab A/S for the financial year 1 January to 31 December 2018.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2018.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, February 20, 2019

Executive Management

Jan van de Winkel
(President & CEO)

David A. Eatwell
(Executive Vice President & CFO)

Judith Klimovsky
(Executive Vice President & CDO)

Board of Directors

Mats Pettersson
(Chairman)

Deirdre P. Connelly
(Deputy Chairman)

Rolf Hoffmann

Pernille Erenbjerg

Paolo Paoletti

Anders Gersel Pedersen

Rick Hibbert
(Employee elected)

Daniel J. Bruno
(Employee elected)

Peter Storm Kristensen
(Employee elected)

Independent Auditor's Report

To the shareholders of Genmab A/S

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of Genmab A/S for the financial year 1 January to 31 December 2018 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the listing of the shares of Genmab A/S on Nasdaq Copenhagen, we were first appointed auditors of Genmab A/S on 22 March 2001. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 18 years including the financial year 2018.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for 2018. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on research and development and collaboration agreements With effect of January 1, 2018 Genmab adopted IFRS 15, Revenue from Contracts with Customers using the modified retrospective transition method. Revenue is recognized when a performance obligation is satisfied i.e. when Genmab's customer obtains control of promised goods or services, in an amount that reflects the consideration that Genmab expects to receive in exchange for those goods or services. Revenue recognition involve accounting for license and collaboration agreements including simultaneous transactions and multiple performance obligations such as upfront payments, milestone payments, royalties and reimbursement of costs. We focused on this area because timing of revenue recognition in the income statement has inherent complexities and requires significant judgment and estimation by management. Reference is made to note 2.1.	We discussed revenue recognition principles and the transition to IFRS 15 with Management. Our audit procedures in regard of revenue recognition included testing of relevant internal controls. We read relevant agreements to assess whether the revenue recognition was consistent with the accounting standard, and had been applied consistently. We considered the reasonableness of the judgments made by Management in determining the relevant assumptions utilized in calculating recognized revenue. We tested a sample of transactions of revenue recognized for accurate calculation and appropriately recognition based on agreements, recognition principles and Managements estimates and judgments. Further, we tested a sample of transactions for accurate calculation and appropriately recognition of the implementation of IFRS 15.
Recognition of deferred tax assets Genmab recognizes deferred tax assets resulting from temporary differences, including the tax value of losses to be carried forward, only to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Changes in future taxable income impact the utilization of deferred tax assets, recognized as well as and unrecognized deferred tax assets. We focused on this area because recognition of deferred tax assets requires significant judgment and estimation by Management. These mainly involve estimates based on certain assumptions in relation to future taxable income. Reference is made to note 2.4.	We discussed deferred tax asset recognition principles with Management. Our audit procedures included evaluating the assessments made by Management with regard to future taxable income and the utilization of the deferred tax assets, by comparing Management's assessment with evidence obtained, such as budgets and business plans. We critically assessed the assumptions and judgments in these budgets and business plans by considering the basis for management's key assumptions and the historical accuracy of budgets. We performed substantive audit procedures on the recognition of deferred tax assets.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

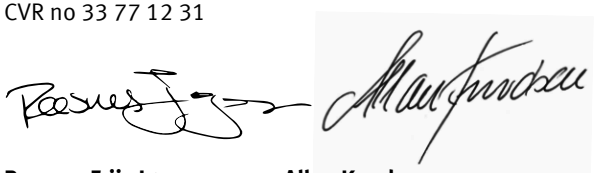
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 20 February 2019
PricewaterhouseCoopers Statsautoriseret
Revisionspartnerselskab
CVR no 33 77 12 31



Rasmus Friis Jørgensen
State Authorised Public Accountant
mne 28705

Allan Knudsen
State Authorised Public Accountant
mne 29465

Glossary

Antibody-drug conjugate (ADC)
Antibody with potent cytotoxic agents (toxins) coupled to it.

Antigen
Immunogen. A target molecule that is specifically bound by an antibody.

Apoptosis
A form of programmed cell death.

B-cell
White blood cell type also known as a B-Lymphocyte.

Biologics License Application (BLA)
A submission to apply for marketing approval from the U.S. FDA, which contains specific information on the manufacturing processes, chemistry, pharmacology, clinical pharmacology and the medical effects of a biologic product.

Bispecific antibody
An antibody in which the two binding regions are not identical, with each region directed against two different antigens or against two different sites on the same antigen.

Breakthrough Therapy Designation (BTD)
A U.S. FDA program intended to expedite the development and review of drugs to treat serious or life-threatening diseases in cases where preliminary clinical evidence shows that the drug may provide substantial improvements over available therapy.

BREEAM (Building Research Establishment Environmental Assessment Method)
A sustainability assessment method for infrastructure and buildings.

Clinical
Term used to refer to drugs that are at the stage of being investigated in humans to determine the safety and efficacy of the drug before it can be submitted for approval by regulatory authorities.

Complement dependent cytotoxicity (CDC)
An antibody effector function that eliminates target cells.

Cytotoxic
Toxic to living cells.

Epitope
The specific surface portion of an antigen to which an antibody binds. Upon binding of the antibody to the epitope an immune response is elicited.

European Medicines Agency (EMA)
European regulatory agency that facilitates development and access to medicines, evaluates applications for marketing authorization and monitors the safety of medicines.

Hexamerization
The ordered clustering of six antibodies.

Immunomodulatory agent
A type of drug used to treat certain types of cancers, such as multiple myeloma. Examples include lenalidomide and pomalidomide.

Lymphoma
Cancer of the white blood cells.

Marketing Authorization Application (MAA)
A submission to apply for marketing approval for a drug from the EMA.

Monoclonal
Derived from a single cell. Monoclonal antibodies derived from such single cell will be identical.

Monotherapy
Treatment of a medical condition by use of a single drug.

Pre-clinical
Term used to refer to drugs that are at the stage of being investigated in the laboratory or in animals to determine the safety and efficacy of the drug before it is tested in humans.

Priority Review
FDA designation used for drugs that, if approved, would be significant improvements in the safety or effectiveness of the treatment, diagnosis, or prevention of serious conditions when compared to standard applications.

Progression Free Survival (PFS)
The length of time a patient lives without his/her disease worsening.

Proteasome inhibitor (PI)
A type of drug used to treat certain types of cancer, such as multiple myeloma. Examples include bortezomib and carfilzomib.

Real-Time Oncology Review (RTOR) Pilot Program
Allows the U.S. FDA to review data prior to the completed formal submission of a sBLA.

Refractory
Resistant to treatment.

Relapsed
Recurrence of disease symptoms after a period of improvement.

Target
A molecule of potential interest against which an antibody is raised/created.

Transgenic mouse
A mouse carrying a transgene from a foreign species, typically a human, which transgene has been introduced into the replicating cells of the mouse, so the transgene is passed on to future generations/offspring of the transgenic mouse.

U.S. Food and Drug Administration (FDA)
U.S. regulatory agency responsible for ensuring the safety, efficacy and security of human and veterinary drugs, biological products and medical devices.

Forward Looking Statement

This annual report contains forward looking statements. The words “believe”, “expect”, “anticipate”, “intend” and “plan” and similar expressions identify forward looking statements. Actual results or performance may differ materially from any future results or performance expressed or implied by such statements. The important factors that could cause our actual results or performance to differ materially include, among others, risks associated with product discovery and development, uncertainties related to the outcome and conduct of clinical trials including unforeseen safety issues, uncertainties related to product manufacturing, the lack of market acceptance of our products, our inability to manage growth, the competitive environment in relation to our business area and markets, our inability to attract and retain suitably qualified personnel, the unenforceability or lack of protection of our patents and proprietary rights, our relationships with affiliated entities, changes and developments in technology which may render our products obsolete, and other factors. For a further discussion of these risks, please refer to the section “Risk Management” in this annual report. Genmab does not undertake any obligation to update or revise forward looking statements in this annual report nor to confirm such statements to reflect subsequent events or circumstances after the date made or in relation to actual results, unless required by law.

Design & Layout
Kontrapunkt

Photographers
Tuala Hjarnø, Stijn Doors and Lars Møller

About Genmab A/S
Genmab is a publicly traded, international biotechnology company specializing in the creation and development of differentiated antibody therapeutics for the treatment of cancer. Founded in 1999, the company has two approved antibodies, DARZALEX® (daratumumab) for the treatment of certain multiple myeloma indications, and Arzerra® (ofatumumab) for the treatment of certain chronic lymphocytic leukemia indications. Daratumumab is in clinical development for additional multiple myeloma indications and other blood cancers. A subcutaneous formulation of ofatumumab is in development for relapsing multiple sclerosis. Genmab also has a broad clinical and pre-clinical product pipeline. Genmab’s technology base consists of validated and proprietary next generation antibody technologies - the DuoBody® platform for generation of bispecific antibodies, the HexaBody® platform, which creates effector function enhanced antibodies and the HexElect™ platform, which combines two co-dependently acting HexaBody molecules to introduce selectivity while maximizing therapeutic potency. The company intends to leverage these technologies to create opportunities for full or co-ownership of future products. Genmab has alliances with top tier pharmaceutical and biotechnology companies. For more information visit www.genmab.com.

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Genmab A/S
Kalvebod Brygge 43
1560 Copenhagen V
Denmark
T. +45 70 20 27 28

Genmab US, Inc.
902 Carnegie Center
Suite 301
Princeton, NJ 08540
USA
T. +1 609 430 2481

Genmab B.V. & Genmab Holding B.V.
Uppsalalaan 15
3584 CT Utrecht
The Netherlands
T. +31 30 2 123 123

www.genmab.com