

Genmab Announces Financial Results for the First Quarter of 2018

May 8, 2018; Copenhagen, Denmark;
Interim Report for the First Quarter of 2018

Highlights

- USD 432 million in net sales of DARZALEX[®] (daratumumab); resulting in royalty income of DKK 310 million
- U.S. FDA granted Priority Review to daratumumab in combination with bortezomib, melphalan and prednisone in frontline multiple myeloma
- Received USD 50 million from Novartis as payment for lost potential milestones and royalties following announcement of Novartis' intention to transition Arzerra[®] (ofatumumab) to limited availability via compassionate use programs for chronic lymphocytic leukemia (CLL) in non-US markets

"During the first quarter of 2018, we saw regulatory progress with DARZALEX in multiple myeloma, continued to progress our innovative pipeline, and experienced good progress in a number of antibody programs run by our collaboration partners. We look forward to an exciting year ahead," said Jan van de Winkel, Ph.D., Chief Executive Officer of Genmab.

Financial Performance First Quarter of 2018

- Revenue was DKK 681 million in the first quarter of 2018 compared to DKK 251 million in the first quarter of 2017. The increase of DKK 430 million, or 171%, was mainly driven by the payment from Novartis of USD 50 million and higher DARZALEX royalties.
- Operating expenses were DKK 357 million in the first quarter of 2018 compared to DKK 205 million in the first quarter of 2017. The increase of DKK 152 million, or 74%, was driven by the advancement of tisotumab vedotin, additional investments in our product pipeline, and the increase in employees to support expansion of our product pipeline.
- Operating income was DKK 324 million in the first quarter of 2018 compared to DKK 46 million in the first quarter of 2017. The increase of DKK 278 million was driven by higher revenue, which was partly offset by increased operating expenses.

Outlook

Genmab is maintaining its 2018 financial guidance published on February 21, 2018.

Conference Call

Genmab will hold a conference call in English to discuss the results for the first quarter of 2018 today, Tuesday, May 8, at 6.00 pm CEST, 5.00 pm BST or 12.00 pm EDT. The dial in numbers are:

+1 323 794 2094 (US participants) and ask for the Genmab conference call
+44 330 336 9411 (international participants) and ask for the Genmab conference call

A live and archived webcast of the call and relevant slides will be available at www.genmab.com.

Contact:

Rachel Curtis Gravesen, Senior Vice President, Investor Relations & Communications
T: +45 33 44 77 20; M: +45 25 12 62 60; E: rcg@genmab.com

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CONSOLIDATED KEY FIGURES

	1st quarter of 2018	1st quarter of 2017*	Full Year 2017*
	DKK'000	DKK'000	DKK'000
Income Statement			
Revenue	681,012	250,777	2,365,436
Research and development expenses	(312,551)	(170,071)	(874,278)
General and administrative expenses	(44,416)	(34,636)	(146,987)
Operating expenses	(356,967)	(204,707)	(1,021,265)
Operating result	324,045	46,070	1,344,171
Net financial items	(68,480)	(25,588)	(280,451)
Net result	198,574	16,099	1,103,551
Balance Sheet			
Cash position**	5,701,172	4,750,625	5,422,737
Non-current assets	561,912	329,405	543,515
Assets	6,783,115	5,405,594	6,602,942
Shareholders' equity	6,520,103	5,006,219	6,272,192
Share capital	61,251	60,735	61,186
Investments in intangible and tangible assets	28,772	3,856	88,510
Cash Flow Statement			
Cash flow from operating activities	464,071	751,921	1,588,972
Cash flow from investing activities	(682,767)	(387,209)	(667,574)
Cash flow from financing activities	(127,843)	103,278	214,911
Cash and cash equivalents	956,775	764,415	1,347,545
Cash position increase/(decrease)	278,435	828,660	1,500,772
Financial Ratios			
Basic net result per share	3.25	0.27	18.14
Diluted net result per share	3.20	0.26	17.77
Period-end share market price	1,298.00	1,343.00	1,029.00
Price / book value	12.19	16.29	10.04
Shareholders' equity per share	106.45	82.43	102.51
Equity ratio	96%	93%	95%
Average number of employees (FTE***)	263	215	235
Number of employees at the end of the period	270	219	257

* As disclosed in note 1 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

** Cash, cash equivalents, and marketable securities.

*** Full-time equivalent

The 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 (2015) and key figures in accordance with IFRS.

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OUTLOOK

MDKK	2018 Guidance
Revenue	2,700 – 3,100
Operating expenses	(1,400) – (1,600)
Operating income	1,300 – 1,500

Genmab is maintaining its 2018 financial guidance published on February 21, 2018.

We expect our 2018 revenue to be in the range of DKK 2,700 – 3,100 million. Our projected revenue for 2018 consists primarily of DARZALEX royalties of approximately DKK 1,750 million that are based on an estimated USD 2.0 – 2.3 billion of DARZALEX net sales in 2018. We project DARZALEX milestones of approximately DKK 550 million in 2018, consisting primarily of a commercial net sales-based milestone. In addition, the 2018 guidance includes the upfront payment from Novartis of approximately DKK 300 million related to the transition of Arzerra from commercial availability to compassionate use programs in non-US markets. The remainder of the revenue consists of cost reimbursement income, Arzerra royalties, and DuoBody milestones.

We anticipate that our 2018 operating expenses will be in the range of DKK 1,400 – 1,600 million. The increase compared to 2017 is driven by the advancement of tisotumab vedotin, HuMax-AXL-ADC, HexaBody-DR5/DR5, DuoBody-CD3xCD20, and an increase in employees to support the expansion of our product pipeline.

We expect the operating income for 2018 to be approximately DKK 1,300 – 1,500 million.

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 and Arzerra sales and corresponding royalties to Genmab; and currency exchange rates (the 2018 guidance assumes a USD/DKK exchange rate of 6.0). The financial guidance assumes that no significant agreements are entered into during 2018 that could materially affect the results.

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2018 GOALS

Priority	✓	Targeted Milestone
Maximize daratumumab progress		<ul style="list-style-type: none"> • FDA and EMA decision on Phase III ALCYONE multiple myeloma (MM) submission • Start new Phase III MM study • 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		<ul style="list-style-type: none"> • Complete recruitment Phase III subcutaneous ofatumumab relapsing MS studies
Maximize tisotumab vedotin progress		<ul style="list-style-type: none"> • 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		<ul style="list-style-type: none"> • 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		<ul style="list-style-type: none"> • Execute controlled company growth with selective investments in product & technology pipeline • Continue investing in building commercialization and launch capabilities

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PRODUCT PIPELINE

Our own and partnered product pipeline consists of twelve antibodies in clinical development, including two marketed products, and approximately 20 in-house and partnered pre-clinical programs. The following chart illustrates the disease indications and most advanced development status for each of our pipeline products. For additional information, visit www.genmab.com/product-pipeline.

Product	Disease Indications	Development Phase				
		Pre-Clinical	I	II/III	II	III
Daratumumab BTD (2 - MM) Target: CD38 Partner: Janssen	Multiple myeloma (MM) Amyloidosis Non-MM & Solid tumor indications					
Ofatumumab (OMB157) BTD (CLL) Target: CD20 Partner: Novartis	Follicular lymphoma (FL) (IV) Relapsing multiple sclerosis (RMS) (SubQ)					
Tisotumab vedotin Target: TF Partner: Seattle Genetics	Solid tumors					
HuMax-AXL-ADC Target: AXL	Solid tumors					
HexaBody-DR5/DR5* Target: DR5	Solid tumors					
DuoBody-CD3xCD20* Targets: CD3, CD20	Hematological malignancies					
Teprotumumab (RV001) BTD Target: IGF-1R, Partner: Horizon Pharma	Graves' orbitopathy					
HuMax-IL8 Target: IL8, Partner: BMS	Advanced cancers					
ADCT-301 (HuMax-TAC-ADC) Target: CD25, Partner: ADCT	Lymphoma Acute myeloid leukemia (AML) or acute lymphoblastic leukemia (ALL)					
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					
~20 Active Pre-clinical programs incl. DuoBody CD40x4-1BB	Proprietary programs: HuMab, HuMab-ADC, DuoBody, DuoBody-ADC & HexaBody Partnered programs: HuMab, DuoBody & HexaBody					

*Announced

PRODUCT PIPELINE AND TECHNOLOGY PROGRESS FIRST QUARTER OF 2018

DARZALEX (daratumumab) – First CD38 Antibody Approved Anywhere in the World

- First-in-class CD38 antibody in development to treat cancer
- Approved 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, including studies with a subcutaneous formulation
- Early stage studies ongoing in solid tumors and other indications

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- Collaboration with Janssen
- Net sales of DARZALEX by Janssen were USD 432 million in the first quarter of 2018

DARZALEX (daratumumab) injection for intravenous infusion is approved in the U.S. States in combination with bortezomib, melphalan and prednisone for the treatment of patients with newly diagnosed multiple myeloma who are ineligible for autologous stem cell transplant; 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 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 relapsed or refractory multiple myeloma based on Phase III studies evaluating daratumumab in combination with lenalidomide and dexamethasone or bortezomib and dexamethasone.

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 $\geq 20\%$) 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.

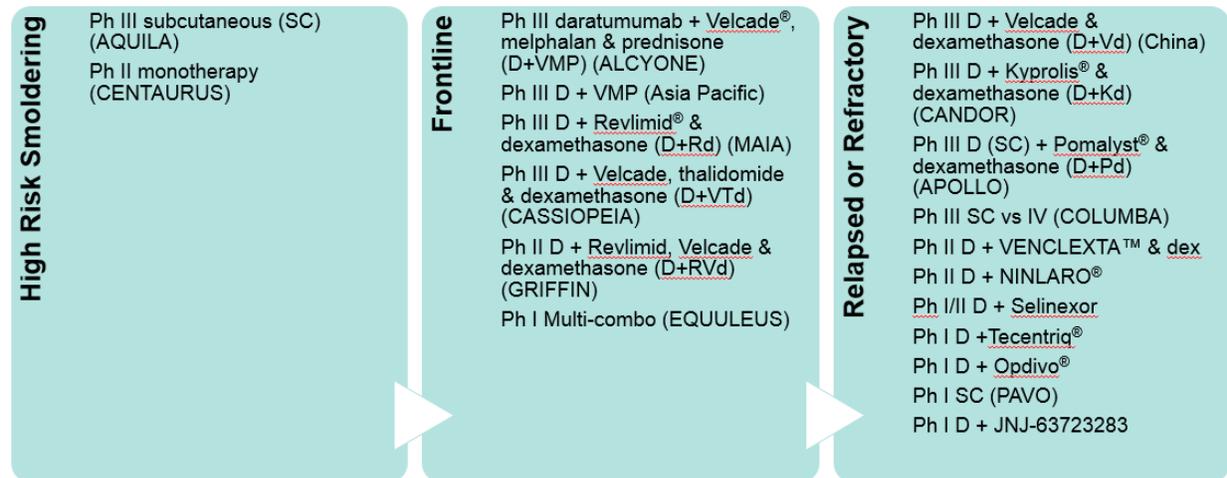
Please consult the full [U.S. Prescribing information](#) and the full [European Summary of Product Characteristics](#) for all the labeled safety information for DARZALEX.

First Quarter Update

- 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 autologous stem cell transplant. The FDA assigned a Prescription Drug User Fee Act (PDUFA) target date of May 21, 2018 to take a decision on daratumumab in this indication.
- 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; a Phase II study of daratumumab in combination with ixazomib and dexamethasone in relapsed and /or refractory multiple myeloma.

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Daratumumab Development Covering All States of Multiple Myeloma



Daratumumab Development – Beyond Multiple Myeloma



Arzerra (ofatumumab) – Our First Marketed Product

- Human CD20 monoclonal antibody in development to treat cancer & autoimmune disease
- Arzerra approved in certain territories for certain CLL indications
- Two Phase III studies with low dose subcutaneous ofatumumab in relapsing multiple sclerosis ongoing
- Collaboration with Novartis
- Net sales of Arzerra by Novartis were USD 7 million in the first quarter of 2018

In the U.S., Arzerra 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 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 more than 60 countries worldwide, including the U.S. and EU member countries, Arzerra is also indicated as monotherapy for the treatment of patients with CLL who are refractory after prior treatment with fludarabine and alemtuzumab. On January 22,

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2018, it was announced that Novartis intends to transition Arzerra from commercial availability to limited availability via compassionate use programs in non-U.S. markets.

A subcutaneous formulation of ofatumumab is also being investigated in two Phase III clinical studies in relapsing multiple sclerosis.

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 (neutropenia, anemia, thrombocytopenia), 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 [European Summary of Product Characteristics](#) and full [US Prescribing information](#), including Boxed Warning, for all the labeled safety information for Arzerra.

First Quarter Update

- January: Announced Novartis' intent to transition the commercial availability of Arzerra to limited availability via compassionate use programs for the treatment of CLL in non-U.S. markets, but will continue to market for CLL in the U.S. Novartis will work with regulatory authorities to establish compassionate use programs so that patients benefitting from Arzerra can remain on treatment. Genmab received USD 50 million from Novartis as payment for lost potential milestones and royalties.

Tisotumab vedotin – A Next Generation Therapeutic

- Antibody-drug conjugate (ADC, antibody coupled to a cell-killing agent) in development to treat solid tumors
- Phase II study in cervical cancer announced; two Phase I/II clinical studies in solid tumors 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.

HuMax-AXL-ADC – A First-in-Class ADC

- ADC in development to treat solid tumors
- Phase I/II clinical study for six types of solid tumors ongoing

HuMax-AXL-ADC is an ADC targeted to AXL, a signaling molecule expressed on many solid cancers and implicated in tumor biology. HuMax-AXL-ADC is in Phase I/II clinical development for six different solid tumors: ovarian, cervical, endometrial, thyroid, non-small cell lung cancer (NSCLC), and melanoma. HuMax-AXL-ADC is fully owned by Genmab and the ADC technology used with HuMax-AXL-ADC was licensed from Seattle Genetics.

HexaBody-DR5/DR5 – First HexaBody Program in Development

- Proprietary antibody therapeutic created with Genmab's HexaBody technology
- Composed of two non-competing HexaBody molecules that target two distinct DR5 epitopes
- Phase I/II clinical trial in solid tumors anticipated to start in 2018

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HexaBody-DR5/DR5 is a mixture of two non-competing HexaBody 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. HexaBody-DR5/DR5 may have potential in a number of solid cancers including colorectal, NSCLC, triple negative breast cancer, renal cell cancer, gastric cancer and urothelial cancer. A Phase I/II clinical trial in solid tumors is anticipated to start in 2018.

DuoBody-CD3xCD20 – A Proprietary Bispecific Antibody

- Proprietary bispecific antibody created with Genmab's DuoBody technology
- Phase I/II clinical trial in B-cell malignancies anticipated to start in 2018

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. DuoBody-CD3xCD20 could have potential to treat B-cell malignancies such as diffuse large B-cell lymphoma, indolent non-Hodgkin's lymphoma and mantle cell lymphoma. A Phase I/II clinical study of DuoBody-CD3xCD20 is anticipated to start in 2018.

Teprotumumab

- 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.

First Quarter Update

- 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

- 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 advanced cancers under an agreement with Bristol-Myers Squibb.

First Quarter Update

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

JNJ-64407564

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

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JNJ-64407564 is a bispecific antibody that targets CD3, which is expressed on T-cells and GPRC5D, which is highly expressed in multiple myeloma cells. JNJ-64407564 was created under a collaboration between Genmab and Janssen using Genmab's DuoBody technology. JNJ-64407564 is being investigated in a Phase I clinical study to treat relapsed or refractory multiple myeloma.

First Quarter Update

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

Pre-clinical Programs

- Broad pre-clinical pipeline of approximately 20 programs including DuoBody-CD40x4-1BB
- Pre-clinical pipeline includes both partnered products and in-house programs based on our proprietary technologies
- Multiple new INDs expected to be submitted over coming years

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 programs targeting central nervous system disease with Lundbeck, and the DuoBody-CD40x4-1BB immunology program with BioNTech.

SIGNIFICANT RISKS AND UNCERTAINTIES

As a biotech company, Genmab faces a number of risks and uncertainties. These are common for the industry and relate to operations, research and development, commercial and financial activities. For further information about risks and uncertainties which the Genmab group faces, refer to the 2017 annual report. At the date of this interim report, there have been no significant changes to Genmab's overall risk profile since the publication of the 2017 annual report.

FINANCIAL REVIEW

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

Revenue

Genmab's revenue was DKK 681 million for the first quarter of 2018 compared to DKK 251 million for the first quarter of 2017. The increase of DKK 430 million, or 171%, was driven by the upfront payment from Novartis of USD 50 million and increased DARZALEX royalties.

MDKK	Q1 2018	Q1 2017*
Royalties	318	225
Milestone payments	-	-
License fees	304	24
Reimbursement income	59	2
Total revenue	681	251

* As disclosed in note 1 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 318 million in the first quarter of 2018 compared to DKK 225 million in the first quarter of 2017. The increase of DKK 93 million was driven by higher DARZALEX royalties, which were partly offset by lower Arzerra royalties.

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Net sales of DARZALEX by Janssen were USD 432 million in the first quarter of 2018 compared to USD 255 million in the first quarter of 2017. The increase of USD 177 million, or 69%, was driven by strong uptake following the regulatory approvals in the U.S. and EU. Royalty income on net sales of DARZALEX was DKK 310 million in the first quarter of 2018 compared to DKK 211 million in the first quarter of 2017, an increase of DKK 99 million. The increase in royalties of 47% is lower than the increase in the underlying sales due to currency fluctuations between the USD and DKK.

Novartis' net sales of Arzerra were USD 7 million in the first quarter of 2018 compared to USD 10 million in the first quarter of 2017, a decrease of USD 3 million, or 30%. Royalty income on net sales of Arzerra was DKK 8 million in the first quarter of 2018 compared to DKK 14 million in the first quarter of 2017, a decrease of DKK 6 million, or 43%.

Milestone Payments

There was no milestone income recognized during the first quarter of 2018 or the first quarter of 2017. 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.

Licenses Fees

License fee income was DKK 304 million during the first quarter of 2018 which was driven by the USD 50 million upfront payment from Novartis with the amendment of the Arzerra/ofatumumab license and collaboration agreement. In the first quarter of 2017, license fee income was DKK 24 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 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 amounted to DKK 59 million in the first quarter of 2018 compared to DKK 2 million in the first quarter of 2017. The increase of DKK 57 million was driven by our collaboration agreements with Seattle Genetics and BioNTech.

Refer to note 1 for further details on the impact of adoption of IFRS 15 and note 2 in this interim report for further details about revenue.

Research and Development Costs

Research and development costs amounted to DKK 313 million in the first quarter of 2018 compared to DKK 170 million in the first quarter of 2017. The increase of DKK 143 million, or 84%, was driven by the additional investment in our product pipeline, combined with the increase in research and development employees.

Research and development costs accounted for 88% of the total operating expenses in the first quarter of 2018 compared to 83% in the first quarter of 2017.

General and Administrative Expenses

General and administrative expenses were DKK 44 million in the first quarter of 2018 compared to DKK 35 million in the first quarter of 2017. The increase of DKK 9 million, or 26%, was driven by higher non-cash share-based compensation expenses and an increase in administrative employees and other support functions due to the expansion of our pipeline.

General and administrative expenses accounted for 12% of the total operating expenses in the first quarter of 2018 compared to 17% in the first quarter of 2017.

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Operating Result

Operating income was DKK 324 million in the first quarter of 2018 compared to DKK 46 million in the first quarter of 2017. The increase of DKK 278 million, or 604%, was driven by higher revenue, which was partly offset by increased operating expenses.

As of March 31, 2018, the total number of employees was 270 compared to 219 employees as of March 31, 2017. The increase in employees was driven by the expansion of our pipeline.

Workforce	March 31, 2018	March 31, 2017
Research and development employees	231	189
Administrative employees	39	30
Total employees	270	219

Net Financial Items

The net financial items for the first quarter of 2018 were a net loss of DKK 68 million compared to DKK 26 million in the first quarter of 2017. The main driver for the variance between the two periods is foreign exchange movements, which negatively impacted our USD denominated portfolio and cash holdings. The USD weakened against the DKK during 2018, resulting in realized and unrealized exchange rate losses. Refer to note 4 in this interim report for further details about the net financial items.

Corporate Tax

The corporate tax expense for the first quarter of 2018 was DKK 57 million compared to DKK 4 million for the first quarter of 2017. The estimated annual effective corporate tax rate in the first quarter of 2018 was 22% compared to 21% in the first quarter of 2017. There has been no reversal of the valuation allowances on deferred tax assets in the first quarter of 2018 or the first quarter of 2017.

Net Result

Net result for the first quarter of 2018 was a net income of DKK 199 million compared to a net income of DKK 16 million in the first quarter of 2017. The increase was driven by the items described above.

Cash Position

Cash Position (MDKK)	March 31, 2018	December 31, 2017
Marketable securities	4,744	4,075
Cash and cash equivalents	957	1,348
Cash position	5,701	5,423

As of March 31, 2018, cash, cash equivalents, and marketable securities (cash position) amounted to DKK 5,701 million. This represents a net increase of DKK 278 million from the beginning of 2018, which was mainly driven by our operating income of DKK 324 million and proceeds from the exercise of warrants of DKK 18 million, which were partly offset by the purchase of treasury shares for DKK 146 million.

There were no short term marketable securities included in cash and cash equivalents at the end of March 2018. Cash and cash equivalents included short term marketable securities of DKK 218 million at the end of March 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. Refer to note 3 in this interim report for further details about our marketable securities.

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Cash Flow

Cash Flow (MDKK)	Q1 2018	Q1 2017
Cash provided by (used in) operating activities	464	752
Cash provided by (used in) investing activities	(683)	(387)
Cash provided by (used in) financing activities	(128)	103

Net cash provided by operating activities is primarily related to our operating result, working capital fluctuations, and adjustments related to non-cash expenses, all of which may be highly variable period to period. In the first quarter of 2018, the primary driver of lower cash provided by operating activities was higher positive working capital adjustments in 2017 related to royalties and 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. Purchases of marketable securities exceeded sales and maturities in both the first quarter of 2018 and 2017, which has resulted in significant growth in the marketable securities portion of the cash position.

Net cash used in financing activities for the first quarter of 2018 is related to the purchase of treasury shares of DKK 146 million partly offset by the proceeds from the exercise of warrants of DKK 18 million. Net cash provided by financing activities for the first quarter of 2017 is related to proceeds from the exercise of warrants of DKK 103 million.

Balance Sheet

As of March 31, 2018, total assets were DKK 6,783 million compared to DKK 6,603 million as of December 31, 2017. As of March 31, 2018, assets are mainly comprised of a cash position of DKK 5,701 million and receivables of DKK 462 million. The receivables consist primarily of royalties from our license and collaboration agreements and non-interest bearing receivables, which are due less than one year from the balance sheet date.

Shareholders' equity as of March 31, 2018 was DKK 6,520 million compared to DKK 6,272 million at the end of December 2017. The increase was driven by our net income and the impact of the adoption of IFRS 15, which were partly offset by the purchase of treasury shares. As of March 31, 2018, Genmab's equity ratio was 96% compared to 95% as of December 31, 2017.

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 under U.S. patent no. 8,263,746 based on activities relating to the manufacture, use and sale of DARZALEX in the U.S. In February 2017, MorphoSys was allowed to amend its complaint to include a second U.S. patent, U.S. patent no. 9,200,061, into the case. In October 2017, the U.S. District Court of Delaware allowed MorphoSys to amend its complaint to include a third U.S. patent, U.S. patent no. 9,758,590, which is related to the '746 and '061 patents. The parties agreed to include this third patent for case efficiency, and it is not expected to change the merits of the case. The trial date has been rescheduled to February 2019 from the original trial date of August 2018. Jury trial has been requested by MorphoSys. Genmab and Janssen disagree with the allegations made by MorphoSys in its complaint for patent infringement and vigorously contest those allegations.

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STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER OF 2018

Income Statement

	Note	1st quarter March 31, 2018 DKK'000	1st quarter March 31, 2017 DKK'000
Revenue	2	681,012	250,777
Research and development expenses		(312,551)	(170,071)
General and administrative expenses		(44,416)	(34,636)
Operating expenses		(356,967)	(204,707)
Operating result		324,045	46,070
Net financial items	4	(68,480)	(25,588)
Net result before tax		255,565	20,482
Corporate tax		(56,991)	(4,383)
Net result		198,574	16,099
Basic net result per share		3.25	0.27
Diluted net result per share		3.20	0.26
Statement of Comprehensive Income			
Net result		198,574	16,099
Other comprehensive income:			
Amounts which will be re-classified to the income statement:			
Adjustment of foreign currency fluctuations on subsidiaries		(4,891)	(1,705)
<i>Fair value adjustments of cash flow hedges:</i>			
Fair value adjustments during the period		-	2,115
Fair value adjustments reclassified to the income statement		-	(503)
Total comprehensive income		193,683	16,006

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BALANCE SHEET

Note	March 31, 2018 DKK'000	December 31, 2017 DKK'000	March 31, 2017 DKK'000
ASSETS			
Intangible assets	116,715	124,395	172,978
Property, plant and equipment	139,610	113,415	33,491
Receivables	9,333	8,756	3,480
Deferred tax assets	296,254	296,949	119,456
Total non-current assets	561,912	543,515	329,405
Receivables	462,343	579,002	325,564
Corporate tax receivable	57,688	57,688	-
Marketable securities	4,744,397	4,075,192	3,986,210
Cash and cash equivalents	956,775	1,347,545	764,415
Total current assets	6,221,203	6,059,427	5,076,189
Total assets	6,783,115	6,602,942	5,405,594
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	61,251	61,186	60,735
Share premium	8,001,919	7,983,652	7,872,470
Other reserves	77,189	82,080	102,790
Accumulated deficit	(1,620,256)	(1,854,726)	(3,029,776)
Shareholders' equity	6,520,103	6,272,192	5,006,219
Provisions	1,430	1,200	-
Other payables	2,287	2,429	-
Total non-current liabilities	3,717	3,629	-
Provisions	-	-	1,433
Deferred income	-	150,648	204,447
Corporate tax payable	41,888	-	61,612
Other payables	217,407	176,473	131,883
Total current liabilities	259,295	327,121	399,375
Total liabilities	263,012	330,750	399,375
Total shareholders' equity and liabilities	6,783,115	6,602,942	5,405,594
Share-based instruments			5
Shareholdings by the Board of Directors and Executive Management			6
Subsequent events to the balance sheet date			7

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STATEMENT OF CASH FLOWS

Note	1st quarter March 31, 2018 DKK'000	1st quarter March 31, 2017 DKK'000
Net result before tax	255,565	20,482
Reversal of financial items, net	68,480	25,588
Adjustments for non-cash transactions	33,800	28,949
Changes in working capital	102,768	665,377
Cash flow from operating activities before financial items	460,613	740,396
Financial interest received	8,706	11,641
Financial expenses paid	(136)	(116)
Corporate taxes received/(paid)	(5,112)	-
Cash flow from operating activities	464,071	751,921
Investments in tangible assets	(28,772)	(3,856)
Marketable securities bought	(1,444,625)	(1,240,948)
Marketable securities sold	790,630	857,595
Cash flow from investing activities	(682,767)	(387,209)
Warrants exercised	18,267	102,893
Shares issued for cash	65	385
Purchase of treasury shares	(146,175)	-
Cash flow from financing activities	(127,843)	103,278
Change in cash and cash equivalents	(346,539)	467,990
Cash and cash equivalents at the beginning of the period	1,347,545	307,023
Exchange rate adjustments	(44,231)	(10,598)
Cash and cash equivalents at the end of the period	956,775	764,415
Cash and cash equivalents include:		
Bank deposits	956,775	546,109
Short-term marketable securities	-	218,306
Cash and cash equivalents at the end of the period	956,775	764,415

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STATEMENT OF CHANGES IN EQUITY

	Number of shares	Share capital DKK'000	Share premium DKK'000	Translation reserves DKK'000	Cash flow hedges DKK'000	Accumulated deficit DKK'000	Shareholders' equity DKK'000
December 31, 2016	60,350,056	60,350	7,769,577	98,711	4,172	(3,106,114)	4,826,696
Net result	-	-	-	-	-	16,099	16,099
Other comprehensive income	-	-	-	(1,705)	1,612	-	(93)
Total comprehensive income	-	-	-	(1,705)	1,612	16,099	16,006
Transactions with owners:							
Exercise of warrants	385,087	385	102,893	-	-	-	103,278
Share-based compensation expenses	-	-	-	-	-	17,425	17,425
Tax on items recognized directly in equity	-	-	-	-	-	42,814	42,814
March 31, 2017	60,735,143	60,735	7,872,470	97,006	5,784	(3,029,776)	5,006,219
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	-	-	-	-	-	198,574	198,574
Other comprehensive income	-	-	-	(4,891)	-	-	(4,891)
Total comprehensive income	-	-	-	(4,891)	-	198,574	193,683
Transactions with owners:							
Exercise of warrants	65,419	65	18,267	-	-	-	18,332
Purchase of treasury shares	-	-	-	-	-	(146,175)	(146,175)
Share-based compensation expenses	-	-	-	-	-	21,430	21,430
Tax on items recognized directly in equity	-	-	-	-	-	9,993	9,993
March 31, 2018	61,251,093	61,251	8,001,919	77,189	-	(1,620,256)	6,520,103

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NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Basis of Presentation

Accounting Policies

The interim report is prepared in accordance with International Accounting Standard No. 34 (IAS 34), “Interim Financial Reporting” and additional Danish disclosure requirements for interim reports of listed companies. The interim report has not been reviewed or audited by Genmab’s external auditors.

The interim report has been prepared using the same accounting policies as outlined in section 1 – Basis of Presentation in the financial statements in the 2017 annual report, except for the adoption of new accounting standards detailed below.

Management Judgments and Estimates under IFRS

In preparing interim reports, certain provisions under IFRS require management to make judgments (various accounting estimates and assumptions) which may significantly impact the group’s financial statements. The most significant judgments include, among other things, revenue recognition, share-based compensation, deferred tax assets, and recognition of internally generated intangible assets. For additional descriptions of significant judgments and estimates, refer to note 1.3 in the 2017 annual report, except for revenue recognition, which is described below.

Fair Value Measurement

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).

MDKK	Note	March 31, 2018		December 31, 2017	
		Level 1	Level 2	Level 1	Level 2
Assets Measured at Fair Value					
Marketable securities	3	4,744	-	4,075	-
Receivables – derivatives		-	-	-	12

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

The fair value is determined using valuation techniques that utilize market based data such as currency rates, yield curves and implied volatility (Level 2). As of March 31, 2018, there were no derivatives outstanding.

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New Accounting Standards - Recently Adopted

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:

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1st Quarter March 31, 2018

	As Reported	Balances Without Adoption of IFRS 15	Effect of Change Higher/(Lower)
	DKK'000	DKK'000	DKK'000
Income Statement:			
Revenue	681,012	703,158	(22,146)
Net result before tax	255,565	277,711	(22,146)
Corporate tax	(56,991)	(61,930)	4,939
Net result	198,574	215,781	(17,207)
Basic net result per share	3.25	3.53	(0.28)
Diluted net result per share	3.20	3.48	(0.28)

As of March 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	-	128,502	(128,502)
Accumulated deficit	(1,620,256)	(1,748,758)	128,502

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 collaborations partners.

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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 three 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 separate line item in the statement of profit or loss.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as 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.

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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 at 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 loans and receivables 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

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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.

Note 2 – Revenue

Genmab enters into license and collaboration agreements which are within the scope of IFRS 15, under which it licenses certain rights to its product candidates to third parties and also may participate in the development of the product candidates. The terms of these arrangements typically include payment to Genmab of one or more of the following: non-refundable, upfront license fees; exclusive designation fees; annual license maintenance fees; additional target fees; development, regulatory and commercial milestone payments; payments for research and development services; and royalties on net sales of licensed products. Each of these payments results in revenue from contracts with customers.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements, Genmab performs the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) Genmab satisfies each 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.

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.

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.

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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.

The table below disaggregates our revenue by type of payment and collaboration partner under our agreements which provides additional information regarding how the nature, amount, timing and uncertainty of our revenue and cash flows might be affected by economic factors.

	1st quarter March 31, 2018	1st quarter March 31, 2017
	DKK'000	DKK'000
Revenue:		
Royalties	317,786	224,255
Milestone payments	-	-
License fees	304,055	23,704
Reimbursement income	59,171	2,818
Total	681,012	250,777
Revenue split by collaboration partner:		
Janssen (Darzalex/Daratumumab & DuoBody)	309,757	232,005
Novartis (Arzaerra/Ofatumumab)	312,544	13,905
Other collaboration partners	58,711	4,867
Total	681,012	250,777

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Note 3 – Marketable Securities

	March 31, 2018	December 31, 2017	March 31, 2017
	DKK'000	DKK'000 (full year)	DKK'000
Cost at the beginning of the period	4,194,743	3,603,111	3,603,111
Additions for the period	1,444,625	3,425,025	1,240,948
Disposals and maturities for the period	(790,297)	(2,833,393)	(856,280)
Cost at the end of the period	4,849,071	4,194,743	3,987,779
Fair value adjustment at the beginning of the period	(119,551)	11,831	11,831
Fair value adjustment for the period	14,877	(131,382)	(13,400)
Fair value adjustment at the end of the period	(104,674)	(119,551)	(1,569)
Net book value at the end of the period	4,744,397	4,075,192	3,986,210
Net book value in percentage of cost	97.8%	97.1%	100.0%
Average effective duration	1.63	1.55	1.42

In accordance with the group's risk management guidelines, Genmab's marketable securities are administrated by two external investment managers who solely invest in securities from investment grade issuers. Genmab invests its cash in deposits with major financial institutions, Danish mortgage bonds and notes issued by Danish, European, and American governments.

As of March 31, 2018, 91% of our marketable securities had a triple A-rating, compared to 91% as of December 31, 2017.

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Note 4 – Financial Income and Expenses

	1st quarter March 31, 2018	1st quarter March 31, 2017
	DKK'000	DKK'000
Financial income:		
Interest and other financial income	12,413	9,872
Realized and unrealized gains on fair value hedges, net	2,282	815
Realized and unrealized exchange rate gains, net	-	-
Total financial income	14,695	10,687
Financial expenses:		
Interest and other financial expenses	136	116
Realized and unrealized losses on marketable securities, net	8,752	7,120
Realized and unrealized exchange rate losses, net	74,287	29,039
Total financial expenses	83,175	36,275
Net financial items	(68,480)	(25,588)

Realized and unrealized exchange rate losses, net of DKK 74 million in the first quarter of 2018 were driven by foreign exchange movements, which negatively impacted our USD denominated portfolio and cash holdings. The USD weakened against the DKK during 2018, resulting in realized and unrealized exchange rates losses.

Note 5 – Share-Based Instruments

Restricted Stock Unit Program

Genmab A/S established a Restricted Stock Unit (RSU) program as an incentive for all the Genmab group's employees, members of the Executive Management, and members of the Board of Directors.

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. 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 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.

During the first quarter of 2018, Genmab acquired 125,000 of its own shares, approximately 0.2% of share capital, to cover its future obligations under the RSU program. 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 March 31, 2018. There were no acquisitions of treasury shares in the first quarter of 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.

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RSU Activity

The RSU activity in the first quarter of 2018 and 2017, respectively, is outlined below.

	1st quarter March 31, 2018	1st quarter March 31, 2017
Outstanding RSUs at January 1	168,044	102,387
Granted	-	8,555
Vested	(42,050)	-
Forfeited/Cancelled	(485)	(156)
Outstanding RSUs at March 31	125,509	110,786

There were no RSUs granted during the first quarter of 2018. During the first quarter of 2017, 8,555 RSUs were granted with a weighted average fair value of DKK 1,418.35 per RSU.

Warrant Program

Genmab A/S established warrant programs as an incentive for all the Genmab group's employees, and members of the Executive Management.

Warrants Granted from August 2004 until April 2012

Under the August 2004 warrant program, warrants vest annually over a four year period on the anniversary of the grant date. Warrants granted under the August 2004 warrant program will lapse on the tenth anniversary of 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 retain rights to exercise all warrants on a regular schedule in instances where the employment relationship is terminated by Genmab without cause.

Warrants Granted from April 2012 until March 2017

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 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.

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Warrant Activity

The warrant activity in the first quarter of 2018 and 2017 is outlined below.

	1st quarter March 31, 2018	1st quarter March 31, 2017
Outstanding warrants at January 1	1,518,186	2,190,311
Granted	-	19,112
Exercised	(65,419)	(385,087)
Expired/lapsed/cancelled	(6,283)	(6,369)
Outstanding warrants at March 31	1,446,484	1,817,967
Weighted average exercise price	DKK 280.22	DKK 268.19

There were no warrants granted during the first quarter of 2018. During the first quarter of 2017, 19,112 warrants were granted to our employees with a weighted average exercise price of DKK 1,415.26 per warrant and a weighted average Black-Scholes fair market value of DKK 467.62 per warrant.

During the first quarter of 2018, 65,419 warrants were exercised with proceeds to Genmab of DKK 18 million. The warrants exercised increased share capital accordingly and corresponded to approximately 0.11% of share capital. During the first quarter of 2017, 385,087 warrants were exercised with proceeds to Genmab of DKK 103 million.

Share-based compensation expenses for the first quarter of 2018 totaled DKK 21 million compared to DKK 17 million in the corresponding period for 2017.

Note 6 - Shareholdings by the Board of Directors and Executive Management

The tables below set forth certain information regarding the beneficial ownership of the issued share capital and the outstanding share-based instruments held by the members of the Board of Directors and the Executive Management as of March 31, 2018.

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	December 31, 2017	Acquired	Sold	Transferred	March 31, 2018
Number of ordinary shares owned					
Board of Directors					
Mats Pettersson	10,000	2,300	-	-	12,300
Anders Gersel Pedersen	7,000	1,725	-	-	8,725
Pernille Erenbjerg	-	-	-	-	-
Paolo Paoletti	637	-	-	-	637
Rolf Hoffmann	1,050	-	-	-	1,050
Deirdre P. Connelly	-	-	-	-	-
Peter Storm Kristensen	-	-	-	-	-
Rick Hibbert	-	-	-	-	-
Daniel Bruno	-	-	-	-	-
	18,687	4,025	-	-	22,712
Executive Management					
Jan van de Winkel	640,000	22,400	-	-	662,400
David A. Eatwell	17,500	13,325	-	-	30,825
Judith Klimovsky	-	-	-	-	-
	657,500	35,725	-	-	693,225
Total	676,187	39,750	-	-	715,937
	December 31, 2017	Granted	Exercised	Transferred	March 31, 2018
Number of warrants held					
Board of Directors					
Mats Pettersson	38,750	-	-	-	38,750
Anders Gersel Pedersen	32,750	-	-	-	32,750
Pernille Erenbjerg	-	-	-	-	-
Paolo Paoletti	-	-	-	-	-
Rolf Hoffmann	-	-	-	-	-
Deirdre P. Connelly	-	-	-	-	-
Peter Storm Kristensen	2,515	-	-	-	2,515
Rick Hibbert	1,451	-	-	-	1,451
Daniel Bruno	16,776	-	-	-	16,776
	92,242	-	-	-	92,242
Executive Management					
Jan van de Winkel	164,802	-	-	-	164,802
David A. Eatwell	373,056	-	-	-	373,056
Judith Klimovsky	21,879	-	-	-	21,879
	559,737	-	-	-	559,737
Total	651,979	-	-	-	651,979

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	December 31, 2017	Granted	Settled	Transferred	March 31, 2018
Number of RSUs held					
Board of Directors					
Mats Pettersson	4,818	-	(2,300)	-	2,518
Anders Gersel Pedersen	3,613	-	(1,725)	-	1,888
Pernille Erenbjerg	3,959	-	-	-	3,959
Paolo Paoletti	3,959	-	-	-	3,959
Rolf Hoffmann	1,509	-	-	-	1,509
Deirdre P. Connelly	1,509	-	-	-	1,509
Peter Storm Kristensen	1,091	-	-	-	1,091
Rick Hibbert	924	-	-	-	924
Daniel Bruno	2,946	-	-	-	2,946
	24,328	-	(4,025)	-	20,303
Executive Management					
Jan van de Winkel	47,597	-	(22,400)	-	25,197
David A. Eatwell	29,056	-	(13,325)	-	15,731
Judith Klimovsky	7,204	-	-	-	7,204
	83,857	-	(35,725)	-	48,132
Total	108,185	-	(39,750)	-	68,435

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 the first quarter of 2018. For further information on the remuneration of the Board of Directors and the Executive Management, refer to note 5.1 in the 2017 annual report.

Note 7 - Subsequent Events to the Balance Sheet Date

No events have occurred subsequent to the balance sheet date that could significantly affect the financial statements as of March 31, 2018.

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ABOUT GENMAB

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, other blood cancers, and solid tumors. 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, and the HexaBody[®] platform which creates effector function enhanced antibodies. 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.

This interim 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 Genmab's annual report, which is available on www.genmab.com and the "Significant Risks and Uncertainties" section in this interim report. Genmab does not undertake any obligation to update or revise forward looking statements in this interim report nor to confirm such statements in relation to actual results, unless required by law.

Genmab A/S and its subsidiaries own the following trademarks: Genmab[®]; the Y-shaped Genmab logo[®]; Genmab in combination with the Y-shaped Genmab logo[™]; the DuoBody logo[®]; the HexaBody logo[™]; HuMax[®]; HuMax-CD20[®]; DuoBody[®]; HexaBody[®] and UniBody[®]. Arzerra[®] is a trademark of Novartis AG or its affiliates. DARZALEX[®] is a trademark of Janssen Biotech, Inc.

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DIRECTORS' AND MANAGEMENT'S STATEMENT ON THE INTERIM REPORT

The Board of Directors and the Executive Management have today considered and adopted the unaudited interim report of the Genmab group for the three months ended March 31, 2018.

The interim report is prepared in accordance with International Accounting Standard No. 34 (IAS 34), "Interim Financial Reporting", as endorsed by the EU and additional Danish disclosure requirements for interim reports of listed companies.

We consider the applied accounting policies to be appropriate and, in our opinion, the interim report gives a true and fair view of the assets and liabilities, financial position, results of operation and cash flows of the group.

Furthermore, we consider the Management's Review, pages 3-14, to give a true and fair account of the development in the group's activities and financial affairs, results of operations and the group's financial position as a whole as well as a description of the significant risks and uncertainties which the group faces.

Copenhagen, May 8, 2018

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)